

COUNTY OF FAUQUIER, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009



Prepared by:

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



**COUNTY OF FAUQUIER, VIRGINIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Page

Letter of Transmittal.....	i – ix
GFOA Certificate of Achievement for Excellence in Financial Reporting	x
ASBO Certificate of Excellence in Financial Reporting	xi
Organizational Chart.....	xii
Principal Officials.....	xiii

FINANCIAL SECTION

Independent Auditors’ Report	1 – 2
Management’s Discussion and Analysis	3 – 20

Basic Financial Statements

Government-wide Financial Statements

Exhibit 1	Statement of Net Assets.....	24 – 25
Exhibit 2	Statement of Activities	26 – 27

Fund Financial Statements

Exhibit 3	Balance Sheet – Governmental Funds.....	30
Exhibit 4	Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	31
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds....	32
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	33
Exhibit 7	Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	34 – 37
Exhibit 8	Statement of Net Assets – Proprietary Funds	38 – 39
Exhibit 9	Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	40
Exhibit 10	Statement of Cash Flows – Proprietary Funds	41
Exhibit 11	Statement of Fiduciary Net Assets – Fiduciary Funds.....	42
Exhibit 12	Statement of Changes in Fiduciary Net Assets – Pension (and other employee benefit) Trust Funds.....	43

TABLE OF CONTENTS (CONTINUED)

		<u>Page</u>
Notes to Financial Statements		
Note 1	Summary of Significant Accounting Policies.....	47 – 53
Note 2	Cash and Investments	54 – 57
Note 3	Stewardship, Compliance, and Accountability.....	58
Note 4	Receivables.....	59
Note 5	Interfund Transfers	60
Note 6	Interfund Receivables and Payables	61
Note 7	Due From Other Governmental Units	61
Note 8	Capital Assets	62 – 64
Note 9	Long-Term Obligations	65 – 69
Note 10	Long-Term Commitments	70 – 71
Note 11	Construction Commitments.....	71
Note 12	Commitments and Contingent Liabilities	72
Note 13	Claims and Litigation	72
Note 14	Defined Benefit Pension Plan.....	72 – 75
Note 15	Fire and Rescue Pension Trust Length of Service Awards Program.....	75 – 76
Note 16	Other Postemployment Benefits Program	76 – 78
Note 17	Debt Defeasance.....	79
Note 18	Landfill Closure and Postclosure Care Costs	79
Note 19	Fund Balances	80
Note 20	Risk Management.....	81 – 82
Note 21	Related Organizations and Jointly Governed Organizations.....	82 – 84
Note 22	Surety Bonds	84
Note 23	Commitments Under Noncapitalized Leases.....	85
Note 24	Subsequent Events.....	85
Note 25	Implemented and Pending GASB Statements	85 – 86

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Required Supplementary Information	
Exhibit 13 Schedule of Funding Progress – Virginia Retirement System, Fire and Rescue Pension Trust Length of Service Awards Program, and Other Postemployment Benefits Program	89
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Exhibit 14 Combining Balance Sheet – Nonmajor Governmental Funds	94 – 95
Exhibit 15 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	96 – 97
Exhibit 16 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Parks and Recreation Fund	98
Exhibit 17 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Conservation Easement Service District Fund	99
Exhibit 18 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fire and Rescue Fund	100
Exhibit 19 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Ambulance Revenue Fund	101
Exhibit 20 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Affordable Housing Fund	102
Proprietary Funds	
Exhibit 21 Combining Statement of Net Assets – Internal Service Funds	104
Exhibit 22 Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	105
Exhibit 23 Combining Statement of Cash Flows – Internal Service Funds	106
Fiduciary Funds	
Exhibit 24 Combining Statement of Fiduciary Net Assets – Pension (and other employee benefit) Trust Funds	108
Exhibit 25 Combining Statement of Changes in Fiduciary Net Assets – Pension (and other employee benefit) Trust Funds	109
Exhibit 26 Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	110
Exhibit 27 Combining Statement of Changes in Assets and Liabilities – Agency Funds	111 – 112

TABLE OF CONTENTS (CONTINUED)

Component Unit – School Board	<u>Page</u>
Exhibit 28 Combining Balance Sheet – Discretely Presented Component Unit – School Board.....	114
Exhibit 29 Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets – Discretely Presented Component Unit – School Board.....	115
Exhibit 30 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Discretely Presented Component Unit – School Board.....	116
Exhibit 31 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities – Discretely Presented Component Unit – School Board.....	117
Exhibit 32 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Discretely Presented Component Unit – School Board.....	118 – 119
Exhibit 33 Statement of Fiduciary Net Assets – Discretely Presented Component Unit – School Board	120
Exhibit 34 Statement of Changes in Fiduciary Net Assets – Discretely Presented Component Unit – School Board.....	121
Exhibit 35 Combining Statement of Fiduciary Assets and Liabilities – Discretely Presented Component Unit – School Board –Agency Funds.....	122
Exhibit 36 Combining Statement of Changes in Assets and Liabilities – Discretely Presented Component Unit – School Board –Agency Funds.....	123
 Other Supplementary Information	
Schedule 1 Governmental Funds and Discretely Presented Component Unit – School Board – Schedule of Revenues – Budget and Actual.....	126 – 134

STATISTICAL SECTION

Table 1 Net Assets by Component	138 – 139
Table 2 Changes in Net Assets	140 – 143
Table 3 Fund Balances – Governmental Funds.....	144 – 145
Table 4 Changes in Fund Balances – Governmental Funds.....	146 – 149
Table 5-A Assessed Value and Estimated Actual Value of Real Property	150
Table 5-B Assessed Value and Estimated Actual Value of Personal Property.....	150
Table 5-C Tax Relief for the Elderly.....	150
Table 6 Property Tax Rates for Both Direct and Overlapping Governments	151

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Table 7-A Principal Real Property Taxpayers	152
Table 7-B Principal Personal Property Taxpayers.....	152
Table 8 Property Tax Levies and Collections.....	153
Table 9 Ratios of Outstanding Debt by Type	154 – 155
Table 10 Ratios of General Bonded Debt Outstanding	156
Table 11 Pledged-Revenue Coverage	158 – 159
Table 12 County Policy Debt Margin.....	160 – 161
Table 13 Demographic and Economic Statistics	162
Table 14 Principal Employers	163
Table 15 County Government Employees by Function.....	164
Table 16 Operating Indicators by Function	166 – 171
Table 17 Capital Asset Statistics by Function	172

COMPLIANCE SECTION

Independent Auditors' 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> ...	173 – 174
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	175 – 176
Schedule of Expenditures of Federal Awards – Primary Government and Discretely Presented Component Unit	177 – 183
Notes to Schedule of Expenditures of Federal Awards	184
Schedule of Findings and Questioned Costs.....	185



established 1759

FAUQUIER COUNTY

250TH ANNIVERSARY

celebrating 2009

Fauquier County Government and Public Schools



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November 11, 2009

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Fauquier County (the County) for the fiscal year ended June 30, 2009. The *Code of Virginia* requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) as established by the Governmental Accounting Standards Board.

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

The County's financial statements have been audited by the firm of Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, as required by the *Code of Virginia*. The audit was conducted in accordance with generally accepted auditing standards and the Independent Auditors' Report is included as the first component in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an

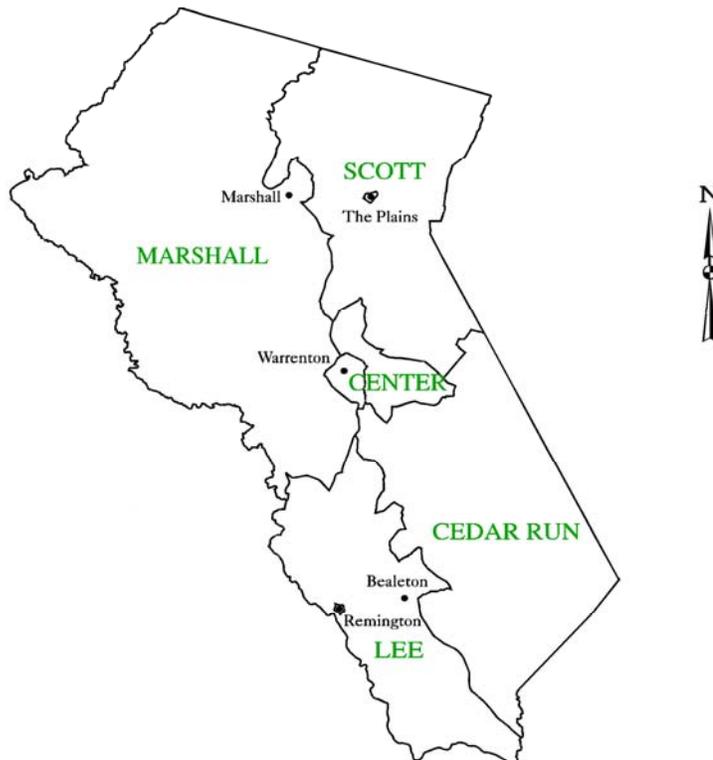
unqualified opinion that the County’s financial statements are fairly presented in conformity with GAAP.

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The County’s MD&A is included in the Financial Section of this report immediately following the report of the independent auditors.

Profile of Fauquier County, Virginia

Fauquier County (the County), incorporated in 1759, is located in the north-central Piedmont region of Virginia, approximately 40 miles southwest of Washington D.C., and encompasses approximately 660 square miles with a population of 66,801. The County seat is located in the Town of Warrenton in central Fauquier County. In addition to Warrenton, Fauquier County includes the towns of Remington and The Plains. The County provides certain governmental services, such as public education, to the towns' residents pursuant to general provisions of the *Code of Virginia*. Properties in these towns are subject to both town and county taxation.



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

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

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

Fauquier County is financially accountable for a legally separate school district, which is reported separately within the financial statements as a component unit. The Fauquier County Public Schools (FCPS) is the single largest service provided by the County. The mission of the FCPS is to cultivate the ability, intellect, and character of each student to ensure an educated citizenry. The elected School Board is composed of five members who represent the five magisterial districts. The School Board members serve a term of four years, with the Chairman and Vice Chairman of the Board selected annually by the members. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of three high schools, five middle schools, eleven elementary schools, and one alternative school. These figures include Kettle Run High School and Greenville Elementary School which opened in August 2008. In addition, FCPS participates with six other school divisions in the Mountain Vista Regional Governor's School. The Mountain Vista Regional Governor's School was established in fiscal year 2007. FCPS is the fiscal agent for the school. The combined enrollment of FCPS as of June 2009 totaled 11,241 students. The FCPS High School Completion Rate is 94.6%, with 76.0% of graduates seeking higher education.

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

basis consistent with GAAP. Budget-to-actual comparison is provided in this report for the general fund in Exhibit 7.

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

Factors Affecting Financial Condition

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

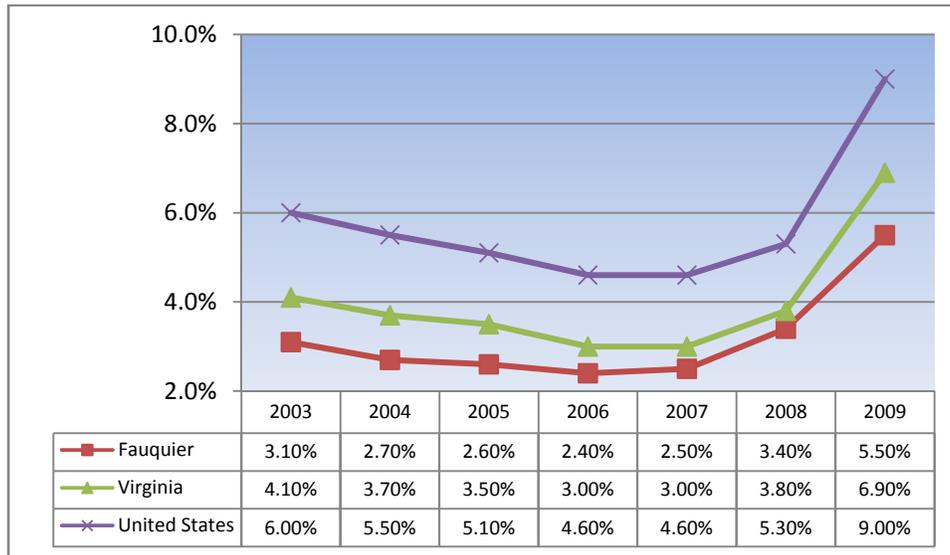
Local economy

Fauquier County's housing economy has continued to slow in comparison to the unprecedented growth that has characterized the region for several years. After witnessing double-digit annual increases in home values, the local real estate housing market has entered a correction period stemming from significant problems impacting the national economy and national housing markets. The impact on the County's revenues from such corrections is not immediate, since the County performs reassessments in four year intervals, with the next reassessment effective January 1, 2010. The County's quadrennial real estate reassessment, effective January 1, 2006, reflected a significant increase in property values in addition to growth in residential and commercial property. Between the 2002 and 2006 reassessment, the County residential real property increased 141%. Between 2006 and 2009 residential real property increased by 5.9% due to residential growth. Because of the County's practice of performing reassessments in four year intervals, the County is somewhat buffered from the current leveling off in housing values. However, the next reassessment is currently underway, and it is anticipated that depressed housing sales figures will impact real estate values once those assessed values take effect on January 1, 2010. The current year collection rate for property tax levies is 97.92%, which is slight down from last year.

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

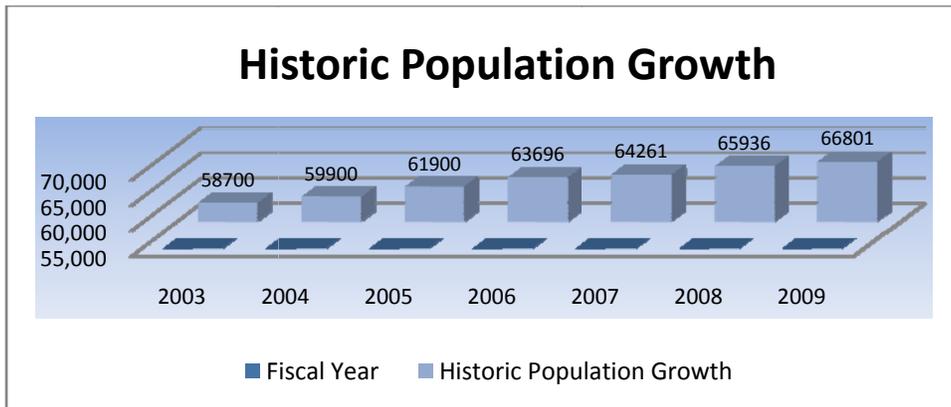
The unfavorable economic conditions have impacted the local job market to a lesser extent than other areas of the Country. The County’s proximity to the federal government and its affiliated contractor industries has provided some mitigation of the economic decline experienced in other regions. According to 2000 Census Bureau and the Virginia Employment Commission data, approximately 76.0% of County residents commute to work outside the County. The majority of these residents commute to Fairfax, Prince William, and Loudoun Counties. While the County’s unemployment rate has risen by 2.1% this year to 5.5% as of June 2009, this figure is below Virginia’s average rate of 6.9% and well below the National average of 9.0%. The construction industry has suffered the bulk of the employment reductions, a casualty of the decline in new home construction.

Annual Unemployment Rates



Fauquier County’s Board of Supervisors has defined in the County’s mission statement that the Board seeks, within the bounds of fiscal integrity, to preserve the physical beauty, historical heritage and environmental quality of the County. Preserving the agricultural nature of the County has resulted in slower population growth. While population growth in some neighboring jurisdictions have experienced increases greater than 25%, Fauquier County saw its population increase by just 13.9% since 2003 reflecting the County’s stabilizing focus on long-term planning through land use policies that have been in place since the 1960’s. The County manages growth by directing residential, commercial, and industrial development into nine service districts to preserve the rural agricultural nature of the County. In addition to its growth management policies the Board of Supervisors has actively sought to preserve the farms and agriculturally related uses in its rural areas by establishing and funding a conservation easement program. The program purchases conservation easements on farms ensuring in perpetuity their availability for agriculture. Because of the County’s large size and changing geologic nature the make-up of its agricultural community includes dairy, cattle, crop and horse farms, along with vineyards, wineries, orchards and other horticultural uses.

Historic Population Growth



The primary goal of the County's economic development efforts is to assist existing businesses as they grow and expand within the County. The majority of businesses in Fauquier County are small, with only 1 to 4 employees. The County's economic development program seeks to attract small to mid-sized companies to locate into planned development sites within the county. In the first quarter of 2009, there were 23 new startup firms in the County. This is a slight decrease from the fourth quarter of 2008.

The Vint Hill Economic Development Authority, created in 1996, is responsible for guiding the redevelopment of the former Army communications base. Vint Hill has 260 acres of zoned land available for commercial and light industrial development. As of 2009, Vint Hill had 60 growing businesses occupying 550,000 square feet of commercial space with 1,000+ employees. Over the last few years Vint Hill has experienced significant commercial investment. Rockwell Collins moved into its 43,000 square foot build-to-suit facility. The Federal Aviation Administration announced a major \$50 million expansion doubling its workforce to 600. This expansion on a new 60,000 square foot building will house the System Command Center, which is moving from Fairfax, Virginia. ICE Properties completed a 30,000 square foot office/flex building and the Walnut Grove's Child Development Center was constructed. The Pretium office building, completed in November 2008, offers 60,000 square feet of office space in three stories

New businesses showing interest in moving to the County shows marked increasing trends, going from 175 in FY 2008 to an estimate of 275 by FY 2010. Some highlights of the 2009 economic developments were:

- Harris Teeter Retail Complex / Commercial Development: A 94,000 square foot complex.
- Buccaneer Computer Systems & Service: Awarded a contract valued at \$126 million over the next five years with the Centers for Medicare & Medicaid Services.
- Capital Building Supply: Opened new facility with approximately 32,000 square feet. Through the Railroad Industrial Access Program, they were approved for and use a Rail Spur to assist with transporting their building materials.
- Banking Sector: Expanded with Summit Community Bank, Rappahannock National Bank, Sona Bank, and Oak View National Bank

The County's commitment to maintaining the rural character of Fauquier is captured in the Comprehensive Plan where the "industrial and commercial zoned" acreage amounts to slightly more than 1% of total County acreage. Given this land allocation for commercial and industrial uses, the ability of the Fauquier business community to provide over 13% of County revenue speaks well for the economic efficiency of this community. Tourism continues to represent a growing segment of the economic sector in Fauquier County with 18 vineyards and wineries in the County, driving tours, and getaway packages. This includes a "one-stop shop" for tourism programs as well as business development. Based on Virginia Employment Commission data, Fauquier has the potential to be competitive in the Accommodations and Food Service industry that supports tourism.

The County has recently had its bond rating upgraded by Standard & Poor's to AA, and has had its stable bond rating of Aa2 from Moody's Investors Service and AA from Fitch Ratings reaffirmed. The rating upgrade by Standard & Poor's is a reflection that the County has established sound financial management policies that can weather the current difficult economic times. In addition, Standard & Poor's has given the County its highest Financial Management Assessment rating of "strong" due to the County's formal fiscal policies reflecting the County's commitment to maintain a fiscally conservative position.

Long-term financial planning

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

The Capital Improvement Program is the County's plan for investing in facilities, equipment, and vehicles over the next ten years, and includes those items with a unit cost generally greater than \$50,000. The fiscal year 2010-2015 capital budget for new County and School projects is \$128.8 million. This includes \$51.7 million for school system projects, \$22.5 million for the county government, \$14.6 million for utility projects, and \$40.0 million as a placeholder for county government and school system office space needs.

The proposed CIP defers expenditures where possible and recommends funding only to the extent that is consistent with the Board of Supervisors' financial policies. The proposal includes funding in future years for a significant renovation to Fauquier High School, the provision of public water service to the Opal Service District, construction of the New Baltimore Library, and parks and recreation facilities in the northern and central areas of the county. The CIP includes a significant commitment of cash funding, totaling about 12.0% of total expenditures over the course of the six-year planning period.

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

Relevant financial policies

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

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

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

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

Implementation of GASBS 45

Fauquier County implemented GASBS 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB) in 2009. This Statement establishes standards for the measurement, recognition, and display of OPEB expenditures and related liabilities, note disclosures, and required supplementary information. Additional information relative to the Statement is contained in Note 25 to the Financial Statements.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fauquier County for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2008. This was the eleventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) has awarded its Certificate of Excellence in Financial Reporting Award for fiscal year 2008. This is the third time Fauquier County Government & Public Schools has achieved this award.

The GFOA has awarded its Distinguished Budget Presentation Award to Fauquier County for fiscal year 2009. Fauquier County has received this award for thirteen years. GFOA has also awarded its Distinguished Budget Presentation Award to the Fauquier County School Division for the third consecutive year.

Acknowledgements

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

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

Respectfully submitted,



Paul McCulla
County Administrator



Janet Romanchyk
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Fauquier
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R. H.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

FAUQUIER COUNTY SCHOOL BOARD

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2008**

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

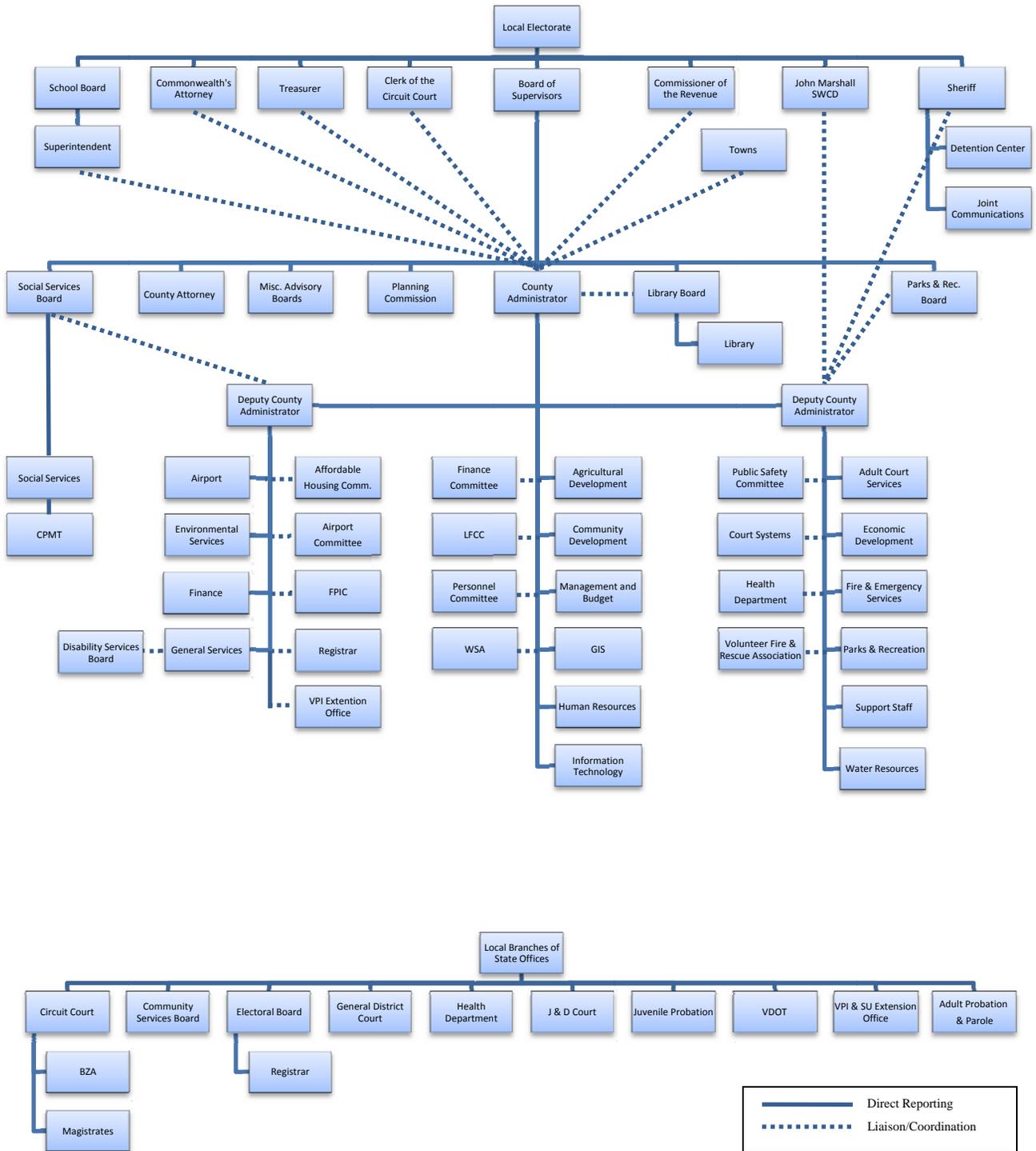
Angeh Pituman

President

John D. Russo

Executive Director

County of Fauquier, Virginia Organizational Chart



COUNTY OF FAUQUIER, VIRGINIA
PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

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

COUNTY ADMINISTRATION

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

COUNTY SCHOOL BOARD

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

SCHOOL ADMINISTRATION

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

OTHER OFFICIALS

Clerk of the Circuit Court Gail H. Barb
Director of Finance Janet Romanchyk
Commissioner of the Revenue Ross W. D’Urso
Judge of the General District Court Charles B. Foley
Sheriff Charlie Ray Fox, Jr.
Treasurer Elizabeth A. Ledgerton
Commonwealth's Attorney Jonathan S. Lynn
Judge of the Circuit Court Jeffrey W. Parker
Judge of Juvenile and Domestic Relations District Court J. Gregory Ashwell



ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Fauquier, Virginia' basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County of Fauquier, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2009, on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 13, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Fauquier, Virginia presents the following discussion and analysis as an overview of the County of Fauquier's financial activities for the fiscal year ending June 30, 2009. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report, and the County's financial statements which follow this discussion and analysis.

FISCAL YEAR 2009 FINANCIAL HIGHLIGHTS

- The total reporting entity, which includes the School Board component unit, has positive net assets of \$187.1 million at June 30, 2009. The County issues bonds for the School Board component unit. The debt is reflected as a liability for the primary government while the related capital asset is shown as an asset for the School Board component unit. At June 30, 2009, the County has \$115.0 million of School Board debt outstanding (which includes \$110.2 million of outstanding bonds plus \$4.8 million of bond premiums) related to assets on the books of the School Board. The County has provided moral obligation commitments to the United States Department of Agriculture Rural Development program (USDA) for construction loans for three volunteer fire and rescue companies guaranteeing that the volunteer companies debt service payments will be paid from the County's Fire and Rescue Levy. At June 30, 2009, the County's commitment of \$12.3 million is reflected as County debt with no corresponding asset as the fire and rescue buildings are the assets of the individual volunteer companies. After reflecting the assets in the School Board component unit column and the School and volunteer fire and rescue debt with the primary government, the County's governmental activities liabilities at June 30, 2009 exceeded assets by \$10.8 million (net assets).
- Net assets of the total reporting entity increased by \$1.1 million, 0.6%, and is the best reflection of the change in financial position of the County as a whole, as this presentation includes the activities of the County's component unit. This increase, during a time of historic national economic turmoil and uncertainty, demonstrates the continuing collaborative sound fiscal policies of the County and the School Board component unit.
- The County's net assets for governmental activities increased by \$0.4 million, 3.6%. Total revenues increased by \$4.6 million, 2.8%, and expenses decreased by \$47.5 million, 22.2%. The most significant contributor to the revenue increase is the general property taxes increase of \$8.3 million, 7.6%, which is attributed to the first full year of an increase in the real estate tax rate of \$0.12 cents from \$0.60 cents to \$0.72 cents. The new tax rate was effective for the second half of fiscal year 2008. Therefore, the prior year's revenues only reflected one half of the total increase. Revenues from investment earnings decreased \$2.6 million, 66.7%, due to the decrease in the average investment earnings rate on cash balances between the two years.
- The total cost of the County's programs was \$166.8 million (governmental activities), a decrease of \$47.5 million, 22.2%, which is due primarily to decreases in Education expenses of \$39.5 million, 30.4%, Public Safety expenses of \$9.2 million, 27.5%, and Public Works of \$0.3 million, 3.8%. The reduction in Education expenses is due primarily to the net increase of \$44.8 million in donated capital assets to the schools in fiscal year 2008, including two additional new schools. The decrease to Public Safety expenses compared to the prior year is due to the fiscal year 2008 inclusion of \$9.4 million moral obligation commitments for the renovation and construction of three volunteer fire and rescue stations.

- Business-type activities expenses decreased by \$0.5 million, 5.6%, due primarily to the decrease in operating costs of the landfill.
- Revenues from business-type activities decreased by \$1.7 million, 22.7%, due primarily to the slowdown in construction, demolition and debris (CD&D), and tipping fee revenues at the landfill.
- The School Board component unit's revenues, including the County contribution, totaled \$136.4 million and expenses totaled \$133.3 million. Schools net assets increased by \$3.2 million, or 1.8%, during fiscal year 2009 (Exhibit 2) primarily due to \$8.7 million (Exhibit 31) constructed in the primary government's capital projects fund which was donated to the School Board component unit, offset by depreciation expense.
- As of June 30, 2009, the County governmental funds reported combined fund balances of \$45.7 million, a decrease of \$9.7 million in comparison with the prior year. The decrease resulted primarily from capital project expenditures of \$16.6 million which utilized funds borrowed in the prior fiscal year. Approximately 96.7% of the general fund's fund balance, or \$23.4 million, is designated for revenue shortfalls, designated for future years' expenditures, or undesignated and is therefore available to meet the County's current and future needs (Exhibits 3 & 5).
- General fund revenues were less than the amended budget expectations by \$4.3 million. Expenditure savings of \$10.7 million was the result of \$4.0 million savings in the contribution to the School Board component unit and \$6.7 million savings from County Departments (Exhibit 7).
- At the end of the current year, the undesignated fund balance of \$16.0 million in the general fund is 10.2% of fiscal year 2010's budgeted general fund revenues and 10.0% of fiscal year 2009 actual general fund revenues (Exhibits 3 & 5).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The introductory section includes the transmittal letter, a copy of the fiscal year 2008 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, the fiscal year 2008 Association of School Business Officials International Certificate of Excellence in Financial Reporting, the County's organizational chart, and a list of principal officials.
- The financial section includes the Independent Auditors' Report, management's discussion and analysis (this section), the basic financial statements, required supplemental information, and combining and individual fund statements and schedules.
- The statistical section includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The compliance section is required under the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget circular A-133, Audits of State, Local Governments and Non-profit Organizations; and includes the auditors' reports on compliance and internal controls.

Financial Section Overview

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

The Independent Auditors' Report reflects the results of the external audit. The auditor expresses an opinion on whether the financial statements have been presented in conformity with accounting principles generally accepted in the United States (GAAP).

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

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

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

Government-wide Financial Statements

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

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

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

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

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

- Business-type activities: The County charges fees to users to cover all, or a significant portion, of the costs associated with the provision of certain services. These business-type activities of Fauquier County are intended to be self-supporting and include the Landfill and Recycling activities and Airport activities.
- Component unit: The County has one component unit, the Fauquier County Public Schools (School Board), which is included in this annual financial report. Although legally separate, this discretely presented component unit is important because the County is financially accountable for it. A primary government is accountable for an organization if the primary government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. The County approves debt issuances to finance School Board assets and provides significant funding for its operation. Additional information on the component unit can be found in Note 1 of the Notes to Financial Statements section of this report.

Fund Financial Statements

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

- Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) the in flows and out flows of cash and other financial assets that can be readily converted to cash and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the fund financial statements to explain the relationship (or differences). The County has two major funds, the General Fund and the Capital Projects Fund. The General Fund is the main operating account of the County and therefore, the largest of the governmental funds. The Capital Projects Fund is used to account for major capital projects, primarily construction related. It provides control over resources that have been segregated for specific capital projects. All other governmental funds, which include special revenue funds, are collectively referred to as nonmajor governmental funds.
- Proprietary Funds – The County's proprietary funds consist of two enterprise funds and two internal service funds, which operate in a manner similar to private business enterprises in which costs are recovered primarily through user charges or fees. Proprietary fund financial statements provide both short-term and long-term financial information. The County's enterprise funds include the Landfill and Recycling Fund and the Airport Fund. The County's internal service funds include the Fleet Maintenance Fund and the Health Insurance Fund.
- Fiduciary Funds – Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the funds are not available to support the County's programs. The County's fiduciary funds consist of a pension trust fund, an OPEB fund, and agency funds. The funds are used to account for monies received, held, and disbursed on behalf of certain retirees, external beneficiaries, detention center inmates, and certain other agencies and governments.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Assets

Table 1 summarizes the Statement of Net Assets (Exhibit 1 in the Financial Section of the CAFR) for the primary government and component unit as of June 30, 2009 and 2008.

Table 1	County of Fauquier Summary of Net Assets (\$ in millions)							
	Primary Government						Total Reporting Entity Including Component Unit	
	Governmental Activities		Business-Type Activities		Total Primary Government			
	2009	2008	2009	2008	2009	2008	2009	2008
Assets:								
Current and other assets	\$ 64.1	\$ 78.0	\$ 1.3	\$ 1.8	\$ 65.4	\$ 79.8	\$ 79.8	\$ 93.7
Capital assets	74.7	74.2	29.4	31.2	104.1	105.4	287.0	285.0
Total assets	138.8	152.2	30.7	33.0	169.5	185.2	366.8	378.7
Liabilities:								
Other liabilities	10.0	15.0	0.4	0.5	10.4	15.5	23.9	28.7
Long-term liabilities	139.6	148.4	11.7	11.3	151.3	159.7	155.8	164.0
Total liabilities	149.6	163.4	12.1	11.8	161.7	175.2	179.7	192.7
Net assets:								
Invested in capital assets, net of related debt	69.4	68.3	28.1	29.4	97.5	97.7	168.9	167.5
Restricted	1.8	1.7	-	-	1.8	1.7	1.8	1.7
Unrestricted (deficit)	(82.0)	(81.2)	(9.5)	(8.2)	(91.5)	(89.4)	16.4	16.8
Total net assets	\$(10.8)	\$(11.2)	\$ 18.6	\$ 21.2	\$ 7.8	\$ 10.0	\$187.1	\$186.0

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

The total reporting entity net assets increased by \$1.1 million or 0.6%. Invested in capital assets, net of related debt, increased by \$1.4 million or 0.8%.

In the case of the primary government, total assets exceeded total liabilities by \$7.8 million at June 30, 2009. The largest portion of net assets, \$97.5 million, represents the County's investment in capital assets (e.g., land, buildings, and equipment), less the depreciation and outstanding debt associated with asset acquisitions. An additional \$1.8 million of restricted assets is restricted for special revenue funds. The deficit unrestricted net assets of the primary government totaled \$91.5 million. This deficit is primarily the result of the County providing moral obligation commitments to USDA for construction loans for three volunteer fire and rescue companies guaranteeing the companies' debt service payments will be paid by the County with no corresponding asset as the fire and rescue

buildings are the assets of the individual companies. In addition, the County has borrowed \$115.0 million (\$110.2 million bonds plus \$4.8 million of bond premiums) for the School Board component unit's assets which when combined with the total reporting entity results in an increase of \$1.1 million of net assets.

For the business-type activities, total net assets decreased by \$2.6 million, 12.3%, which is primarily the result of an increase in landfill closure and postclosure costs and an increase in depreciation expense for the airport enhancements funded primarily from State and Federal capital contributions in previous fiscal years. The unrestricted net assets showed a deficit of \$9.5 million which included an increase to the deficit of \$1.3 million, 15.8%, from the prior year due primarily to a slowdown in construction, demolition and debris (CD&D), tipping fee revenues, and an increase in closure and postclosure expenses at the landfill. This deficit does not mean that there are insufficient resources available to pay the bills; but that long-term commitments are greater than currently available resources. Specifically, the Landfill and Recycling Fund did not receive user fees sufficient to finance the noncurrent portion of long-term liabilities.

Statement of Activities

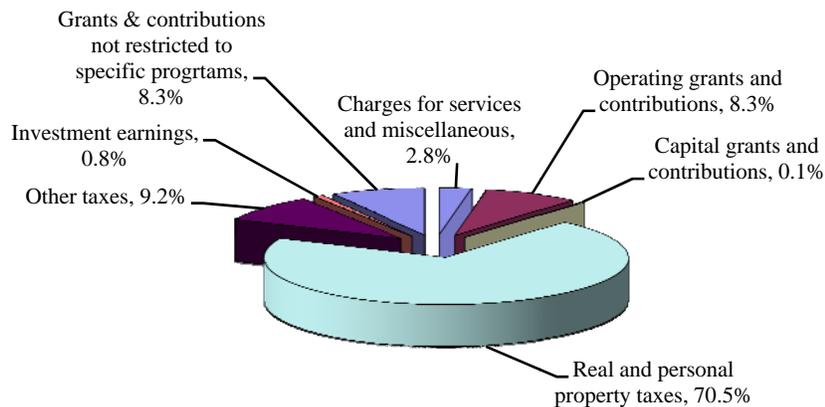
Table 2 summarizes the Statement of Activities (Exhibit 2 in the Financial Section of the CAFR) for the primary government and component unit as of June 30, 2009 and 2008.

Table 2	County of Fauquier Change in Net Assets (\$ in millions)							
	Primary Government						Total Reporting Entity Including Component Unit	
	Governmental Activities		Business-Type Activities		Total Primary Government		2009	2008
	2009	2008	2009	2008	2009	2008		
<u>Revenues</u>								
Program revenues:								
Charges for services	\$ 4.5	\$ 3.7	\$ 5.8	\$ 7.5	\$ 10.3	\$ 11.2	\$ 13.7	\$ 14.7
Operating grants and contributions	13.9	12.7	-	-	13.9	12.7	25.9	24.0
Capital grants and contributions	0.2	0.8	-	-	0.2	0.8	0.3	0.8
General revenues:								
Real and personal property taxes	117.8	109.5	-	-	117.8	109.5	117.8	109.5
Other taxes	15.4	17.4	-	-	15.4	17.4	15.4	17.4
Investment earnings	1.3	3.9	-	-	1.3	3.9	1.3	3.9
Miscellaneous	0.2	0.4	-	-	0.2	0.4	0.7	0.7
Grants and contributions not restricted to specific programs	13.9	14.2	-	-	13.9	14.2	44.4	45.7
Total revenues	167.2	162.6	5.8	7.5	173.0	170.1	219.5	216.7
<u>Expenses</u>								
General government	10.9	10.9	-	-	10.9	10.9	10.9	10.9
Judicial	3.4	3.3	-	-	3.4	3.3	3.4	3.3
Public safety	24.2	33.4	-	-	24.2	33.4	24.2	33.4
Public works	7.5	7.8	-	-	7.5	7.8	7.5	7.8
Health and welfare	10.1	9.9	-	-	10.1	9.9	10.1	9.9
Education	90.4	129.9	-	-	90.4	129.9	133.6	126.5
Parks, recreation, and cultural	5.9	5.5	-	-	5.9	5.5	5.9	5.5
Community development	8.7	8.2	-	-	8.7	8.2	8.7	8.2
Interest on long-term debt	5.7	5.4	-	-	5.7	5.4	5.7	5.4
Airport	-	-	1.8	1.8	1.8	1.8	1.8	1.8
Landfill and Recycling	-	-	6.6	7.1	6.6	7.1	6.6	7.1
Total expenses	166.8	214.3	8.4	8.9	175.2	223.2	218.4	219.8
Excess (deficiency) of revenues over (under) expenses								
	0.4	(51.7)	(2.6)	(1.4)	(2.2)	(53.1)	1.1	(3.1)
Transfers	-	(0.4)	-	0.5	-	0.1	-	0.1
Change in net assets	0.4	(52.1)	(2.6)	(0.9)	(2.2)	(53.0)	1.1	(3.0)
Beginning net assets	(11.2)	40.9	21.2	22.1	10.0	63.0	186.0	189.0
Ending net assets	\$(10.8)	\$(11.2)	\$ 18.6	\$ 21.2	\$ 7.8	\$ 10.0	\$187.1	\$186.0

Governmental Activities: As reflected in Table 2, total governmental net assets increased by \$0.4 million compared to a decrease of \$52.1 million in fiscal year 2008. The increase in net assets is attributed primarily to a reduction in donated assets constructed in the capital projects fund for the School Board compared to fiscal year 2008, and the fiscal year 2008 issuance of debt of \$9.4 million for three fire and rescue volunteer stations. The total reporting entity change in net assets increased by \$1.1 million primarily due to the increase in general property tax revenues and reductions to total expenses. Revenues from governmental activities (Table 2) totaled \$167.2 million, an increase of \$4.6 million over fiscal year 2008. Revenue increases occurred primarily in general property taxes of \$8.3 million, or 7.6%, accompanied by an increase in operating grants and contributions of \$1.2 million or 9.4%. In fiscal year 2009, \$18.6 million, or 11.1% of the total revenues, was generated from program revenues, primarily operating grants and contributions. General revenues such as Commonwealth of Virginia aid, miscellaneous revenue, and investment earnings accounted for the remaining revenues.

The following chart provides a breakdown of revenue collections by source. Taxes comprise the largest source of these revenues, totaling \$133.2 million, or 79.7% of all governmental activities revenues. Of this amount, general property taxes account for \$117.8 million, or 70.5%, of total revenues.

**Governmental Activities – Revenues by Source
For the Fiscal Year Ended June 30, 2009**



As shown in Table 2, the total expenses for governmental activities for this fiscal year were \$166.8 million, compared to \$214.3 million in fiscal year 2008. Table 2 and the following chart illustrate total expenses by function. Education continues to be the County’s largest program and highest priority with the County’s contribution totaling \$90.4 million, or 54.2% of total expenses. In addition, the School Board component unit incurs indirect expenditures, which are reported in the governmental activities (General Fund). The County has consolidated the services provided by the departments of general services (maintenance of buildings and grounds), human resources, finance, and the independent auditor. Approximately 75.0% of the costs of these consolidated functions are associated with educational activities. As shown in Exhibit 7 of the Financial Section of this report, these functions cost approximately \$7.8 million in fiscal year 2009. The portion allocated to education is approximately \$5.8 million. Typically, school systems bear these costs directly. However, with the consolidated departments in Fauquier County, the costs are shown in the General Fund. Recognizing these costs as a function of education increases the schools’ share of total

expenses to approximately 83.4%. Public safety expenses, which total \$24.2 million, 14.5%, represent the second largest expense category for governmental activities.

**Governmental Activities
Functional Expenses
For the Fiscal Year Ended June 30, 2009**

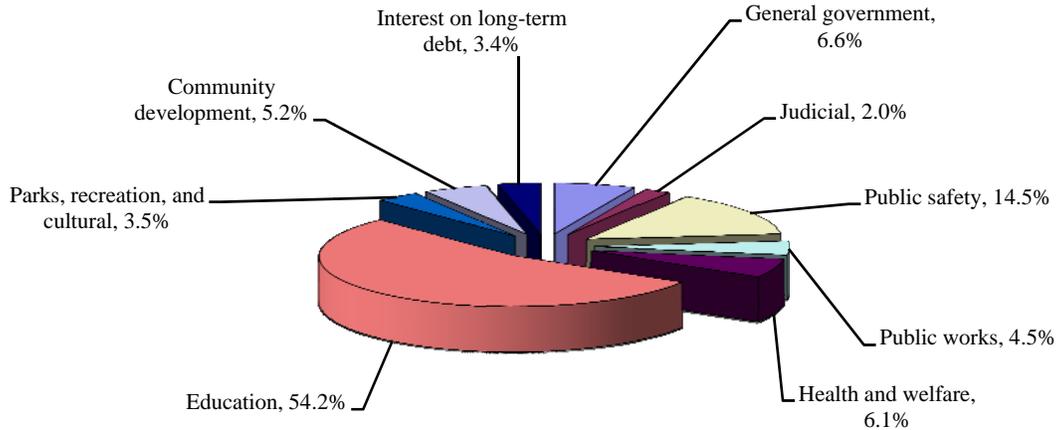


Table 3 illustrates the net cost (total expenses less fees generated by the activities and program-specific governmental aid) for the County’s governmental activities.

Table 3 Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2009 and 2008 (\$ in millions)				
	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General government	\$ 10.9	\$ 10.9	\$ 10.1	\$ 10.1
Judicial	3.4	3.3	1.0	1.0
Public safety	24.2	33.4	17.8	27.1
Public works	7.5	7.8	7.5	7.8
Health and welfare	10.1	9.9	3.9	4.6
Education	90.4	129.9	90.4	129.9
Parks, recreation, and cultural	5.9	5.6	4.9	4.8
Community development	8.7	8.1	6.9	6.4
Interest on long-term debt and other	5.7	5.4	5.7	5.4
Total	\$ 166.8	\$ 214.3	\$ 148.2	\$ 197.1

As Table 3 demonstrates, governmental activities generate revenue that helps offset the cost of these services. Program revenues generated include charges for services, and program grants. The County generates charges for services primarily from fees for certain court services, public safety fees,

community development services, library fees, and parks and recreation activities. The County obtains grants primarily for public safety, health and welfare, and judicial administration. After recognizing the revenue from these fees, grants, and contributions of \$18.6 million, the net cost of governmental activities was \$148.2 million, compared to a total cost of \$166.8 million. General revenue, primarily in the form of taxes, and State aid are needed to support the services that are not fee supported.

Business-type activities: Table 2 also summarizes the business-type activities. Total net assets decreased by 12.3%, \$2.6 million, compared to fiscal year 2008. Revenues totaled \$5.8 million of which \$5.8 million, or 100.0%, was generated by user fees or charges for services. Business-type activities are generally intended to be self-supporting. Fees are established to recover the cost of providing the services.

The total expenses for business-type activities were \$8.4 million, of which 78.6% was associated with the landfill and recycling program. Business-type activity expenses decreased \$0.5 million from fiscal year 2008, primarily due to a decrease in the operating costs; an increase in closure and postclosure costs at the landfill and an increase in depreciation expense for airport enhancements.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As of June 30, 2009, the County's governmental funds reported a combined ending fund balance of \$45.7 million (Exhibit 3), a decrease of \$9.7 million in comparison with the prior year. The decrease is primarily due to a \$9.7 million decrease in unspent bond proceeds related to the use of bond proceeds for school construction projects. Approximately 72.7%, or \$33.2 million, is available for spending at the government's discretion (unreserved/undesignated fund balance). The remaining fund balance is reserved or designated for encumbrances of \$2.9 million, other restrictions of \$1.3 million, contributions to volunteer fire and rescue companies of \$0.9 million, future years' expenditures of \$3.2 million, and a revenue shortfall reserve of \$4.2 million.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unreserved fund balance of \$16.0 million (Exhibit 3). The General Fund's liquidity can be measured by comparing unreserved fund balance to total fund revenues. Unreserved fund balance represents 10.0% of total revenues in the General Fund. The Board of Supervisors adopted a resolution setting a minimum fund balance target for the General Fund of 10.0% of the subsequent year's General Fund revenues. Unless the Board of Supervisors determines to retain fund balance in the General Fund above the minimum target, amounts in excess of the target will be transferred to the construction reserve account in the Capital Projects Fund for future capital needs, contributed to the School Board component unit or appropriated in the County's General Fund in the subsequent year. For the current fiscal year, the fund balance in the General Fund increased by 16.3% (\$3.4 million), which reflects a decrease of \$3.7 million in transfers to the CIP in fiscal year 2009 over fiscal year 2008 and an increase of \$1.4 million in transfers into the General Fund in fiscal year 2009 over fiscal year 2008 due primarily to an increase of \$1.3 million in transfers from the Capital Projects Fund. The Capital Projects Fund reported a total fund balance of \$16.9 million, a 44.6% decrease from the prior year due to the use of bond proceeds for school construction. In response to declining revenues resulting from the national recession, nonessential capital projects have been deferred resulting in a lessening of activity in that fund.

Significant outlays in fiscal year 2009 included the following:

- The General Fund contributed \$81.2 million in operating funds to finance the Schools operations.
- The General Fund incurred \$13.9 million in debt service for Schools construction projects funded with bond proceeds from the issuance of general obligation bonds.

BUDGETARY HIGHLIGHTS

General Fund

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

Table 4			
Budgetary Comparison			
General Fund			
For the Fiscal Year Ended June 30, 2009			
(\$ in millions)			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
<u>Revenues</u>			
Taxes	\$ 131.6	\$ 130.6	\$ 126.8
Other	5.5	5.8	4.8
Intergovernmental	24.5	25.7	26.2
Total revenues	<u>161.6</u>	<u>162.1</u>	<u>157.8</u>
<u>Expenditures</u>			
Expenditures	<u>161.6</u>	<u>166.4</u>	<u>155.7</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(4.3)</u>	<u>2.1</u>
<u>Other financing sources (uses)</u>			
Transfers	<u>-</u>	<u>1.0</u>	<u>1.3</u>
Change in fund balance	<u>\$ -</u>	<u>\$ (3.3)</u>	<u>\$ 3.4</u>

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

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

Final amended budget revenues exceeded the original budget by \$0.5 million, primarily due to budget increases for state and federal funding. Actual revenues were lower than the amended budget by \$4.3 million due in part to a decrease in personal property taxes, lower than anticipated local sales and use taxes, and lower community development fees from the downturn in the housing market.

Actual expenditures for the General Fund totaled \$155.7 million or \$10.7 million less than the amended budget. Of this difference, \$4.0 million is a reduction in the transfer to the School Board component unit and \$6.7 million savings from county departmental spending due to hiring and travel

freezes, staff reductions, and departmental savings and consolidations. A portion of the savings generated by Schools in the form of unexpended appropriations is generally reappropriated in the new fiscal year. \$3.2 million of fiscal year 2009's unexpended appropriations is expected to be reappropriated in fiscal year 2010 to support one-time operating needs, and one-time capital projects. A total of \$4.2 million has been designated to support the fiscal year 2010 budget.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

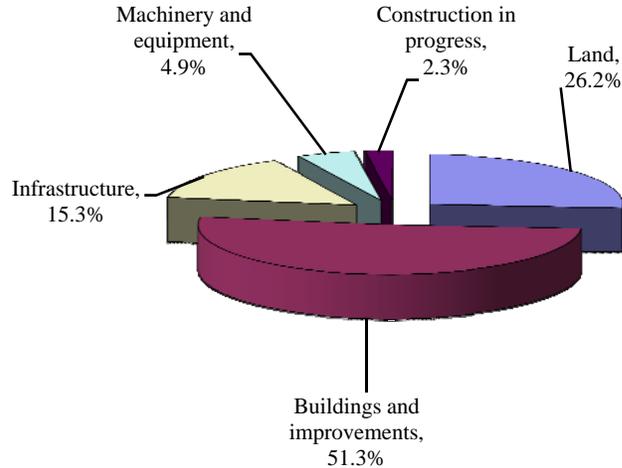
Table 5 provides information on changes in the capital assets of the governmental activities during fiscal year 2009.

Table 5	Change in Capital Assets Governmental Activities (\$ in millions)		
	Balance July 1, 2008	Net Additions and Deletions	Balance June 30, 2009
Land	\$ 19.1	\$ 0.5	\$ 19.6
Construction in progress (CIP)	18.2	(16.5)	1.7
Subtotal, capital assets not being depreciated	<u>37.3</u>	<u>(16.0)</u>	<u>21.3</u>
Buildings and improvements	34.2	14.3	48.5
Infrastructure	9.8	4.1	13.9
Machinery and equipment	11.3	0.3	11.6
Subtotal, capital assets being depreciated	<u>55.3</u>	<u>18.7</u>	<u>74.0</u>
Less: accumulated depreciation	<u>18.4</u>	<u>2.2</u>	<u>20.6</u>
Net capital assets being depreciated	<u>36.9</u>	<u>16.5</u>	<u>53.4</u>
Governmental activities capital assets, net	\$ <u>74.2</u>	\$ <u>0.5</u>	\$ <u>74.7</u>

As illustrated in Table 5, for the governmental activities the County's investment in capital assets not being depreciated totaled \$21.3 million, and \$53.4 million for depreciable capital assets, net of depreciation. The net investment in capital assets (including additions, retirements, and depreciation) increased \$0.5 million, or 0.7% above the prior year. The County's capital assets include items such as public safety equipment, buildings, parks and recreation facilities, libraries, and public works vehicles and equipment.

The following chart illustrates the County's capital assets, net of depreciation, by category. Buildings and improvements account for the largest category at 51.3% of the total net capital assets.

**Net Capital Assets Used in the Operation of Governmental Activities
As of June 30, 2009**



The County's Capital Improvements Program Committee (Committee) receives the ten-year requests from departments, agencies, and the component unit, Schools. The projects are evaluated, and the Committee prepares a recommended ten-year program, which is then sent for action by the Planning Commission to the Board of Supervisors. On October 13, 2005 the County Board of Supervisors approved an amendment to the adopted resolution requiring a voter referendum for projects in which the total costs are \$25.0 million or more.

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

- Completion of the Northern Fauquier Community Park for a total of \$16.9 million.
- Addition to construction in progress of \$1.0 million for equipment and site improvements to add a public safety radio tower site to enhance emergency communications.
- Addition to construction in progress of \$1.0 million for road improvements for Route 605 to be donated to the Virginia Department of Transportation upon completion.
- Contribution of \$0.8 million to the Fauquier County Water & Sewer Authority for expansion of the Vint Hill Farms Wastewater Treatment Plant.
- Purchase and equip sixteen public safety sheriff vehicles costing \$0.4 million.

The total reporting entity capital assets increased by \$1.9 million, of which there was an increase of \$3.2 million related to the School Board component unit and a decrease of \$1.8 million related to the enterprise funds due to depreciation expense.

The major capital projects for the School Board component unit are:

- Completion of Greenville Elementary School for \$16.4 million.
- Capitalization of \$5.6 million for Kettle Run High School costs through June 30, 2009.

- Capitalization of \$1.2 million for the extension of Academic Avenue at Kettle Run High School.
- Purchase of 7 new buses for a total cost of \$0.5 million.

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

More details on the capital assets are provided in Note 8, Notes to Financial Statements section of this report.

Long-term Debt

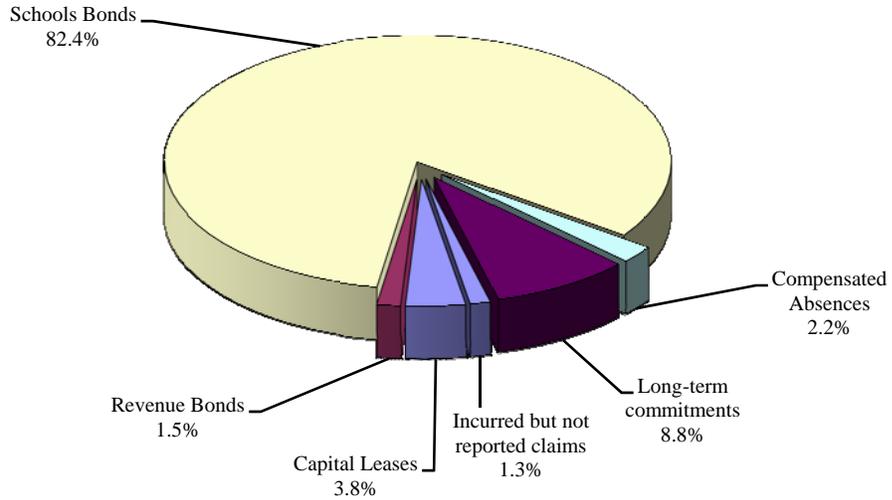
Table 6 provides an overview of the long-term obligations for the primary government.

Table 6				Summary of Changes in Long-Term Debt			
				(\$ in millions)			
		July 1, 2008	Net Increase			June 30, 2009	
			(Decrease)				
Governmental Activities:							
Capital leases	\$	5.9	\$	(0.6)	\$	5.3	
Revenue bonds less deferred amount on refunding		2.5		(0.4)		2.1	
General obligation bonds plus premium on bonds payable less deferred amount on bond issuance costs		123.1		(8.1)		115.0	
Compensated absences		3.1		-		3.1	
Long-term commitments		12.3		-		12.3	
Incurred but not reported claims		1.5		0.3		1.8	
Total long-term debt		<u>148.4</u>		<u>(8.8)</u>		<u>139.6</u>	
Business-Type Activities:							
Capital leases		1.2		(0.3)		0.9	
Revenue bonds plus premium on bonds payable less deferred amount on refunding		0.8		(0.4)		0.4	
Notes payables		0.1		-		0.1	
Compensated absences		0.1		-		0.1	
Landfill closure and postclosure		9.1		1.1		10.2	
Total long-term debt		<u>11.3</u>		<u>0.4</u>		<u>11.7</u>	
Total long-term debt	\$	<u>159.7</u>	\$	<u>(8.4)</u>	\$	<u>151.3</u>	

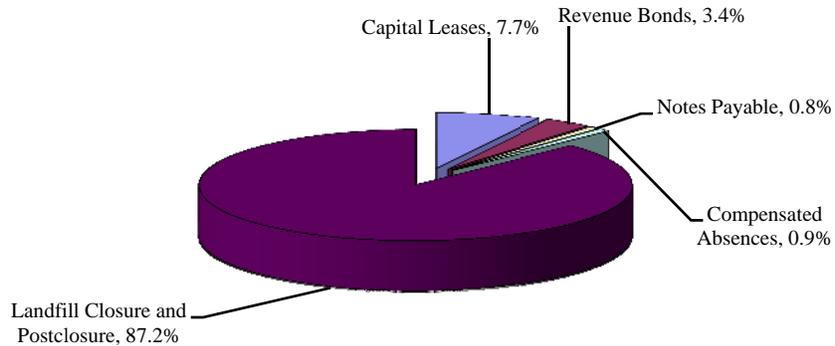
As of June 30, 2009, the County's governmental activities long-term debt, excluding compensated absences and incurred but not reported claims, totaled \$134.7 million. During the year, the County issued \$2.1 million of refunding revenue bonds through Virginia Resources Authority to advance refund its 2001 revenue bond to achieve interest savings.

The charts below illustrate long-term debt by type and the percentage of each type relative to the total outstanding debt. Schools General Obligation Bonds represent the largest category of debt with 82.4% of the County's total governmental debt.

**Governmental Activities
Long-Term Debt
As of June 30, 2009**

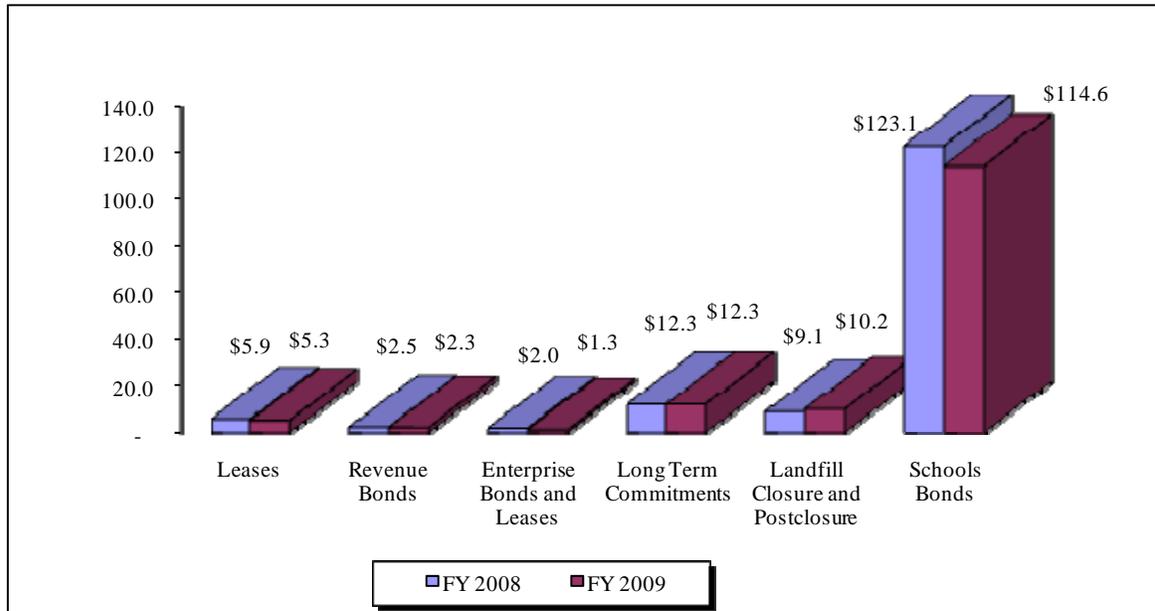


**Business-Type Activities
Long-Term Debt
As of June 30, 2009**



The following chart compares long-term indebtedness, less compensated absences and incurred but not recorded claims, for fiscal years 2008 and 2009 by type and amount outstanding. As shown, lease obligations, revenue bonds, enterprise bonds, and school-related debt obligations decreased or remained unchanged while landfill closure and postclosure debt increased.

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



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

The County has employed two debt ratios as a management tool. The first ratio adopted limits annual general government debt service to no more than 10.0% of General Fund revenues. In fiscal year 2009, the County's debt to revenue ratio was 9.6%. The second ratio assessed by management is total debt per capita. This ratio compares current performance to past performance. In fiscal year 2009, the general government debt per capita was \$1,780. This ratio decreased from \$1,949 in the prior year.

During the year, the County issued \$2.1 million of refunding revenue bonds through Virginia Resources Authority to advance refund its 2001 revenue bond to achieve interest savings.

The County has provided United States Department of Agriculture Rural Development program (USDA) moral obligation letters for loans to fund construction and renovations for three volunteer fire and rescue companies. Debt service payments will be paid from the County's Fire and Rescue Levy Fund. The County's long term commitments related to these loans is \$12.3 million.

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

- The County will not fund current or ongoing operations from debt proceeds.
- The County's Capital Improvements planning process includes both a pay-as-you-go element (cash funded) and a debt element for the addition of capital assets.
- The County will repay long-term debt over a period that does not exceed the expected useful life of the capital assets being financed.
- The County will comply with finance industry standards for disclosure related to debt offerings.
- The County has set a debt service limit of no more than 10.0% of General Fund revenues.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

- The average unemployment rate for the County of Fauquier in June 2009 was 5.5%, an increase of 2.1% from June 2008. This compares favorably to the State's average rate of 6.9% and the National average rate of 9.0%.
- According to the Weldon Cooper Center for Public Service, Fauquier County's population was estimated to be 66,801 an increase of 1.3% over the prior year. Population estimates for the last ten years are provided in Table 13, Statistical Section of this report.
- The enrollment in public schools decreased in fiscal year 2009 by 0.4% from 11,287 to 11,241. Schools enrollment for the last ten years is provided in Table 13, Statistical Section of this report.
- The 2007 per capita personal income for Fauquier County was \$50,854, compared to \$41,727 for the Commonwealth of Virginia, as reported by the U.S. Department of Commerce Bureau of Economic Analysis.
- The County Civilian Labor Force increased in fiscal year 2009 by 1.9% from 37,216 to 37,921. County Civilian Labor Workforce numbers for the last ten years are provided in Table 13, Statistical Section of this report.

Fiscal Year 2010 Budget and Rates

- For fiscal year 2010, the adopted budget for the General Fund is \$156.5 million, a decrease of 3.6% from fiscal year 2009. Revenues are comprised primarily of general property taxes at 70.2%, other local taxes at 10.3%, permits, privilege fees and regulatory licenses at 0.9%, State assistance at 14.6%, Federal assistance at 1.5%, use of money at 1.0%, and other revenues at 1.5%.
- In fiscal year 2010, the County's transfer to the School Board component unit remained the same at \$98.1 million which includes the County's payment of debt service on behalf of the Schools. Support to the Schools represents 61.0% of the General Fund appropriations not including the allocation of shared services, which represents an additional 3.9% of local support. The

percentage of General Fund appropriations supporting Schools is basically unchanged from fiscal year 2009.

- Public safety is second, accounting for 11.2% of budgeted expenditures. Public safety volunteers also have a dedicated real property tax of \$0.035 per \$100 of assessed value. This tax supports County and volunteer fire and rescue operations.
- The tax rate for real property remained the same at \$0.765. Personal property taxes remained unchanged. Detail on the tax rates is provided in Table 6, Statistical Section of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Fauquier County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Janet Romanchyk, Director of Finance, County of Fauquier, 320 Hospital Drive, Suite 32, Warrenton, Virginia 20186, telephone (540) 428-8730, or visit the County's web site at www.fauquiercounty.gov.

BASIC FINANCIAL STATEMENTS

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 1
Page 1 of 2

Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
Assets				
Cash and investments	\$ 45,307,867	\$ 585,163	\$ 45,893,030	\$ 11,021,062
Restricted cash and investments				
Investments	6,256,781	-	6,256,781	-
Revenue bond covenant	-	245,125	245,125	-
Receivables, net of allowances for uncollectibles:				
Taxes, including penalties	5,078,252	-	5,078,252	-
Accounts	3,011,221	607,517	3,618,738	160,703
Internal balances	288,360	(288,360)	-	-
Prepaid assets	995,787	6,964	1,002,751	115,038
Due from other governmental units	2,780,665	43,284	2,823,949	2,938,679
Inventories	227,055	30,063	257,118	98,298
Deferred charges	245,202	-	245,202	-
Capital assets not being depreciated:				
Land	19,594,625	8,301,522	27,896,147	5,161,809
Construction in progress	1,702,932	313,343	2,016,275	1,274,375
Capital assets (net of accumulated depreciation):				
Cell improvements	-	6,041,202	6,041,202	-
Buildings and improvements	38,317,545	5,710,208	44,027,753	168,559,868
Infrastructure	11,435,369	7,592,648	19,028,017	1,489,153
Machinery and equipment	3,619,563	1,462,060	5,081,623	6,426,291
Total assets	<u>138,861,224</u>	<u>30,650,739</u>	<u>169,511,963</u>	<u>197,245,276</u>
Liabilities				
Accounts payable	4,778,233	280,008	5,058,241	765,912
Accrued and other liabilities	890,250	34,372	924,622	12,620,189
Accrued interest	2,879,517	-	2,879,517	-
Unearned revenue	673,259	-	673,259	69,852
Customer deposits	802,222	-	802,222	-
Noncurrent liabilities:				
Due within one year	10,104,776	725,590	10,830,366	450,603
Due in more than one year	129,507,405	11,014,373	140,521,778	4,055,429
Total liabilities	<u>149,635,662</u>	<u>12,054,343</u>	<u>161,690,005</u>	<u>17,961,985</u>
Net assets				
Invested in capital assets, net of related debt	69,414,611	28,111,135	97,525,746	182,911,496
Restricted for:				
Parks, recreation, and cultural	292,450	-	292,450	-
Public safety	1,018,698	-	1,018,698	-
Proffers	530,514	-	530,514	-
Unrestricted (deficit)	<u>(82,030,711)</u>	<u>(9,514,739)</u>	<u>(91,545,450)</u>	<u>(3,628,205)</u>
Total net assets	<u>\$ (10,774,438)</u>	<u>\$ 18,596,396</u>	<u>\$ 7,821,958</u>	<u>\$ 179,283,291</u>

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

		<u>Reporting Entity</u>		
<u>Reclassifications</u> <u>(See Note 1 - D.14.)</u>		<u>Total</u>		
\$	-	\$	56,914,092	Assets
	-		6,256,781	Cash and investments
	-		245,125	Restricted cash and investments
	-		5,078,252	Investments
	-		3,779,441	Revenue bond covenant
	-		-	Receivables, net of allowances for uncollectibles:
	-		1,117,789	Taxes, including penalties
	-		5,762,628	Accounts
	-		355,416	Internal balances
	-		245,202	Prepaid assets
	-		33,057,956	Due from other governmental units
	-		3,290,650	Inventories
	-		6,041,202	Deferred charges
	-		212,587,621	Capital assets not being depreciated:
	-		20,517,170	Land
	-		11,507,914	Construction in progress
	-		366,757,239	Capital assets (net of accumulated depreciation):
	-		-	Cell improvements
	-		-	Buildings and improvements
	-		-	Infrastructure
	-		-	Machinery and equipment
	-		-	Total assets
	-		-	Liabilities
	-		5,824,153	Accounts payable
	-		13,544,811	Accrued and other liabilities
	-		2,879,517	Accrued interest
	-		743,111	Unearned revenue
	-		802,222	Customer deposits
	-		-	Noncurrent liabilities:
	-		11,280,969	Due within one year
	-		144,577,207	Due in more than one year
	-		179,651,990	Total liabilities
	-		-	Net assets
	(111,533,831)		168,903,411	Invested in capital assets, net of related debt
	-		292,450	Restricted for:
	-		1,018,698	Parks, recreation, and cultural
	-		530,514	Public safety
	-		-	Proffers
	111,533,831		16,360,176	Unrestricted (deficit)
\$	-	\$	187,105,249	Total net assets

Statement of Activities
Fiscal Year Ended June 30, 2009

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 10,878,525	\$ 42,618	\$ 763,659	\$ -
Judicial	3,383,922	946,883	1,493,194	-
Public safety	24,167,850	1,774,418	4,415,574	222,000
Public works	7,467,516	-	-	-
Health and welfare	10,052,834	5,583	6,101,203	-
Education	90,449,761	-	-	-
Parks, recreation, and cultural	5,949,804	502,195	546,453	-
Community development	8,734,890	1,185,958	572,908	-
Interest on long-term debt	5,687,654	-	-	-
Total governmental activities	<u>166,772,756</u>	<u>4,457,655</u>	<u>13,892,991</u>	<u>222,000</u>
Business-type activities:				
Airport	1,848,791	674,871	33,260	61,585
Landfill and Recycling	6,574,806	5,111,345	17,200	-
Total business-type activities	<u>8,423,597</u>	<u>5,786,216</u>	<u>50,460</u>	<u>61,585</u>
Total primary government	<u>175,196,353</u>	<u>10,243,871</u>	<u>13,943,451</u>	<u>283,585</u>
Component unit				
School Board	<u>133,307,450</u>	<u>3,331,139</u>	<u>11,989,341</u>	<u>122,965</u>
Total component unit	<u>\$ 133,307,450</u>	<u>\$ 3,331,139</u>	<u>\$ 11,989,341</u>	<u>\$ 122,965</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers' utility taxes				
Business and professional taxes				
Motor vehicle taxes				
Taxes on recordation and wills				
Other local taxes				
Contribution from primary government				
Investment earnings				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expenses) Revenue and Changes in Net Assets					
Primary Government			Component Unit		Reporting Entity
Governmental Activities	Business-Type Activities	Total	School Board	Total	Functions/Programs
Primary Government					
Governmental activities:					
\$ (10,072,248)	\$ -	\$ (10,072,248)	\$ -	\$ (10,072,248)	General government
(943,845)	-	(943,845)	-	(943,845)	Judicial
(17,755,858)	-	(17,755,858)	-	(17,755,858)	Public safety
(7,467,516)	-	(7,467,516)	-	(7,467,516)	Public works
(3,946,048)	-	(3,946,048)	-	(3,946,048)	Health and welfare
(90,449,761)	-	(90,449,761)	-	(90,449,761)	Education
(4,901,156)	-	(4,901,156)	-	(4,901,156)	Parks, recreation, and cultural
(6,976,024)	-	(6,976,024)	-	(6,976,024)	Community development
(5,687,654)	-	(5,687,654)	-	(5,687,654)	Interest on long-term debt
<u>(148,200,110)</u>	<u>-</u>	<u>(148,200,110)</u>	<u>-</u>	<u>(148,200,110)</u>	Total governmental activities
Business-type activities:					
-	(1,079,075)	(1,079,075)	-	(1,079,075)	Airport
-	(1,446,261)	(1,446,261)	-	(1,446,261)	Landfill and Recycling
<u>-</u>	<u>(2,525,336)</u>	<u>(2,525,336)</u>	<u>-</u>	<u>(2,525,336)</u>	Total business-type activities
Total primary government					
Component unit					
School Board					
			<u>(117,864,005)</u>	<u>(117,864,005)</u>	Total component unit
General revenues:					
117,835,182	-	117,835,182	-	117,835,182	General property taxes
6,240,448	-	6,240,448	-	6,240,448	Local sales and use taxes
4,561,422	-	4,561,422	-	4,561,422	Consumers' utility taxes
1,463,055	-	1,463,055	-	1,463,055	Business and professional taxes
1,737,173	-	1,737,173	-	1,737,173	Motor vehicle taxes
1,242,537	-	1,242,537	-	1,242,537	Taxes on recordation and wills
181,577	-	181,577	-	181,577	Other local taxes
-	-	-	90,120,368	90,120,368	Contribution from primary government
1,318,260	7,408	1,325,668	1,193	1,326,861	Investment earnings
169,889	-	169,889	471,525	641,414	Miscellaneous
13,852,748	-	13,852,748	30,452,153	44,304,901	Grants and contributions not restricted to specific programs
40,096	(40,096)	-	-	-	Transfers
<u>148,642,387</u>	<u>(32,688)</u>	<u>148,609,699</u>	<u>121,045,239</u>	<u>269,654,938</u>	Total general revenues and transfers
442,277	(2,558,024)	(2,115,747)	3,181,234	1,065,487	Change in net assets
<u>(11,216,715)</u>	<u>21,154,420</u>	<u>9,937,705</u>	<u>176,102,057</u>	<u>186,039,762</u>	Net assets - beginning
<u>\$ (10,774,438)</u>	<u>\$ 18,596,396</u>	<u>\$ 7,821,958</u>	<u>\$ 179,283,291</u>	<u>\$ 187,105,249</u>	Net assets - ending



FUND FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2009

	Primary Government			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 20,545,707	\$ 12,368,892	\$ 5,446,902	\$ 38,361,501
Restricted cash	4,674	6,252,107	-	6,256,781
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	4,756,333	-	321,919	5,078,252
Accounts	1,700,843	124,081	971,048	2,795,972
Due from other funds	50,437	-	-	50,437
Prepaid assets	26,983	886,089	82,715	995,787
Due from other governmental units	2,404,630	356,035	20,000	2,780,665
Advances to other funds	237,923	-	-	237,923
Total assets	<u>29,727,530</u>	<u>19,987,204</u>	<u>6,842,584</u>	<u>56,557,318</u>
Liabilities				
Accounts payable	1,153,907	2,774,016	415,149	4,343,072
Accrued liabilities	541,337	2,875	5,246	549,458
Other liabilities	14,974	316,867	-	331,841
Deferred revenue	3,781,652	-	1,016,888	4,798,540
Escrows	-	-	802,222	802,222
Total liabilities	<u>5,491,870</u>	<u>3,093,758</u>	<u>2,239,505</u>	<u>10,825,133</u>
Fund balances				
Reserved for:				
Encumbrances - County	420,203	2,431,769	7,363	2,859,335
Long term receivables	237,923	-	-	237,923
Prepaid assets	26,983	886,089	82,715	995,787
Grants and seizure funds	136,924	-	-	136,924
Unreserved, reported in:				
Designated:				
General Fund:				
Designated for revenue shortfall	4,184,987	-	-	4,184,987
Designated for future years' expenditures	3,209,179	-	-	3,209,179
Special revenue funds:				
Designated for contributions for volunteer fire & rescue	-	-	881,774	881,774
Undesignated:				
General Fund	16,019,461	-	-	16,019,461
Capital Projects Fund	-	13,575,588	-	13,575,588
Special revenue funds	-	-	3,631,227	3,631,227
Total fund balances	<u>24,235,660</u>	<u>16,893,446</u>	<u>4,603,079</u>	<u>45,732,185</u>
Total liabilities and fund balances	<u>\$ 29,727,530</u>	<u>\$ 19,987,204</u>	<u>\$ 6,842,584</u>	<u>\$ 56,557,318</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 4

**Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
June 30, 2009**

Total fund balances - governmental funds	\$ 45,732,185
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds (excludes \$84,487 related to internal service fund assets).	74,585,547
Deferred taxes and ambulance billing revenue represent amounts that were not available to fund current expenditures and therefore are not reported as revenue in the governmental funds.	4,467,149
Deferred charges, such as bond issuance costs, are non-capital costs that benefit future periods and therefore are not recognized in the governmental funds.	245,202
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(2,879,517)
Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	4,788,983
Certain liabilities, arbitrage, are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.	(3,138)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	
Capital leases	(5,255,423)
Revenue bonds issued for utility projects	(2,260,000)
Long term commitments (see note 10)	(12,284,916)
General obligation bonds issued for schools	(110,170,000)
Premium on bonds payable - School Board	(4,827,398)
Deferred amount on refunding	120,637
Compensated absences (excludes \$101,129 for internal service funds)	(3,033,749)
	<u>(137,710,849)</u>
Net assets of governmental activities	\$ <u>(10,774,438)</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Fiscal Year Ended June 30, 2009

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 111,425,783	\$ -	\$ 5,721,720	\$ 117,147,503
Other local taxes	15,426,212	-	-	15,426,212
Permits, privilege fees, and regulatory licenses	1,213,148	-	-	1,213,148
Fines and forfeitures	483,483	-	-	483,483
Revenue from use of money and property	1,073,681	190,342	8,900	1,272,923
Charges for services	1,257,345	-	1,218,527	2,475,872
Gifts and donations	1,832	-	609	2,441
Recovered costs	514,978	-	2,085	517,063
Miscellaneous revenue	164,859	-	5,030	169,889
Intergovernmental:				
Commonwealth of Virginia	22,152,352	982,808	442,493	23,577,653
Federal Government	4,094,362	46,283	25,000	4,165,645
	<u>157,808,035</u>	<u>1,219,433</u>	<u>7,424,364</u>	<u>166,451,832</u>
Total revenues				
Expenditures				
Current operating:				
General government	10,747,190	-	-	10,747,190
Judicial	2,964,836	2,080	-	2,966,916
Public safety	18,139,738	1,791,410	4,382,959	24,314,107
Public works	6,990,337	(260,743)	-	6,729,594
Health and welfare	9,942,056	-	-	9,942,056
Education	81,223,842	8,868,197	-	90,092,039
Parks, recreation, and cultural	5,113,974	1,745,473	8,967	6,868,414
Community development	4,881,232	1,906,798	1,765,251	8,553,281
Nondepartmental	816,428	-	-	816,428
Debt service:				
Principal retirement	8,599,019	140,000	-	8,739,019
Interest charges	6,259,343	121,138	-	6,380,481
Fiscal charges	6,000	-	-	6,000
	<u>155,683,995</u>	<u>14,314,353</u>	<u>6,157,177</u>	<u>176,155,525</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>2,124,040</u>	<u>(13,094,920)</u>	<u>1,267,187</u>	<u>(9,703,693)</u>
Other financing sources (uses)				
Transfers in	2,386,574	879,404	317,935	3,583,913
Transfers (out)	(1,089,625)	(1,437,669)	(1,061,371)	(3,588,665)
Refunding bonds issued	-	2,115,000	-	2,115,000
Payments to refunding bond escrow	-	(2,285,637)	-	(2,285,637)
Premiums on issuance of debt	-	205,787	-	205,787
	<u>1,296,949</u>	<u>(523,115)</u>	<u>(743,436)</u>	<u>30,398</u>
Total other financing sources (uses)				
Net change in fund balances	3,420,989	(13,618,035)	523,751	(9,673,295)
Fund balances, beginning	20,814,671	30,511,481	4,079,328	55,405,480
Fund balances, ending	<u>\$ 24,235,660</u>	<u>\$ 16,893,446</u>	<u>\$ 4,603,079</u>	<u>\$ 45,732,185</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 6

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2009**

Net change in fund balances - total governmental funds \$ (9,673,295)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources. This is the amount by which the capital outlays exceeded depreciation in the current year.

Capital outlays	3,473,135	
Donated capital assets	222,000	
Depreciation expense (less \$15,085 for internal service funds)	<u>(3,149,317)</u>	545,818

In the statement of activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (100,200)

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

Add current year's deferred revenue	4,467,149	
Less prior year's deferred revenue	<u>(3,494,318)</u>	972,831

Internal service funds are used by management to charge the costs of fleet maintenance and health insurance to individual funds. The net revenue of certain activities of internal services is reported with governmental activities. (922,557)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Add debt principal repayment	10,904,019	
Add amortized bond payable premiums	571,099	
Add deferred loss on refunding	120,637	
Add deferred bond issuance costs	(21,575)	
Less debt proceeds	(2,115,000)	
Less premium on new debt	<u>(205,787)</u>	9,253,393

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Add bond issuance costs	55,009	
Less current year's arbitrage liability	(3,138)	
Add prior year's arbitrage liability	15,424	
Less current year's compensated absences (excludes \$11,407 for internal service funds)	(3,123,471)	
Add prior year's compensated absences	3,128,687	
Less current year's accrued interest payable	(2,879,517)	
Add prior year's accrued interest payable	<u>3,173,293</u>	366,287

Change in net assets of governmental activities \$ 442,277

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
Page 1 of 4

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Revenues				
General property taxes	\$ 113,597,036	\$ 113,597,036	\$ 111,425,783	\$ (2,171,253)
Other local taxes	17,976,200	17,051,200	15,426,212	(1,624,988)
Permits, privilege fees, and regulatory licenses	2,022,300	2,022,300	1,213,148	(809,152)
Fines and forfeitures	508,100	508,100	483,483	(24,617)
Revenue from use of money and property	1,571,215	1,571,215	1,073,681	(497,534)
Charges for services	1,165,237	1,172,149	1,257,345	85,196
Gifts and donations	6,500	8,180	1,832	(6,348)
Recovered costs	131,138	335,683	514,978	179,295
Miscellaneous revenue	85,440	131,024	164,859	33,835
Intergovernmental:				
Commonwealth of Virginia	22,167,512	22,810,463	22,152,352	(658,111)
Federal Government	2,360,906	2,918,246	4,094,362	1,176,116
Total revenues	<u>161,591,584</u>	<u>162,125,596</u>	<u>157,808,035</u>	<u>(4,317,561)</u>
Expenditures				
Current operating:				
General government:				
Legislative:				
Board of supervisors	282,036	283,678	252,949	30,729
General and financial administration:				
County administrator	744,891	734,562	704,038	30,524
General reassessment	-	1,242,255	873,042	369,213
County attorney	651,884	616,875	609,885	6,990
Independent auditor	123,411	123,411	112,129	11,282
Commissioner of the revenue	1,291,810	1,307,970	1,234,543	73,427
Treasurer	1,047,886	966,809	966,803	6
Information technology	2,290,059	2,293,499	2,246,615	46,884
Human resources	1,544,984	1,299,464	1,273,782	25,682
Finance	1,517,985	1,479,737	1,381,501	98,236
Office of management and budget	340,660	405,084	405,046	38
Geographic information systems	296,494	286,343	286,338	5
Total general and financial administration	<u>9,850,064</u>	<u>10,756,009</u>	<u>10,093,722</u>	<u>662,287</u>
Board of elections:				
Registrar	324,555	401,452	400,519	933
Total general government	<u>\$ 10,456,655</u>	<u>\$ 11,441,139</u>	<u>\$ 10,747,190</u>	<u>\$ 693,949</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
Page 2 of 4

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Expenditures (continued)				
Current operating: (continued)				
Judicial:				
Courts:				
Circuit court	\$ 146,113	\$ 142,970	\$ 142,966	\$ 4
General district court	14,685	16,545	16,545	-
Magistrates	82,895	84,130	75,547	8,583
Juvenile and domestic relations district court	14,866	14,866	9,645	5,221
Clerk of the circuit court	1,129,750	1,087,376	1,033,539	53,837
Adult court services	759,807	808,745	808,719	26
Commissioner of accounts	2,400	2,400	2,400	-
Total courts	<u>2,150,516</u>	<u>2,157,032</u>	<u>2,089,361</u>	<u>67,671</u>
Commonwealth's attorney:				
Commonwealth's attorney	867,821	897,603	875,475	22,128
Total judicial	<u>3,018,337</u>	<u>3,054,635</u>	<u>2,964,836</u>	<u>89,799</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	10,613,526	10,790,698	10,418,755	371,943
Joint communications	2,039,486	2,011,862	1,912,441	99,421
Total law enforcement and traffic control	<u>12,653,012</u>	<u>12,802,560</u>	<u>12,331,196</u>	<u>471,364</u>
Emergency services administration:				
Emergency services	2,790,999	3,474,595	3,474,222	373
Correction and detention:				
Sheriff	567,328	641,790	553,503	88,287
CFW regional jail	1,586,428	1,554,466	1,554,466	-
Probation office	33,147	4,773	1,695	3,078
Juvenile detention and crime control	407,683	407,683	224,656	183,027
Total correction and detention	<u>2,594,586</u>	<u>2,608,712</u>	<u>2,334,320</u>	<u>274,392</u>
Total public safety	<u>18,038,597</u>	<u>18,885,867</u>	<u>18,139,738</u>	<u>746,129</u>
Public works:				
Sanitation and waste removal:				
Solid waste operations	2,196,258	2,170,993	1,957,795	213,198
General buildings and grounds maintenance:				
General services	5,575,757	5,867,367	5,032,542	834,825
Total public works	<u>7,772,015</u>	<u>8,038,360</u>	<u>6,990,337</u>	<u>1,048,023</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 530,624	\$ 541,236	\$ 541,236	\$ -

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
Page 3 of 4

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Expenditures (continued)				
Current operating: (continued)				
Health and welfare: (continued)				
Welfare:				
Institutional care	\$ 326,124	\$ 326,124	\$ 326,124	\$ -
Social services	5,370,962	6,067,143	5,892,384	174,759
Comprehensive services act	<u>3,252,372</u>	<u>3,350,516</u>	<u>3,182,312</u>	<u>168,204</u>
Total welfare	<u>8,949,458</u>	<u>9,743,783</u>	<u>9,400,820</u>	<u>342,963</u>
Total health and welfare	<u>9,480,082</u>	<u>10,285,019</u>	<u>9,942,056</u>	<u>342,963</u>
Education:				
Contribution to component unit – School Board	84,132,240	85,255,324	81,183,176	4,072,148
Community colleges	<u>242,958</u>	<u>40,666</u>	<u>40,666</u>	<u>-</u>
Total education	<u>84,375,198</u>	<u>85,295,990</u>	<u>81,223,842</u>	<u>4,072,148</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	<u>3,471,395</u>	<u>3,488,195</u>	<u>3,066,363</u>	<u>421,832</u>
Library:				
Public library	<u>2,127,911</u>	<u>2,048,703</u>	<u>2,047,611</u>	<u>1,092</u>
Total parks, recreation, and cultural	<u>5,599,306</u>	<u>5,536,898</u>	<u>5,113,974</u>	<u>422,924</u>
Community development:				
Planning and community development:				
Water resource management	328,955	310,159	192,878	117,281
Community development	3,653,898	3,771,464	3,754,755	16,709
Planning	167,928	168,362	140,967	27,395
Economic development	457,702	477,687	463,555	14,132
Disability services board	10,000	8,364	7,742	622
Agriculture development	<u>41,360</u>	<u>42,076</u>	<u>19,963</u>	<u>22,113</u>
Total planning and community development	<u>4,659,843</u>	<u>4,778,112</u>	<u>4,579,860</u>	<u>198,252</u>
Environmental management:				
Soil and water conservation district	<u>388,901</u>	<u>203,725</u>	<u>203,725</u>	<u>-</u>
Cooperative extension program:				
VPI extension	<u>152,114</u>	<u>144,513</u>	<u>97,647</u>	<u>46,866</u>
Total community development	<u>5,200,858</u>	<u>5,126,350</u>	<u>4,881,232</u>	<u>245,118</u>
Nondepartmental:				
Nondepartmental operations	\$ <u>2,771,552</u>	\$ <u>3,867,179</u>	\$ <u>816,428</u>	\$ <u>3,050,751</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7
Page 4 of 4

Statement of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
General Fund
Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Current operating: (continued)				
Debt service:				
Principal retirement	\$ 644,019	\$ 644,019	\$ 644,019	\$ -
Interest charges	284,146	284,146	284,146	-
Principal retirement - education	7,955,000	7,955,000	7,955,000	-
Interest charges - education	5,975,197	5,975,197	5,975,197	-
Fiscal charges - education	<u>7,600</u>	<u>7,600</u>	<u>6,000</u>	<u>1,600</u>
Total debt service	<u>14,865,962</u>	<u>14,865,962</u>	<u>14,864,362</u>	<u>1,600</u>
Total expenditures	<u>161,578,562</u>	<u>166,397,399</u>	<u>155,683,995</u>	<u>10,713,404</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,022</u>	<u>(4,271,803)</u>	<u>2,124,040</u>	<u>6,395,843</u>
Other financing sources (uses)				
Transfers in	643,838	2,105,840	2,386,574	280,734
Transfers (out)	<u>(656,860)</u>	<u>(1,084,037)</u>	<u>(1,089,625)</u>	<u>(5,588)</u>
Total other financing sources (uses)	<u>(13,022)</u>	<u>1,021,803</u>	<u>1,296,949</u>	<u>275,146</u>
Net change in fund balances	-	(3,250,000)	3,420,989	6,670,989
Fund balances, beginning	<u>20,814,671</u>	<u>20,814,671</u>	<u>20,814,671</u>	<u>-</u>
Fund balances, ending	<u>\$ 20,814,671</u>	<u>\$ 17,564,671</u>	<u>\$ 24,235,660</u>	<u>\$ 6,670,989</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 8
Page 1 of 2

Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Airport Fund	Landfill and Recycling Fund	Total	
Assets				
Current assets:				
Cash and investments:	\$ -	\$ 585,163	\$ 585,163	\$ 6,946,366
Restricted cash and investments:				
Revenue bond covenant	-	245,125	245,125	-
Receivables, net of allowance for uncollectibles	34,515	463,325	497,840	215,249
Prepaid assets	-	6,964	6,964	-
Inventories	30,063	-	30,063	227,055
Due from other governmental units	43,284	-	43,284	-
Total current assets	<u>107,862</u>	<u>1,300,577</u>	<u>1,408,439</u>	<u>7,388,670</u>
Noncurrent assets:				
Receivables, net of allowances for uncollectibles	<u>109,677</u>	<u>-</u>	<u>109,677</u>	<u>-</u>
Capital assets (net of accumulated depreciation):				
Land	6,612,678	1,688,844	8,301,522	-
Construction in progress	197,147	116,196	313,343	-
Cell improvements	-	6,041,202	6,041,202	-
Buildings and improvements	2,264,807	3,445,401	5,710,208	-
Infrastructure	7,121,783	470,865	7,592,648	-
Machinery and equipment	<u>244,068</u>	<u>1,217,992</u>	<u>1,462,060</u>	<u>84,487</u>
Total capital assets	<u>16,440,483</u>	<u>12,980,500</u>	<u>29,420,983</u>	<u>84,487</u>
Total noncurrent assets	<u>16,550,160</u>	<u>12,980,500</u>	<u>29,530,660</u>	<u>84,487</u>
Total assets	<u>\$ 16,658,022</u>	<u>\$ 14,281,077</u>	<u>\$ 30,939,099</u>	<u>\$ 7,473,157</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 8
Page 2 of 2

Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Airport Fund	Landfill and Recycling Fund	Total	
Liabilities				
Current liabilities:				
Accounts payable	\$ 30,826	\$ 249,182	\$ 280,008	\$ 435,161
Accrued and other liabilities	6,465	27,907	34,372	5,813
Due to other funds	50,437	-	50,437	-
Unearned revenue	-	-	-	341,868
Compensated absences	1,771	9,971	11,742	10,113
Current portion of incurred but not reported claims	-	-	-	450,051
Current portion of capital leases payable	-	284,005	284,005	-
Current portion of notes payable	18,362	-	18,362	-
Current portion of long-term bond payable	-	411,481	411,481	-
Total current liabilities	107,861	982,546	1,090,407	1,243,006
Noncurrent liabilities:				
Accrued closure and post-closure liability	-	10,312,693	10,312,693	-
Advances from other funds	237,923	-	237,923	-
Compensated absences	15,943	89,737	105,680	91,016
Noncurrent portion of incurred but not reported claims	-	-	-	1,350,152
Noncurrent portion of capital leases payable	-	596,000	596,000	-
Total noncurrent liabilities	253,866	10,998,430	11,252,296	1,441,168
Total liabilities	361,727	11,980,976	12,342,703	2,684,174
Net Assets				
Invested in capital assets, net of related debt	16,422,121	11,689,014	28,111,135	84,487
Unrestricted (deficit)	(125,826)	(9,388,913)	(9,514,739)	4,704,496
Total net assets	16,296,295	2,300,101	18,596,396	4,788,983
Total liabilities and net assets	\$ 16,658,022	\$ 14,281,077	\$ 30,939,099	\$ 7,473,157

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 9

Statement of Revenues, Expenses, and Changes in Net Assets
 Proprietary Funds
 Fiscal Year Ended June 30, 2009

	Business-Type Activities – Enterprise Funds			Governmental Activities Internal Service Funds
	Airport Fund	Landfill and Recycling Fund	Total	
Operating revenues				
Charges for services	\$ 286,154	\$ 4,379,426	\$ 4,665,580	\$ 20,209,788
Recycling revenues	-	731,919	731,919	-
Fuel	388,717	-	388,717	-
Total operating revenues	674,871	5,111,345	5,786,216	20,209,788
Operating expenses				
Cost of goods sold	327,304	-	327,304	-
Personal services	162,476	1,261,463	1,423,939	621,903
Fringe benefits	42,454	390,567	433,021	229,127
Claims and benefits paid	-	-	-	14,775,098
Premiums	-	-	-	3,070,462
Contractual services	31,211	2,285,342	2,316,553	149,407
Other operating expenses	110,901	577,365	688,266	1,873,448
Closure and post closure costs	-	1,137,471	1,137,471	-
Depreciation	1,172,619	860,390	2,033,009	15,085
Total operating expenses	1,846,965	6,512,598	8,359,563	20,734,530
Operating income (loss)	(1,172,094)	(1,401,253)	(2,573,347)	(524,742)
Nonoperating revenues (expenses)				
Interest income	-	7,408	7,408	45,337
Commonwealth of Virginia	1,018	17,200	18,218	-
Federal Government	32,242	-	32,242	-
Interest expense	(1,826)	(62,208)	(64,034)	-
Contribution to OPEB Trust Fund	-	-	-	(488,000)
Total nonoperating revenues (expenses)	31,434	(37,600)	(6,166)	(442,663)
Income (loss) before capital contributions and transfers	(1,140,660)	(1,438,853)	(2,579,513)	(967,405)
Capital contributions - Commonwealth of Virginia	1,886	-	1,886	-
Capital contributions - Federal Government	59,699	-	59,699	-
Transfers in	21,588	-	21,588	44,848
Transfers (out)	-	(61,684)	(61,684)	-
Change in net assets	(1,057,487)	(1,500,537)	(2,558,024)	(922,557)
Net assets - beginning	17,353,782	3,800,638	21,154,420	5,711,540
Net assets - ending	\$ 16,296,295	\$ 2,300,101	\$ 18,596,396	\$ 4,788,983

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

**Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2009**

	Business-Type Activities – Enterprise Funds			Governmental Activities
	Airport Fund	Landfill and Recycling Fund	Total	Internal Service Funds
Cash Flow from Operating Activities				
Receipts from customers and users	\$ 673,800	\$ 5,416,059	\$ 6,089,859	\$ 20,105,485
Payment to suppliers and other operating activities	(425,655)	(3,010,312)	(3,435,967)	(19,625,644)
Payment to employees (including fringes)	(201,821)	(1,640,808)	(1,842,629)	(836,715)
Net cash provided by (used in) operating activities	46,324	764,939	811,263	(356,874)
Cash Flow from Noncapital Financing Activities				
Transfers in	21,588	-	21,588	44,848
Transfers (out)	-	(61,684)	(61,684)	-
Interfund loan	-	-	-	(48,233)
Contribution to OPEB Trust Fund	-	-	-	(488,000)
Net cash provided by (used in) noncapital financing activities	21,588	(61,684)	(40,096)	(491,385)
Cash Flow from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(173,194)	(120,096)	(293,290)	-
Principal paid on debt	(17,294)	(706,992)	(724,286)	-
Repayment of interfund obligation	10,977	-	10,977	-
Interest and other fiscal cost on debt	(1,913)	(112,511)	(114,424)	-
Federal and state reimbursements for capital projects	113,512	17,200	130,712	-
Net cash used in capital and related financing activities	(67,912)	(922,399)	(990,311)	-
Cash Flow from Investing Activities				
Interest	-	7,408	7,408	45,337
Net cash provided by investing activities	-	7,408	7,408	45,337
Net increase (decrease) in cash and cash equivalents	-	(211,736)	(211,736)	(802,922)
Cash and cash equivalents - beginning of the year (including restricted cash)	-	1,042,024	1,042,024	7,749,288
Cash and cash equivalents - end of the year (including restricted cash)	-	830,288	830,288	6,946,366
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Cash flows from operations:				
Operating income (loss)	(1,172,094)	(1,401,253)	(2,573,347)	(524,742)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,172,619	860,390	2,033,009	15,085
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(1,071)	304,714	303,643	(129,691)
Increase in incurred but not reported claims	-	-	-	285,284
Decrease in inventory	29,138	-	29,138	9,711
Decrease in prepaid expenses	-	41	41	-
Increase (decrease) in accounts payable	14,623	(147,646)	(133,023)	(18,486)
Increase in landfill closure and post-closure costs	-	1,137,471	1,137,471	-
Increase in unearned revenue	-	-	-	25,388
Increase (decrease) in accrued liabilities	3,109	11,222	14,331	(19,423)
Net cash provided by (used in) operating activities	\$ 46,324	\$ 764,939	\$ 811,263	\$ (356,874)

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 11

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2009

	Pension (and other employee benefit) Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ -	\$ 272,098
Cash in custody of others	1,431,856	65,949
Receivables, net of allowance for uncollectibles:		
Taxes, including penalties	-	321
Accounts receivable	-	15
	<u> </u>	<u> </u>
Total assets	<u>1,431,856</u>	<u>338,383</u>
Liabilities		
Accrued liabilities	-	14,686
Amounts held for clients/others	-	323,697
	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>\$ 338,383</u>
Net Assets		
Held in trust for OPEB benefits	439,617	
Held in trust for pension benefits	992,239	
	<u> </u>	
Total net assets	<u>1,431,856</u>	
Total liabilities and net assets	<u>\$ 1,431,856</u>	

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



NOTES TO FINANCIAL STATEMENTS



COUNTY OF FAUQUIER, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements

Government-wide financial statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Eliminations have been made to avoid the double-counting of interfund activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely 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.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 2 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 County reports the following major fund types:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The County reports the following nonmajor fund types:

The *Special Revenue Funds* account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes. Special Revenue Funds consist of the Parks and Recreation Fund, Library Fund, Conservation Easement Service District Fund, Fire and Rescue Fund, Ambulance Revenue Fund, Proffer Fund, Affordable Housing Fund, and Vint Hill Transportation Fund.

The County reports the following additional fund types:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments, restricted to meeting operational or capital requirements of a particular

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

function. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

D. Assets, liabilities, and net assets or equity**1. Deposits and investments**

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

2. Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 the interfund loans). Noncurrent portions of long-term interfund loans receivable and amounts due from other governments are equally offset by a fund balance reserve account which indicates they do not constitute available expendable resources and therefore are not available for appropriation. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

3. Inventory and prepaid items

Inventory is valued using the first in, first out method at cost. Inventories of governmental funds, component units, and certain internal service funds and enterprise funds consist of expendable supplies held for consumption. The costs are recorded as expenditures when purchased rather than when consumed. Reported inventories for governmental funds and component units are offset equally by a fund balance reserve as inventories do not constitute available expendable resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Property taxes

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

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

6. Use of estimates

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

7. Restricted assets

Governmental activities include the unspent proceeds of bond issuance that are restricted for use in construction. Business-type activities include unspent revenue bond covenant that are restricted to capital purchases and are presented as restricted assets. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

8. Capital assets

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

The government defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of at least \$5,000 per unit (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impaired capital assets that are no longer used are reported at the lower of carrying value or fair value. An asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life of the capital asset.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40-45
Infrastructure	15-50
Machinery and equipment	5-15
Vehicles	3-12

9. Component unit capital assets

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

10. Compensated absences

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

11. Long-term obligations

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

12. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbrances do not lapse and are reported as reservations of fund balance at year end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Fund equity

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

14. Net assets

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

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

Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of \$114,997,398 net of unspent bond proceeds of \$3,463,567 is reclassified as shown below to present the total reporting entity column of Exhibit 1. The County is holding the unspent bond proceeds for the School Board until the projects are completed.

Net assets (summarized)	Primary Government	Component Unit	Reclassification of Debt Issued for:	
			Public Schools Facilities	Total Reporting Entity
Invested in capital assets net of related debt	\$ 97,525,746	\$ 182,911,496	\$ (111,533,831)	\$ 168,903,411
Restricted for:				
Parks, recreation, and cultural	292,450	-	-	292,450
Public safety	1,018,698	-	-	1,018,698
Proffers	530,514	-	-	530,514
Unrestricted (deficit)	<u>(91,545,450)</u>	<u>(3,628,205)</u>	<u>111,533,831</u>	<u>16,360,176</u>
Total net assets	\$ <u>7,821,958</u>	\$ <u>179,283,291</u>	\$ <u>-</u>	\$ <u>187,105,249</u>

NOTE 2 – CASH AND INVESTMENTS

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

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

Investments – Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of other states not in default, obligations of the International Bank for Reconstruction and Development (World Bank) the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP). Bond proceeds subject to arbitrage rebate are invested in the SNAP (See Note 1). Capital lease proceeds are held in escrow and invested in money market funds.

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

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

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

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

The following reflects the fair value and the weighted average maturity (WAM) of the County's investments as of June 30, 2009. WAM expresses investment time horizons, the time when investments become due and payable, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the County assumes that all of its investments will be held to maturity.

Fair Value and Weighted Average Maturity of Investments at June 30, 2009:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Money Market/Money Market Mutual Funds:		
Pooled Investments:		
State Treasurer's Local Government Investment Pool (LGIP)	\$ 38,223,302	1
U.S. Government Agency Securities	1,043,440	1413
Repurchase agreements	15,818,008	1
Restricted Investments:		
Virginia State Non-Arbitrage Program (SNAP)	5,534,477	1
State Treasurer's Local Government Investment Pool (LGIP)	<u>245,124</u>	1
Total Investment	<u>\$ 60,864,351</u>	24

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

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

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

The County’s ratings and policy limits as of June 30, 2009, are as follows:

Investment Type	Investment Policy Limit	Credit Quality (Rating)	Credit Exposure as a % of Total Investment
Money Market/Money Market Mutual Funds:			
State Treasurer’s Local Government Investment Pool (LGIP)	100%	AAA	55%
Virginia State Non-Arbitrage Program (SNAP)	100%	AAA	8%
Repurchase agreements	50%	AAA	23%
U.S. Government Agency Securities	100%	AAA	1%
Certificates of deposit	25%	-	13%
			100%

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

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2009, are as follows:

	Total Cash and Investments
Primary Government and discretely presented component unit – School Board:	
Total Investments	\$ 60,864,351
Add: Cash on Hand – Treasurer’s Office	1,000
Cash on Hand – Departments	16,015
Cash – Detention Center	65,949
Deposits and certificates of deposit	4,447,818
	\$ 65,395,133

Exhibit 1

	Governmental Activities	Business-Type Activities	Total	Component Unit – School Board	Total
Cash and Pooled Investments	\$ 45,307,867	\$ 585,163	\$ 45,893,030	\$ 11,021,062	\$ 56,914,092
Restricted cash:					
Restricted cash – investments	6,256,781	-	6,256,781	-	6,256,781
Restricted cash – revenue bond covenant	-	245,125	245,125	-	245,125
Total restricted cash	6,256,781	245,125	6,501,906	-	6,501,906
Total	\$ 51,564,648	\$ 830,288	\$ 52,394,936	\$ 11,021,062	\$ 63,415,998

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

	<u>Exhibit 11</u>	<u>Exhibit 11 & Exhibit 35</u>	<u>Total Fiduciary Funds</u>
	Fiduciary Funds (held by County)	Fiduciary Funds (cash on deposit with County)	
Cash and Pooled Investments	\$ <u>1,497,805</u>	\$ <u>481,330</u>	\$ <u>1,979,135</u>
Total Reporting Entity			\$ <u>65,395,133</u>

Student activity funds of \$1,637,031 reported on Exhibit 35 are excluded since these funds are not held or deposited with the County.

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

Restricted Cash and Investments at June 30, 2009:

General Fund:

SNAP Arbitrage (1996)	\$ <u>4,674</u>
Total General Fund	<u>4,674</u>

Capital Projects Fund:

General Obligation Bond Proceeds	5,529,803
Restricted donations	<u>722,304</u>
Total Capital Projects Fund	<u>6,252,107</u>

Enterprise Funds:

LGIP – Revenue Covenant	<u>245,125</u>
Total Enterprise Funds	<u>245,125</u>

Total Restricted Cash and Investments	\$ <u><u>6,501,906</u></u>
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NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

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

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

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

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

B. Excess of expenditures over appropriations

For the year ended June 30, 2009, there were no departments in which expenditures exceeded appropriations.

C. Deficit fund equity

As of June 30, 2009, there were no funds with deficit fund equity.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2009, consist of the following:

Primary government

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 6,671,047	\$ -	\$ 441,581	\$ 7,112,628
Accounts	1,700,843	124,081	971,048	2,795,972
Due from other funds	50,437	-	-	50,437
Intergovernmental	2,404,630	356,035	20,000	2,780,665
Advances to other funds	237,923	-	-	237,923
	<u>11,064,880</u>	<u>480,116</u>	<u>1,432,629</u>	<u>12,977,625</u>
Gross receivables				
Less:				
Allowance for uncollectible accounts	<u>(1,914,714)</u>	<u>-</u>	<u>(119,662)</u>	<u>(2,034,376)</u>
Net receivables	<u>\$ 9,150,166</u>	<u>\$ 480,116</u>	<u>\$ 1,312,967</u>	<u>\$ 10,943,249</u>

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

	Unavailable	Unearned	Total
Deferred tax revenue	\$ 3,717,558	\$ -	\$ 3,717,558
EMS ambulance fees	749,591	-	749,591
Prepaid taxes	-	320,202	320,202
Parks and recreation facility rentals	<u>-</u>	<u>11,189</u>	<u>11,189</u>
Total deferred and unearned revenue	<u>\$ 4,467,149</u>	<u>\$ 331,391</u>	<u>\$ 4,798,540</u>

Component unit – School Board

	School General Fund	Food Nutrition Fund	Total
Accounts	\$ 148,484	\$ 12,219	\$ 160,703
Intergovernmental	<u>2,852,639</u>	<u>86,040</u>	<u>2,938,679</u>
Net receivables	<u>\$ 3,001,123</u>	<u>\$ 98,259</u>	<u>\$ 3,099,382</u>

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

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

	Unearned	Total
School General Fund deferred revenue	\$ 3,070	\$ 3,070
Food Nutrition Fund deferred revenue	<u>66,782</u>	<u>66,782</u>
Total deferred revenue	<u>\$ 69,852</u>	<u>\$ 69,852</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2009, consisted of the following:

Transfers out:	Transfers in:					Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 792,329	\$ 230,860	\$ 21,588	\$ 44,848	\$ 1,089,625
Capital Projects Fund	1,350,594	-	87,075	-	-	1,437,669
Nonmajor Governmental Funds	974,296	87,075	-	-	-	1,061,371
Enterprise Funds	<u>61,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,684</u>
Total	<u>\$ 2,386,574</u>	<u>\$ 879,404</u>	<u>\$ 317,935</u>	<u>\$ 21,588</u>	<u>\$ 44,848</u>	<u>\$ 3,650,349</u>

Transfers are used to (1) move revenue 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.

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of interfund obligations as of June 30, 2009:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Airport Fund	\$ <u>50,437</u>
Total		\$ <u>50,437</u>

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Airport Fund	\$ <u>237,923</u>
Total		\$ <u>237,923</u>

Interfund receivables and payables are recorded when funds overdraw their share of pooled cash. All amounts are considered short term receivables of the General Fund; however, \$237,923 of the Airport Fund interfund obligation is designated in the General Fund – Fund Balance as long-term. The Airport Fund is expected to reimburse the \$237,923 loan in FY 2011 with \$50,437 to be repaid in FY 2010.

NOTE 7 – DUE FROM OTHER GOVERNMENTAL UNITS

The following is a summary of amounts due from other governmental units at June 30, 2009:

	<u>Primary Government</u>	<u>Component Unit – School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 1,111,858	\$ -
State sales tax	-	1,818,869
Shared expenses	409,282	-
Comprehensive services	435,981	-
Miscellaneous grants	580,864	17,064
Airport grants	1,325	-
Federal Government:		
School fund grants	-	1,102,746
Other federal grants	242,680	-
Airport grants	41,959	-
Total	\$ <u>2,823,949</u>	\$ <u>2,938,679</u>

NOTE 8 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2009</u>
Primary government – governmental activities				
Capital assets, not being depreciated:				
Land	\$ 19,142,441	\$ 452,184	\$ -	\$ 19,594,625
Construction in progress	18,175,623	379,282	16,851,973	1,702,932
Total capital assets not being depreciated	<u>37,318,064</u>	<u>831,466</u>	<u>16,851,973</u>	<u>21,297,557</u>
Capital assets being depreciated:				
Buildings and improvements	34,189,218	14,340,887	92,335	48,437,770
Infrastructure	9,845,465	4,100,017	-	13,945,482
Machinery and equipment	11,260,107	1,274,738	952,376	11,582,469
Total capital assets being depreciated	<u>55,294,790</u>	<u>19,715,642</u>	<u>1,044,711</u>	<u>73,965,721</u>
Less accumulated depreciation for:				
Buildings and improvements	8,948,884	1,187,556	16,215	10,120,225
Infrastructure	1,709,718	800,395	-	2,510,113
Machinery and equipment	7,714,751	1,176,451	928,296	7,962,906
Total accumulated depreciation	<u>18,373,353</u>	<u>3,164,402</u>	<u>944,511</u>	<u>20,593,244</u>
Total capital assets being depreciated, net	<u>36,921,437</u>	<u>16,551,240</u>	<u>100,200</u>	<u>53,372,477</u>
Governmental activities capital assets, net	<u>\$ 74,239,501</u>	<u>\$ 17,382,706</u>	<u>\$ 16,952,173</u>	<u>\$ 74,670,034</u>
	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2009</u>
Primary government – enterprise funds				
Landfill and Recycling Fund:				
Capital assets, not being depreciated:				
Landfill site	\$ 1,688,844	\$ -	\$ -	\$ 1,688,844
Construction in progress	53,766	62,430	-	116,196
Total capital assets not being depreciated	<u>1,742,610</u>	<u>62,430</u>	<u>-</u>	<u>1,805,040</u>
Capital assets being depreciated:				
Cell improvements	8,289,523	-	-	8,289,523
Buildings and improvements	3,956,021	57,666	-	4,013,687
Infrastructure	854,306	-	-	854,306
Machinery and equipment	2,300,918	14,036	-	2,314,954
Total capital assets being depreciated	<u>15,400,768</u>	<u>71,702</u>	<u>-</u>	<u>15,472,470</u>
Less accumulated depreciation for:				
Cell improvements	1,877,852	370,469	-	2,248,321
Buildings and improvements	307,171	261,115	-	568,286
Infrastructure	335,511	47,930	-	383,441
Machinery and equipment	902,050	194,912	-	1,096,962
Total accumulated depreciation	<u>3,422,584</u>	<u>874,426</u>	<u>-</u>	<u>4,297,010</u>
Total capital assets being depreciated, net	<u>11,978,184</u>	<u>(802,724)</u>	<u>-</u>	<u>11,175,460</u>
Landfill and Recycling Fund capital assets, net	<u>\$ 13,720,794</u>	<u>\$ (740,294)</u>	<u>\$ -</u>	<u>\$ 12,980,500</u>

NOTE 8 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2008	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2009
Primary government – enterprise funds (continued)				
Airport Fund:				
Capital assets, not being depreciated:				
Land	\$ 6,612,678	\$ -	\$ -	\$ 6,612,678
Construction in progress	134,305	62,842	-	197,147
Total capital assets not being depreciated	<u>6,746,983</u>	<u>62,842</u>	<u>-</u>	<u>6,809,825</u>
Capital assets being depreciated:				
Buildings and improvements	2,903,559	73,717	-	2,977,276
Infrastructure	10,695,439	-	-	10,695,439
Machinery and equipment	322,888	26,065	-	348,953
Total capital assets being depreciated	<u>13,921,886</u>	<u>99,782</u>	<u>-</u>	<u>14,021,668</u>
Less accumulated depreciation for:				
Buildings and improvements	587,086	125,383	-	712,469
Infrastructure	2,544,853	1,028,803	-	3,573,656
Machinery and equipment	60,387	44,498	-	104,885
Total accumulated depreciation	<u>3,192,326</u>	<u>1,198,684</u>	<u>-</u>	<u>4,391,010</u>
Total capital assets being depreciated, net	<u>10,729,560</u>	<u>(1,098,902)</u>	<u>-</u>	<u>9,630,658</u>
Airport Fund capital assets, net	<u>17,476,543</u>	<u>(1,036,060)</u>	<u>-</u>	<u>16,440,483</u>
Total enterprise funds capital assets, net	<u>\$ 31,197,337</u>	<u>\$ (1,776,354)</u>	<u>\$ -</u>	<u>\$ 29,420,983</u>
	Balance July 1, 2008	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2009
Component unit – School Board:				
Capital assets, not being depreciated:				
Land	\$ 5,051,609	\$ 110,200	\$ -	\$ 5,161,809
Construction in progress	17,207,183	419,259	16,352,067	1,274,375
Total capital assets not being depreciated	<u>22,258,792</u>	<u>529,459</u>	<u>16,352,067</u>	<u>6,436,184</u>
Capital assets being depreciated:				
Buildings and improvements	191,783,786	25,069,626	91,375	216,762,037
Infrastructure	1,892,385	359,320	-	2,251,705
Machinery and equipment	18,469,364	790,457	608,851	18,650,970
Total capital assets being depreciated	<u>212,145,535</u>	<u>26,219,403</u>	<u>700,226</u>	<u>237,664,712</u>
Less accumulated depreciation for:				
Buildings and improvements	42,789,829	5,502,271	89,931	48,202,169
Infrastructure	664,522	98,030	-	762,552
Machinery and equipment	11,310,092	1,466,255	551,668	12,224,679
Total accumulated depreciation	<u>54,764,443</u>	<u>7,066,556</u>	<u>641,599</u>	<u>61,189,400</u>
Total capital assets being depreciated, net	<u>157,381,092</u>	<u>19,152,847</u>	<u>58,627</u>	<u>176,475,312</u>
School Board capital assets, net	<u>\$ 179,639,884</u>	<u>\$ 19,682,306</u>	<u>\$ 16,410,694</u>	<u>\$ 182,911,496</u>

NOTE 8 – CAPITAL ASSETS (CONTINUED)

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

Primary government – governmental activities

General government	\$	509,293
Judicial		238,857
Public safety		1,544,993
Public works		122,294
Health and welfare		23,599
Parks, recreation, and cultural		629,190
Community development		<u>23,381</u>
Total governmental activities	\$	<u>3,091,607</u>

Note: Total accumulated depreciation includes a transfer of \$72,795 from component unit, fully depreciated

Primary government – enterprise funds

Landfill and Recycling Fund	\$	860,390
Airport Fund		<u>1,172,619</u>
Total enterprise funds	\$	<u>2,033,009</u>

Note: Total accumulated depreciation in the Landfill and Recycling Fund includes a transfer of \$14,036 from primary government- governmental activities, fully depreciated.

Note: Total accumulated depreciation in the Airport Fund includes a transfer of \$26,065 from primary government - governmental activities, fully depreciated.

Component unit – School Board	\$	<u>7,004,590</u>
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Note: Total accumulated depreciation includes a transfer of \$61,966 from primary government - governmental activities, fully depreciated.

NOTE 9 – LONG-TERM OBLIGATIONS

PRIMARY GOVERNMENT

Governmental Activities:

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

Fiscal Year	Capital Leases		Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 678,316	\$ 251,390	\$ 155,000	\$ 86,649	\$ 7,915,000	\$ 5,248,374
2011	703,083	221,738	160,000	88,756	7,540,000	4,869,820
2012	738,344	190,352	160,000	83,531	7,505,000	4,497,055
2013	655,680	156,736	170,000	78,375	7,195,000	4,128,037
2014	575,000	126,180	170,000	73,063	7,190,000	3,768,517
2015	605,000	95,418	180,000	66,344	6,395,000	3,425,256
2016	635,000	63,050	190,000	57,713	6,395,000	3,098,733
2017	665,000	32,253	195,000	48,422	6,390,000	2,771,480
2018	-	-	205,000	38,447	6,040,000	2,452,865
2019	-	-	215,000	27,684	5,865,000	2,148,804
2020	-	-	225,000	16,734	5,865,000	1,851,489
2021	-	-	235,000	5,647	5,690,000	1,563,636
2022	-	-	-	-	5,465,000	1,286,218
2023	-	-	-	-	5,145,000	1,025,429
2024	-	-	-	-	5,140,000	784,518
2025	-	-	-	-	4,560,000	563,349
2026	-	-	-	-	4,375,000	359,912
2027	-	-	-	-	3,800,000	173,362
2028	-	-	-	-	1,700,000	43,350
Total	\$ 5,255,423	\$ 1,137,117	\$ 2,260,000	\$ 671,365	\$ 110,170,000	\$ 44,060,204

The following is a summary of long-term obligations of the County for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amount Due Within One Year
General long-term obligations:					
Capital leases	\$ 5,899,442	\$ -	\$ 644,019	\$ 5,255,423	\$ 678,316
Revenue bonds	2,450,000	2,115,000	2,305,000	2,260,000	155,000
General obligation bonds	118,125,000	-	7,955,000	110,170,000	7,915,000
Premium on bonds payable	5,192,710	205,787	571,099	4,827,398	535,032
Deferred amount on bond issuance costs	(211,768)	-	(211,768)	-	-
Deferred amount on refunding	-	(120,637)	-	(120,637)	(14,492)
Compensated absences	3,128,687	2,041,899	2,035,708	3,134,878	313,488
Long-term commitments	12,284,916	-	-	12,284,916	72,381
Incurred but not reported claims	1,514,919	285,284	-	1,800,203	450,051
Total general long-term obligations	\$ 148,383,906	\$ 4,527,333	\$ 13,299,058	\$ 139,612,181	\$ 10,104,776

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

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Capital Leases:		
\$7,400,000 Public Safety Radio System 2002A, issued June 6, 2002, due in annual installments beginning April 1, 2003 through April 1, 2017, with interest payable semiannually at rates from 3.10% to 5.35%.	\$ 4,535,000	\$ 485,000
\$1,700,000 Bealeton Library, issued July 8, 2002, due in semiannual installments beginning July 8, 2002 through July 15, 2015, with interest payable semiannually at 4.99%.	<u>720,423</u>	<u>193,316</u>
Total Capital Leases	<u>5,255,423</u>	<u>678,316</u>
Revenue Bonds:		
\$3,075,000 Sewer Revenue Bonds, Series 2001, issued June 28, 2001, maturing annually beginning April 1, 2004 through April 1, 2021, with interest payable semiannually at rates from 4.10% to 5.10%.	145,000	145,000
\$2,115,000 Refunding Bond of Series 2001A, issued June 17, 2009 maturing annually beginning October 1, 2009 through October 1, 2020 with interest payable semiannually at rates from 1.13% to 5.13%.	<u>2,115,000</u>	<u>10,000</u>
Total Revenue Bonds	<u>2,260,000</u>	<u>155,000</u>
General Obligation Bonds:		
\$24,630,000 Virginia Public School Authority Bonds, Refunding Series 1994A, issued January 3, 1994, maturing annually beginning December 15, 1994 through December 15, 2011, with interest payable semiannually at rates from 6.40% to 7.62%.	1,310,000	685,000
\$9,000,000 Virginia Public School Authority Bonds 1996A, issued November 14, 1996, maturing annually beginning July 15, 1997 through July 15, 2017 with interest payable semiannually at rates from 5.10% to 6.10%.	3,600,000	450,000
\$3,500,000 Virginia Public School Authority Bonds, Series 1997B, issued November 20, 1997, maturing annually beginning July 15, 1998 through July 15, 2017, with interest payable semiannually at rates from 4.35% to 5.35%.	1,575,000	175,000
\$3,500,000 Virginia Public School Authority Bonds, Series 1999A, issued November 29, 1999, maturing annually beginning July 15, 2000 through July 15, 2019, with interest payable semiannually at rates from 5.10% to 6.10%.	1,925,000	175,000
\$4,575,000 Virginia Public School Authority Bonds, Series 2000A, issued November 16, 2000, maturing annually beginning July 15, 2001 through July 15, 2020, with interest payable semiannually at rates from 4.975% to 5.85%.	2,735,000	230,000
\$8,495,000 General Obligation School Refunding Bonds, Series 2001, issued July 24, 2001, maturing annually from July 15, 2002 through July 15, 2013, with interest payable semiannually at rates from 3.00% to 4.60%.	4,030,000	825,000

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds (continued):		
\$6,410,000 Virginia Public School Authority Bonds, Series 2001C, issued November 15, 2001, maturing annually from July 15, 2002 through July 15, 2021 with interest payable semiannually at rates from 3.10% to 5.25%.	\$ 4,160,000	\$ 320,000
\$11,630,000 Virginia Public School Authority Bonds, Series 2003A, issued November 6, 2003, maturing annually from July 15, 2004 through July 15, 2023, with interest payable semiannually at rates from 3.20% to 5.35%.	8,705,000	585,000
\$3,720,000 Virginia Public School Authority Bonds, Series 2004A, issued November 10, 2004, maturing annually from July 15, 2005 through July 15, 2024, with interest payable semiannually at rates from 4.10% to 5.60%.	2,960,000	185,000
\$11,540,000 Virginia Public School Authority Bonds, Series 2005D, issued November 10, 2005, maturing annually from July 15, 2006 through July 15, 2025, with interest payable semiannually at rates from 4.60% to 5.10%.	9,800,000	580,000
\$39,615,000 General Obligation Bond, Series 2006, issued October 11, 2006, maturing annually from July 1, 2007 through July 1, 2026, with interest payable semiannually at rates from 4.125% to 5.00%.	37,000,000	2,000,000
\$34,075,000 Virginia Public School Authority Bonds, Series 2007A, issued November 8, 2007, maturing annually from July 15, 2007 through July 15, 2027, with interest payable semiannually at rates from 4.35% to 5.10%.	<u>32,370,000</u>	<u>1,705,000</u>
Total General Obligation Bonds	<u>110,170,000</u>	<u>7,915,000</u>
Premium on bonds payable	4,827,398	535,032
Deferred amount on refunding	(120,637)	(14,492)
Compensated absences	3,134,878	313,488
Long-term commitments	12,284,916	72,381
Incurred but not reported claims	<u>1,800,203</u>	<u>450,051</u>
Total governmental activity long-term obligations	<u>\$ 139,612,181</u>	<u>\$ 10,104,776</u>

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

PRIMARY GOVERNMENT

Business-type activities:

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

Fiscal Year	Capital Leases		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 284,005	\$ -	\$ 410,000	\$ 16,400	\$ 18,362	\$ 844
2011	298,000	22,946	-	-	-	-
2012	298,000	11,473	-	-	-	-
Total	\$ 880,005	\$ 34,419	\$ 410,000	\$ 16,400	\$ 18,362	\$ 844

The following is a summary of long-term obligations of the enterprise funds for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amount Due Within One Year
Business-type activities long-term obligations:					
Capital leases	\$ 1,192,000	\$ -	\$ 311,995	\$ 880,005	\$ 284,005
Revenue bonds	805,000	-	395,000	410,000	410,000
Notes payable	35,656	-	17,294	18,362	18,362
Premium on bonds payable	25,182	-	13,736	11,446	11,446
Deferred amount on refunding	(21,923)	-	(11,958)	(9,965)	(9,965)
Compensated absences	101,657	91,870	76,105	117,422	11,742
Landfill closure and postclosure liability	9,175,222	1,137,471	-	10,312,693	-
Total business-type activity long-term obligations	\$ 11,312,794	\$ 1,229,341	\$ 802,172	\$ 11,739,963	\$ 725,590

Details of long-term obligations are as follows:

	Amount Outstanding	Amount Due Within One Year
Capital Leases:		
\$1,490,000 Equipment capital lease dated November 30, 2006, payable in annual installments beginning July 1, 2007 through July 1, 2011, with interest payable annually at 3.850%.	\$ 880,005	\$ 284,005

Revenue Bonds:

\$2,695,000 Revenue Refunding Bonds, Series 2002B, dated October 15, 2002, payable in various semi-annual installments beginning May 1, 2003 through May 1, 2010, with interest payable semiannually at 3.71%.	\$ 410,000	\$ 410,000
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NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Notes Payable:		
\$51,937 Assumption of equipment note payable, dated May 29, 2007, payable in semi-annual installments beginning November 29, 2007 through May 29, 2010, with interest payable semiannually at 6.00%.	\$ <u>18,362</u>	\$ <u>18,362</u>
Premium on bonds payable	11,446	11,446
Deferred amount on refunding	(9,965)	(9,965)
Compensated absences	117,422	11,742
Landfill closure and postclosure liability	<u>10,312,693</u>	<u>-</u>
Total business-type activity long-term obligations	\$ <u>11,739,963</u>	\$ <u>725,590</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

The following is a summary of long-term obligations of the School Board for the year ended June 30, 2009:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>	<u>Amount Due Within One Year</u>
General long-term obligations:					
Compensated absences	\$ <u>4,382,105</u>	\$ <u>3,401,194</u>	\$ <u>3,277,267</u>	\$ <u>4,506,032</u>	\$ <u>450,603</u>
Total general long-term obligations	\$ <u>4,382,105</u>	\$ <u>3,401,194</u>	\$ <u>3,277,267</u>	\$ <u>4,506,032</u>	\$ <u>450,603</u>

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Compensated absences, component unit	\$ <u>4,506,032</u>	\$ <u>450,603</u>
Total component unit long-term obligations	\$ <u>4,506,032</u>	\$ <u>450,603</u>

NOTE 10 – LONG-TERM COMMITMENTS

Fauquier County provides annual operating and capital contributions for 11 separately incorporated Volunteer Fire and Rescue Companies through a special Fire and Rescue levy. Three volunteer fire and rescue facilities have finalized loans through the United States Department of Agriculture Rural Development program (USDA) to fund construction and renovations and one is currently pending. The County has provided USDA moral obligation letters guaranteeing funding support for each of the four volunteer fire and rescue companies. All assets are owned by the respective volunteer fire and rescue companies. Payment for annual debt service will be made from the Fire and Rescue Special Revenue Fund as a contribution to the individual stations. The required debt service reserve of 10% annually for 10 years will be funded from the Fire and Rescue Levy and will accumulate in restricted cash accounts in the fund. The reserve may be used for capital improvements in the future if approved by USDA in accordance with the loan agreements. The USDA loans provide for 2 years of interest only payments based on the drawdown of funds for the Warrenton and Catlett loans. The Remington loan provides for 1 year of an interest only payment. In FY 2010, the County will be paying interest only payments estimated to be \$222,145.

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

Fiscal Year	Principal	Interest
2010	\$ 72,381	\$ 502,629
2011	136,768	516,680
2012	142,551	510,897
2013	148,579	504,869
2014	154,861	498,586
2015-2019	878,251	2,388,990
2020-2024	1,080,329	2,186,911
2025-2029	1,328,919	1,938,321
2030-2034	1,634,728	1,632,512
2035-2039	2,010,930	1,256,310
2040-2044	2,473,735	793,505
2045-2049	2,222,884	238,455
Total	\$ 12,284,916	\$ 12,968,665

The following is a summary of long-term commitments of the County for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amount Due Within One Year
General long-term commitments:					
USDA Notes	\$ 12,284,916	\$ -	\$ -	\$ 12,284,916	\$ 72,381

NOTE 10 – LONG-TERM COMMITMENTS (CONTINUED)

Details of long-term commitments are as follows:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
USDA Loans:		
\$2,900,000 issued to Warrenton Volunteer Fire Company, Inc., on March 12, 2007, due in annual installments for principal and interest beginning March 12, 2010 through March 12, 2047, with interest payable annually at 4.125%.	\$ 2,900,000	\$ 32,828
\$985,000 issued to Warrenton Volunteer Fire Company, Inc., on February 20, 2008, due in annual installments for principal and interest beginning February 20, 2011 through February 20, 2048, with interest payable annually at 4.375%.	985,000	-
\$2,900,000 issued to Catlett Volunteer Fire and Rescue Company, Inc., on September 25, 2007, due in annual installments for principal and interest beginning September 25, 2010 through September 25, 2047, with interest payable annually at 4.250%.	2,900,000	-
\$1,715,000 issued to Catlett Volunteer Fire and Rescue Company, Inc., on September 25, 2007, due in annual installments for principal and interest beginning September 25, 2010 through September 25, 2047, with interest payable annually at 4.250%.	1,715,000	-
\$3,784,916 issued to Remington Volunteer Fire and Rescue Company, Inc., on February 20, 2008, due in annual installments for principal and interest beginning February 20, 2010 through February 20, 2048, with interest payable annually at 4.250%.	<u>3,784,916</u>	<u>39,553</u>
Total long-term commitments	\$ <u>12,284,916</u>	\$ <u>72,381</u>

NOTE 11 – CONSTRUCTION COMMITMENTS

At June 30, 2009, the County has several major projects in its capital projects fund under construction which are summarized below. These balances are included in the capital projects fund reservation for encumbrances.

<u>Project Name</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Balance</u>
Northern Sports Complex	SW Rodgers Co., Inc	\$ 10,565,436	\$ 10,555,096	\$ 10,340
Greenville Elementary School	Callas Contractors	14,851,791	14,849,178	2,613
Kettle Run High School	Howard Shockey	54,684,106	54,646,364	37,742
Academic Avenue Extension	Anderson Company	591,700	-	591,700
KRHS Emergency Access Road	General Excavation	<u>411,578</u>	<u>42,045</u>	<u>369,533</u>
Total		\$ <u>81,104,611</u>	\$ <u>80,092,683</u>	\$ <u>1,011,928</u>

NOTE 12 – COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 13 – CLAIMS AND LITIGATION

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

NOTE 14 – DEFINED BENEFIT PENSION PLAN

A. Plan description

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

All full-time, salaried, permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from the website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 14 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Funding policy

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

The County and School Board non-professional employees' contribution rates for the annual covered payroll for fiscal year ended June 30, 2009 were:

	<u>County</u>	<u>Non-Professional School Board</u>
Employer contribution rates		
July 1, 2008 – June 30, 2009	7.75%	6.00%
Employee contribution rates (paid by employer)		
July 1, 2008 – June 30, 2009	<u>5.00%</u>	<u>5.00%</u>
Total contribution rates		
July 1, 2008 – June 30, 2009	<u><u>12.75%</u></u>	<u><u>11.00%</u></u>

Total contributions made by the School Board to the VRS statewide teacher cost-sharing pool for professional employees of the schools for the three fiscal years ending June 30, 2009, 2008, and 2007, were \$9,585,544, \$10,057,955, and \$9,015,638 respectively, and these contributions represented 13.81%, 15.30%, and 14.20% respectively, of current covered payroll.

C. Annual pension cost

For fiscal year 2009, the County's annual pension cost of \$3,467,198 was equal to the County's required and actual contributions which included the 5.00% member contribution assumed by the County on behalf of the employees and the 7.75% employer's share. In fiscal year 2009, the School Board's annual pension cost for non-professional employees was \$786,648 which was equal to the School Board's required and actual contributions, which included the 5.00% member contribution assumed by the School Board on behalf of the employees and the 6.00% employer's share. The required contributions were determined as part of the June 30, 2008, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2008 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government and school board employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost of living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008 was 20 years.

NOTE 14 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Trend information

County:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	\$ 3,058,841	100%	-
June 30, 2008	3,269,647	100%	-
June 30, 2009	3,467,198	100%	-

Component unit – School Board:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	\$ 417,634	100%	-
June 30, 2008	474,253	100%	-
June 30, 2009	786,648	100%	-

E. Funded Status and Funding Progress

The funding status of the Virginia Retirement System pension plan as of June 30, 2008, the most recent actuarial valuation date, is as follows:

County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2008	\$ 57,496,637	\$ 63,966,121	\$ 6,469,484	89.89%	\$ 26,828,399	24.11%

Component unit – School Board:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2008	\$ 14,985,994	\$ 14,225,287	\$ (760,707)	105.35%	\$ 6,507,043	-11.69%

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

NOTE 14 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

F. Postemployment benefits

The School Board provides limited postretirement health and dental benefits, as provided for in Virginia state law, to retirees who have 15 or more years of creditable VRS service. Retirees are granted the option to participate by paying 100% of their monthly health insurance premium to Fauquier County or to the carrier of their choice less \$4.00 per month per year of service with no maximum credit. As of the end of fiscal year 2009 there were 248 retirees participating in the health insurance credit program. The plan is financed by payments from the School Board to VRS. The School Board currently participates in the VRS statewide teacher cost-sharing credit pool. The total contributions made by the School Board to the VRS credit program for professional employees of the schools for the three fiscal years ending June 30, 2009, 2008, and 2007 were \$749,947, \$762,743, and \$495,101 respectively.

NOTE 15 – FIRE AND RESCUE PENSION TRUST LENGTH OF SERVICE AWARDS PROGRAM

A. Plan description and provisions

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

As of January 1, 2009, the program membership consisted of the following:

Eligible Members	115
Retirees and beneficiaries	30

B. Funding policy

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

NOTE 15 – FIRE AND RESCUE PENSION TRUST LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)

The contributions to the plan for the fiscal year ended June 30, 2009, totaled \$248,749. The program’s funding policy provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30, 2009, the plan had net assets available for benefits totaling \$992,239. Unfunded past service costs total \$511,177 and will be fully amortized in 3 years. The plan additions fund the cost of administering the plan.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2007	\$ 257,115	100%
June 30, 2008	265,245	100%
June 30, 2009	248,749	100%

The funded status of the Fire and Rescue Pension Trust Length of Service Awards Program as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL
December 31, 2008	\$ 909,474	\$ 1,420,651	\$ 511,177	64.02%

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

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM

A. Plan description and provisions

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

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

The School Board provides limited post-retirement health and dental benefits, as provided for in Virginia state law, to retirees who have 15 or more years of creditable VRS service. Eligible employees receive a retiree health insurance credit for all teachers of \$4.00 per month per year of service with no cap. The plan is financed by payments from the School Board to VRS. Additional information on this plan may be found in Note 14, section F.

The County participates in the Virginia OPEB Trust Fund (Trust Fund), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (VML) at P.O. Box 12164, Richmond, Virginia 23241.

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

B. Funding policy

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

As of July 1, 2006, membership consisted of:

Retirees and beneficiaries	32
Active employees	1,799

C. Annual Required Contribution (ARC)

In accordance with GASB Statement No. 45, an actuarial study was prepared calculating the postemployment healthcare costs as of June 30, 2008. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (UAAL) at \$6,452,000 and an Annual Required Contribution (ARC) of \$802,000. The County and School Board have paid \$314,000 towards this obligation during FY 2009, the estimated pay as you go cost for OPEB benefits, and in addition contributed \$488,000 to the Trust Fund to fully fund the ARC. The calculation was based on a 7.5% discount rate and the amortization of the UAAL over 30 years.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost

For FY 2009, the County's and School Board's expected cash payment of \$802,000 was equal to the OPEB cost. The County's and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY 2009 are as follows;

Fiscal Year Ending	Annual OPEB Cost	Percentage of APC Contributed	Net OPEB Obligation
June 30, 2009	\$ 802,000	100%	\$ -

NOTE 16 – OTHER POSTEMPLOYMENT BENEFITS PROGRAM (CONTINUED)

D. Funded Status and Funding Progress

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

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

The funded status of the Other Postemployment Benefits Program as of July 1, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2008	\$ -	\$ 6,452,000	\$ 6,452,000	0.00%	\$ 103,755,221	6.22%

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

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected Unit Credit Actuarial Cost Method was used. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Actuarial Assumptions

The actuarial assumptions of the plan as of June 30, 2008 include a discount rate of 7.5 %, payroll growth of 3.5 %, and an annual healthcare cost trend rate of 9.5 % trending down over the next 5 years to a rate of 5.5% for future years. The remaining amortization period at June 30, 2009 for the UAAL is 30 years.

NOTE 17 – DEBT DEFEASANCE

On October 15, 2002, the County participated in a Virginia Resource Authority (VRA) pooled refunding program in the issuance of \$2,695,000 Solid Waste management Revenue Bonds, Series 2002B bonds to advance refund \$2,790,000 Solid waste Disposal System Revenue Bonds, Series 1993A. As a result, the 1993A bonds maturing annually on May 1, 2003 through May 1, 2011 are considered to be defeased in substance, and the liability for those bonds has been removed from the financial statements. At June 30, 2009, the defeased bonds had balances outstanding of \$410,000.

On June 17, 2009, the County issued \$2,115,000 of Refunding Bonds through the Virginia Resource Authority (VRA) to advance refund \$2,165,000 of outstanding Lease Revenue Bonds, Series 2001. The net proceeds of \$2,285,637, net issuance costs of \$32,755, were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the 2001 series bonds. As a result, the Lease Revenue Bonds, which mature between April 1, 2011 and April 1, 2021, are considered to be defeased and the liability for these bonds has been removed from the statement of net assets. The County advance refunded the 2001 series bonds to reduce its total debt service payments over the next 12 years by \$203,483 and to obtain an economic gain (net present value savings) of \$146,687. The reacquisition price exceeded the carrying value of the old debt by \$120,637. This amount is being netted against the new debt, and is amortized over the life of the loan.

NOTE 18 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County of Fauquier, Virginia owns and operates a landfill site. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$10,312,693 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the old landfill, the use of 46.89% of the estimated capacity of the new landfill, and the closure costs for the Construction and Demolition Recycling facility of \$25,715. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,453,208 on the new landfill as the remaining estimated capacity is used. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. The County expects to construct an additional cell to the new landfill in 2012 which will add disposal capacity and defer closure until 2017 to 2020. While the old landfill has reached 100% capacity, the County's intention is to partially reclaim capacity through mining a significant portion of the landfill recyclable Construction and Demolition materials. The County expects to add 10-20 years of disposal capacity and defer closure of the old landfill area by approximately 30 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues.

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

NOTE 19 – FUND BALANCES

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

Reserved Fund Balances as of June 30, 2009:

Primary government

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Primary Government
Reserved for:				
Encumbrances - County	\$ 420,203	\$ 2,431,769	\$ 7,363	\$ 2,859,335
Long-term receivables	237,923	-	-	237,923
Prepaid assets	26,983	886,089	82,715	995,787
Grants and seizure funds	136,924	-	-	136,924
Total	\$ 822,033	\$ 3,317,858	\$ 90,078	\$ 4,229,969

Component unit – School Board

	School General Fund	Food Nutrition Fund	Total Component unit – School Board
Reserved for:			
Encumbrances	\$ 248,107	\$ 4,285	\$ 252,392
Donations	7,500	-	7,500
Inventories	-	98,298	98,298
Total	\$ 255,607	\$ 102,583	\$ 358,190

Designated fund balances are for future years' expenditures including the reappropriation of portions of the FY 2009 budget and the appropriation of undesignated fund balance for utilization in a future period.

Designated Fund Balances as of June 30, 2009:

Primary government

	General Fund	Other Governmental Funds	Total Primary Government
Designated for:			
Revenue shortfall	\$ 4,184,987	\$ -	\$ 4,184,987
Future years' expenditures	3,209,179	881,774	4,090,953
Total	\$ 7,394,166	\$ 881,774	\$ 8,275,940

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

NOTE 20 – RISK MANAGEMENT

A. County government

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

The County Government is a member of the Virginia Municipal League (VML) insurance programs for its property, automobile, liability, public officials, and workers' compensation coverage. VML insurance programs consist of two separate self-insurance programs, the Virginia Municipal Liability Pool and the Virginia Municipal Group Self Insurance Association. These pools are non-profit, tax-exempt associations. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County carries commercial insurance for all other risks of loss, including airport liability. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

B. Component unit – School Board

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

The School Board workers' compensation insurance is provided by the School Systems of Virginia Group Self Insurance Association. Section 65.2-802 of the *Code of Virginia* authorizes employers with a common interest to pool their liabilities under the Virginia Workers' Compensation Act.

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

In the event the pool(s), VML and/or VACoRP, incur a loss deficit and depletion of all available excess insurance, the pool(s) may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

C. Fire and Rescue Association component

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

D. Health and Dental benefit program component

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

The Anthem plans are self insured by the County and the School Board. A fund has been established into which payroll medical insurance deductions, as well as the employer's contribution, are deposited. Anthem processes claims from the hospitals, doctors, and other health care providers. The employer is then billed for these paid claims

NOTE 20 – RISK MANAGEMENT (CONTINUED)

and must reimburse Anthem for these costs. The program is a minimum premium design subject to an aggregate attachment point and a specific stop loss of \$150,000.

The Delta Plans are fully insured by Delta Dental of Virginia. This means that the employer has to set up a fund into which payroll dental insurance deductions, as well as the employer's share of the premiums are deposited. Delta processes claims, from dentists and other dental providers, and pays these claims. The employer is only responsible for the premiums set by Delta Dental of Virginia.

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

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

	<u>2008</u>	<u>2009</u>
Unpaid claims, beginning of fiscal year	\$ 1,122,233	\$ 1,514,919
Incurred claims, (including IBNR)	13,021,381	14,775,098
Claim payments	<u>12,628,695</u>	<u>14,489,814</u>
Unpaid claims, end of fiscal year	\$ <u>1,514,919</u>	\$ <u>1,800,203</u>

NOTE 21 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

Northwestern Regional Adult Detention Center

The Clarke-Fauquier-Frederick-Winchester Jail Board was created in 1987 to construct and operate the Clarke-Fauquier-Frederick-Winchester Regional Adult Detention Center, renamed the Northwestern Regional Adult Detention Center in FY 2006. The Center charges, on an inmate per diem basis, other localities and the Federal Government for their prisoners placed in the jail. The fourteen member board consists of four members each from the County of Frederick and the City of Winchester, and three each from the Counties of Clarke and Fauquier. In FY 2006, the Northwestern Regional Jail Authority was created for the purpose of issuing revenue bonds for the construction of a new facility. The County and other participants have no equity interest in the jail. The County made operating contributions for 18.76% of the regional jail's operating expenses, including debt service, totaling \$1,554,465 in fiscal year 2009.

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

Fauquier County Industrial Development Authority

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

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

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

Fauquier County Water and Sanitation Authority

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

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

Northern Virginia Health Center Commission

The Northern Virginia Health Center Commission (NVHCC) is a legal entity established in 1987 by five Northern Virginia jurisdictions (Fauquier County, Fairfax County, Prince William County, Loudoun County, and the City of Alexandria) to develop and operate a nursing facility. Each of the five jurisdictions contributes annually to Birmingham Green Nursing Center and Birmingham Green Assisted Living Unit based on budgeted utilization for a percentage of nursing home beds for low income residents of each locality. In fiscal year 2009, Fauquier County contributed a total of \$47,450.

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

Birmingham Green Adult Care Residence

The Birmingham Green Adult Care Residence was established in 1997 by five Virginia jurisdictions (Fauquier County, Fairfax County, Loudoun County, Prince William County, and the City of Alexandria) to provide housing and long-term care for the benefit of low income persons. The Residence operates a sixty-four bed assisted living facility. In fiscal year 2009, Fauquier County contributed a total of \$431,795.

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

Mountain Vista Regional Governor's School

The Mountain Vista Regional Governor's School was established in 2007 by seven school divisions (Clarke County, Culpeper County, Fauquier County, Frederick County, Rappahannock County, Warren County, and the City of Winchester) to jointly own and operate a regional governor's school. The governing board has appointed Fauquier County to serve as fiscal agent of the governor's school. Each of the seven school divisions contribute annually based on the number of students each school board proposes to send to the governor's school. In fiscal year 2009, the Fauquier County School Board contributed a total of \$204,207 with \$578,587 contributed from the other participating counties.

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

NOTE 21 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Rappahannock-Rapidan Planning District Commission

The Rappahannock-Rapidan Planning District Commission was created by resolution pursuant to state statute and is considered a jointly governed organization. The County appoints two of the 17 board members, however, the County cannot impose its will on the board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board. The board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

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

Rappahannock-Rapidan Community Services Board and Area Agency on Aging

The Rappahannock-Rapidan Community Services Board and Area Agency on Aging was created by resolution pursuant to state statute and is considered a jointly governed organization. The County appoints two of the 14 board members, however, the County cannot impose its will on the board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board. The board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

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

NOTE 22 – SURETY BONDS

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

NOTE 23 – COMMITMENTS UNDER NONCAPITALIZED LEASES

The County leases the following property:

<u>Property</u>	<u>Annual Payments</u>
Lee and John Marshall Street, Corner Parking Lot	\$ 6,000
Registrar's Office, 32 Waterloo Street	38,192
Economic Development Office, 35 Culpeper Street	21,948
Department of Social Services, 70 Main Street	66,739
Reassessment Office, 98 Alexandria Pike	45,116

All leases are subject to annual appropriation of rental payments.

NOTE 24 – SUBSEQUENT EVENTS

On July 10, 2009, the County entered into a tax anticipation standby line of credit for \$1,000,000 to provide for initial contributions required under a funding agreement with the Fauquier County Water and Sanitation Authority (WSA) to upgrade the Vint Hill Farms Wastewater Treatment Plant. In August, 2009 \$855,000 was transferred to an escrow account established by WSA for the project. The standby line of credit was repaid and closed on October 2, 2009 with the proceeds from a long term financing tax-exempt revenue note.

On September 10, 2009 the Board of Supervisors passed a resolution requesting the Industrial Development Authority of Fauquier County to issue a tax exempt public facility revenue note to loan the proceeds to the County to pay for the costs of financing the upgrade to the Vint Hill Farms Wastewater Treatment Plant. On October 2, 2009 the Authority entered into a private placement lease revenue note with The Fauquier Bank in the amount of \$6,153,000. Under the terms of agreement, the County will lease the Alice Jane Childs Building to the Authority pursuant to the terms of a Prime Lease. The Authority will lease back the property to the County under a Lease Agreement providing for payments sufficient to pay the principal and interest on the note. The County's obligation to make lease payments is subject to annual appropriation. The interest rate on the note is 4.66%, and the maturity dates range from November 1, 2010 to 2029. Interest is payable semiannually beginning May 1, 2010.

In October, 2009, the Board of Supervisors approved the refunding of its 2002 Public Safety Radio System capital lease through the Virginia Resource Authority pooled financing program. The bond sale is tentatively scheduled to close November 19, 2009. Participation in the bond sale is contingent on a 3.0% aggregate net present value debt service savings.

NOTE 25 – IMPLEMENTED AND PENDING GASB STATEMENTS

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. State and local governmental employers provide other postemployment benefits (OPEB) as part of a pension plan. This may include such benefits as health care and life insurance. This statement establishes uniform financial reporting and disclosure standards for OPEB plans. The statement is effective for fiscal periods beginning after December 15, 2006 based on the implementation schedule of GASB Statement No. 34. VRS, as the manager of a multiple employer plan, has implemented this standard. As a participating employer in the VRS administered plan, the County has implemented this standard in conjunction with GASB 45 in fiscal year 2009.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*. This statement establishes standards for the measurement, recognition, and display of OPEB expenditures and related liabilities, note disclosures, and required supplementary information. As the County is a Phase II government, this statement is effective for fiscal periods beginning after December 15, 2007. In

NOTE 25 – IMPLEMENTED AND PENDING GASB STATEMENTS (CONTINUED)

preparation for the implementation of GASB 45, the County established a trust fund in September 2008 and has implemented the statement in fiscal year 2009.

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

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. Financial reporting is improved by requiring derivative instruments, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, to be reported at fair value. This statement is effective for periods beginning after June 15, 2009. The County will be implementing this standard in fiscal year 2010.

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

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

In March 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement incorporates into the GASB authoritative literature existing guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The requirements of this statement are effective upon issuance and do not result in a change of current practice.

REQUIRED SUPPLEMENTARY INFORMATION



Schedule of Funding Progress
 Virginia Retirement System, Fire and Rescue Pension Trust Length of Service Awards Program,
 and Other Postemployment Benefits Program
 Fiscal Year Ended June 30, 2009

Virginia Retirement System

County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2006	\$ 43,234,605	\$ 47,872,482	\$ 4,637,877	90.31%	\$ 23,200,006	19.99%
June 30, 2007	50,407,124	55,645,137	5,238,013	90.59%	25,864,391	20.25%
June 30, 2008	57,496,637	63,966,121	6,469,484	89.89%	26,828,399	24.11%

Component unit – School Board:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2006	\$ 11,913,748	\$ 10,387,398	\$ (1,526,350)	114.69%	\$ 3,553,397	-42.95%
June 30, 2007	13,445,694	12,874,773	(570,921)	104.43%	6,333,746	-9.01%
June 30, 2008	14,985,994	14,225,287	(760,707)	105.35%	6,507,043	-11.69%

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

Fire and Rescue Pension Trust Length of Service Awards Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL
December 31, 2006	\$ 741,241	\$ 1,570,411	\$ 829,170	47.20%
December 31, 2007	774,144	1,437,122	662,978	53.90%
December 31, 2008	909,474	1,420,651	511,177	64.02%

Other Postemployment Benefits Program

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio Assets as % of AAL	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2008	\$ -	\$ 6,452,000	\$ 6,452,000	0.00%	\$ 103,755,221	6.22%

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



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 14
Page 1 of 2

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Parks and Recreation Fund	Library Fund	Conservation Easement Service District Fund	Fire and Rescue Fund	Ambulance Revenue Fund
Assets					
Cash and investments	\$ 227,263	\$ 66,351	\$ 949,429	\$ 2,350,418	\$ 278,339
Receivables, net of allowance for uncollectibles:					
Taxes, including penalties	-	-	90,718	231,201	-
Accounts	-	-	1,294	6,241	963,513
Prepaid assets	-	-	-	82,715	-
Due from other governmental units	-	-	-	-	-
	<u>227,263</u>	<u>66,351</u>	<u>1,041,441</u>	<u>2,670,575</u>	<u>1,241,852</u>
Total assets					
	<u>227,263</u>	<u>66,351</u>	<u>1,041,441</u>	<u>2,670,575</u>	<u>1,241,852</u>
Liabilities					
Accounts payable	1,164	-	3,669	224,804	153,012
Accrued liabilities	-	-	1,121	4,125	-
Deferred revenue	-	-	78,812	188,485	749,591
Escrows	-	-	-	-	-
	<u>1,164</u>	<u>-</u>	<u>83,602</u>	<u>417,414</u>	<u>902,603</u>
Total liabilities					
	<u>1,164</u>	<u>-</u>	<u>83,602</u>	<u>417,414</u>	<u>902,603</u>
Fund balances					
Reserved for:					
Encumbrances	-	-	-	-	-
Prepaid assets	-	-	-	82,715	-
Unreserved:					
Designated:					
Designated for contributions for volunteer fire & rescue	-	-	-	881,774	-
Undesignated	226,099	66,351	957,839	1,288,672	339,249
	<u>226,099</u>	<u>66,351</u>	<u>957,839</u>	<u>2,253,161</u>	<u>339,249</u>
Total fund balances					
	<u>226,099</u>	<u>66,351</u>	<u>957,839</u>	<u>2,253,161</u>	<u>339,249</u>
Total liabilities and fund balances	<u>\$ 227,263</u>	<u>\$ 66,351</u>	<u>\$ 1,041,441</u>	<u>\$ 2,670,575</u>	<u>\$ 1,241,852</u>

<u>Proffer Fund</u>	<u>Affordable Housing Fund</u>	<u>Vint Hill Transportation Fund</u>	<u>Total Nonmajor Governmental Funds</u>	
\$ 1,107,720	\$ 242,366	\$ 225,016	\$ 5,446,902	Assets
-	-	-	321,919	Cash and cash investments
-	-	-	971,048	Receivables, net of allowance for uncollectibles:
-	-	-	82,715	Taxes, including penalties
-	20,000	-	20,000	Accounts
				Prepaid assets
				Due from other governmental units
<u>1,107,720</u>	<u>262,366</u>	<u>225,016</u>	<u>6,842,584</u>	Total assets
				Liabilities
-	32,500	-	415,149	Accounts payable
-	-	-	5,246	Accrued liabilities
-	-	-	1,016,888	Deferred revenue
802,222	-	-	802,222	Escrows
<u>802,222</u>	<u>32,500</u>	<u>-</u>	<u>2,239,505</u>	Total liabilities
				Fund balances
-	7,363	-	7,363	Reserved for:
-	-	-	82,715	Encumbrances
				Prepaid assets
				Unreserved:
-	-	-	881,774	Designated:
305,498	222,503	225,016	3,631,227	Designated for contributions for volunteer fire & rescue
				Undesignated
<u>305,498</u>	<u>229,866</u>	<u>225,016</u>	<u>4,603,079</u>	Total fund balances
<u>\$ 1,107,720</u>	<u>\$ 262,366</u>	<u>\$ 225,016</u>	<u>\$ 6,842,584</u>	Total liabilities and fund balances

COUNTY OF FAUQUIER, VIRGINIA

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2009

	Parks and Recreation Fund	Library Fund	Conservation Easement Service District Fund	Fire and Rescue Fund	Ambulance Revenue Fund
Revenues					
General property taxes	\$ -	\$ -	\$ 1,309,925	\$ 4,411,795	\$ -
Revenue from use of money and property	1,855	370	-	-	-
Charges for services	-	-	-	-	1,218,527
Gifts and donations	(54,847)	7,856	-	-	-
Recovered costs	-	-	-	2,085	-
Miscellaneous revenue	-	-	-	3,467	-
Intergovernmental:					
Commonwealth of Virginia	-	-	240,941	201,552	-
Federal government	-	-	-	-	-
Total revenues	<u>(52,992)</u>	<u>8,226</u>	<u>1,550,866</u>	<u>4,618,899</u>	<u>1,218,527</u>
Expenditures					
Current operating:					
Public safety	-	-	-	4,069,321	313,638
Parks, recreation, and cultural	8,288	679	-	-	-
Community development	-	-	1,473,591	-	-
Total expenditures	<u>8,288</u>	<u>679</u>	<u>1,473,591</u>	<u>4,069,321</u>	<u>313,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,280)</u>	<u>7,547</u>	<u>77,275</u>	<u>549,578</u>	<u>904,889</u>
Other financing sources (uses)					
Transfers in	87,075	-	-	-	-
Transfers (out)	<u>(87,075)</u>	<u>-</u>	<u>(150,000)</u>	<u>(258,656)</u>	<u>(565,640)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(258,656)</u>	<u>(565,640)</u>
Net change in fund balances	(61,280)	7,547	(72,725)	290,922	339,249
Fund balances, beginning	287,379	58,804	1,030,564	1,962,239	-
Fund balances, ending	<u>\$ 226,099</u>	<u>\$ 66,351</u>	<u>\$ 957,839</u>	<u>\$ 2,253,161</u>	<u>\$ 339,249</u>

Proffer Fund	Affordable Housing Fund	Vint Hill Transportation Fund	Total Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ 5,721,720	Revenues
5,288	-	1,387	8,900	General property taxes
-	-	-	1,218,527	Revenue from use of money and property
47,600	-	-	609	Charges for services
-	-	-	2,085	Gifts and donations
-	-	1,563	5,030	Recovered costs
-	-	-	442,493	Miscellaneous revenue
-	25,000	-	25,000	Intergovernmental:
				Commonwealth of Virginia
				Federal government
<u>52,888</u>	<u>25,000</u>	<u>2,950</u>	<u>7,424,364</u>	Total revenues
				Expenditures
-	-	-	4,382,959	Current operating:
-	-	-	8,967	Public safety
-	291,660	-	1,765,251	Parks, recreation, and cultural
				Community development
<u>-</u>	<u>291,660</u>	<u>-</u>	<u>6,157,177</u>	Total expenditures
<u>52,888</u>	<u>(266,660)</u>	<u>2,950</u>	<u>1,267,187</u>	Excess (deficiency) of revenues over (under) expenditures
				Other financing sources (uses)
-	230,860	-	317,935	Transfers in
-	-	-	(1,061,371)	Transfers (out)
<u>-</u>	<u>230,860</u>	<u>-</u>	<u>(743,436)</u>	Total other financing sources (uses)
52,888	(35,800)	2,950	523,751	Net change in fund balances
252,610	265,666	222,066	4,079,328	Fund balances, beginning
<u>\$ 305,498</u>	<u>\$ 229,866</u>	<u>\$ 225,016</u>	<u>\$ 4,603,079</u>	Fund balances, ending

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 16

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Parks and Recreation Fund
Fiscal Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government				
Special Revenue Funds:				
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 1,855	\$ 1,855
Gifts and donations	-	-	(54,847)	(54,847)
Total revenues	-	-	(52,992)	(52,992)
Expenditures				
Current operating:				
Parks, recreation, and cultural	-	-	8,288	(8,288)
Total expenditures	-	-	8,288	(8,288)
Deficiency of revenues under expenditures	-	-	(61,280)	(61,280)
Other financing sources (uses)				
Transfers in	-	87,075	87,075	-
Transfers (out)	-	(87,075)	(87,075)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(61,280)	(61,280)
Fund balances, beginning	287,379	287,379	287,379	-
Fund balances, ending	\$ 287,379	\$ 287,379	\$ 226,099	\$ (61,280)

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 17

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Conservation Easement Service District Fund
Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Primary Government				
Special Revenue Funds:				
Revenues				
General property taxes	\$ 1,349,667	\$ 1,499,667	\$ 1,309,925	\$ (189,742)
Intergovernmental:				
Commonwealth of Virginia	-	49,900	240,941	191,041
Total revenues	<u>1,349,667</u>	<u>1,549,567</u>	<u>1,550,866</u>	<u>1,299</u>
Expenditures				
Current operating:				
Community development	<u>1,349,667</u>	<u>2,430,131</u>	<u>1,473,591</u>	<u>956,540</u>
Total expenditures	<u>1,349,667</u>	<u>2,430,131</u>	<u>1,473,591</u>	<u>956,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(880,564)</u>	<u>77,275</u>	<u>957,839</u>
Other financing uses				
Transfers (out)	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balances	-	(1,030,564)	(72,725)	957,839
Fund balances, beginning	1,030,564	1,030,564	1,030,564	-
Fund balances, ending	<u>\$ 1,030,564</u>	<u>\$ -</u>	<u>\$ 957,839</u>	<u>\$ 957,839</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 18

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Fire and Rescue Fund
Fiscal Year Ended June 30, 2009**

Primary Government	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Special Revenue Funds:				
Revenues				
General property taxes	\$ 4,419,017	\$ 4,419,017	\$ 4,411,795	\$ (7,222)
Revenue from use of money and property	29,478	29,478	-	(29,478)
Recovered costs	-	2,085	2,085	-
Miscellaneous revenue	-	3,467	3,467	-
Intergovernmental:				
Commonwealth of Virginia	188,950	199,872	201,552	1,680
Total revenues	<u>4,637,445</u>	<u>4,653,919</u>	<u>4,618,899</u>	<u>(35,020)</u>
Expenditures				
Current operating:				
Public safety	3,220,512	2,340,008	4,069,321	(1,729,313)
Total expenditures	<u>3,220,512</u>	<u>2,340,008</u>	<u>4,069,321</u>	<u>(1,729,313)</u>
Excess of revenues over expenditures	<u>1,416,933</u>	<u>2,313,911</u>	<u>549,578</u>	<u>(1,764,333)</u>
Other financing uses				
Transfers (out)	<u>(1,416,933)</u>	<u>(534,827)</u>	<u>(258,656)</u>	<u>276,171</u>
Total other financing uses	<u>(1,416,933)</u>	<u>(534,827)</u>	<u>(258,656)</u>	<u>276,171</u>
Net change in fund balances	-	1,779,084	290,922	(1,488,162)
Fund balances, beginning	1,962,239	1,962,239	1,962,239	-
Fund balances, ending	<u>\$ 1,962,239</u>	<u>\$ 3,741,323</u>	<u>\$ 2,253,161</u>	<u>\$ (1,488,162)</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 19

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances – Budget and Actual
 Ambulance Revenue Fund
 Fiscal Year Ended June 30, 2009

Primary Government	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Special Revenue Funds:				
Revenues				
Charges for services	\$ -	\$ 661,106	\$ 1,218,527	\$ 557,421
Total revenues	-	661,106	1,218,527	557,421
Expenditures				
Current operating:				
Public safety	-	226,200	313,638	(87,438)
Total expenditures	-	226,200	313,638	(87,438)
Excess of revenues over expenditures	-	434,906	904,889	469,983
Other financing uses				
Transfers (out)	-	(434,906)	(565,640)	(130,734)
Total other financing uses	-	(434,906)	(565,640)	(130,734)
Net change in fund balances	-	-	339,249	339,249
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,249</u>	<u>\$ 339,249</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 20

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Affordable Housing Fund
Fiscal Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance From Amended Positive (Negative)</u>
Primary Government				
Special Revenue Funds:				
Revenues				
Intergovernmental:				
Federal Government	\$ -	\$ 25,000	\$ 25,000	\$ -
Total revenues	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Expenditures				
Current operating:				
Community development	230,860	255,860	291,660	(35,800)
Total expenditures	<u>230,860</u>	<u>255,860</u>	<u>291,660</u>	<u>(35,800)</u>
Deficiency of revenues under expenditures	<u>(230,860)</u>	<u>(230,860)</u>	<u>(266,660)</u>	<u>(35,800)</u>
Other financing sources				
Transfers in	230,860	230,860	230,860	-
Total other financing sources	<u>230,860</u>	<u>230,860</u>	<u>230,860</u>	<u>-</u>
Net change in fund balances	-	-	(35,800)	(35,800)
Fund balances, beginning	265,666	265,666	265,666	-
Fund balances, ending	<u>\$ 265,666</u>	<u>\$ 265,666</u>	<u>\$ 229,866</u>	<u>\$ (35,800)</u>

PROPRIETARY FUNDS

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

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

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 21

Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Assets			
Current assets:			
Cash and investments	\$ 8,221	\$ 6,938,145	\$ 6,946,366
Receivables, net of allowances for uncollectibles	34,644	180,605	215,249
Inventories	227,055	-	227,055
Total current assets	269,920	7,118,750	7,388,670
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Machinery and equipment	84,487	-	84,487
Total capital assets	84,487	-	84,487
Total noncurrent assets	84,487	-	84,487
Total assets	354,407	7,118,750	7,473,157
Liabilities			
Current liabilities:			
Accounts payable	37,321	397,840	435,161
Accrued liabilities	5,813	-	5,813
Unearned revenue	-	341,868	341,868
Compensated absences	10,113	-	10,113
Current portion of incurred but not reported claims	-	450,051	450,051
Total current liabilities	53,247	1,189,759	1,243,006
Noncurrent liabilities:			
Compensated absences	91,016	-	91,016
Noncurrent portion of incurred but not reported claims	-	1,350,152	1,350,152
Total noncurrent liabilities	91,016	1,350,152	1,441,168
Total liabilities	144,263	2,539,911	2,684,174
Net Assets			
Invested in capital assets, net of related debt	84,487	-	84,487
Unrestricted	125,657	4,578,839	4,704,496
Total net assets	210,144	4,578,839	4,788,983
Total liabilities and net assets	\$ 354,407	\$ 7,118,750	\$ 7,473,157

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 22

Combining Statement of Revenues, Expenses, and Changes in Net Assets
 Internal Service Funds
 Fiscal Year Ended June 30, 2009

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
Operating revenues			
Charges for services	\$ 2,723,812	\$ 17,485,976	\$ 20,209,788
Total operating revenues	2,723,812	17,485,976	20,209,788
Operating expenses			
Personal services	621,903	-	621,903
Fringe benefits	229,127	-	229,127
Claims and benefits paid	-	14,775,098	14,775,098
Premiums	-	3,070,462	3,070,462
Contractual services	83,960	65,447	149,407
Other operating expenses	1,833,670	39,778	1,873,448
Depreciation	15,085	-	15,085
Total operating expenses	2,783,745	17,950,785	20,734,530
Operating income (loss)	(59,933)	(464,809)	(524,742)
Nonoperating revenues (expenses)			
Interest income	-	45,337	45,337
Contribution to OPEB Trust Fund	-	(488,000)	(488,000)
Total nonoperating revenues (expenses)	-	(442,663)	(442,663)
Income (loss) before transfers	(59,933)	(907,472)	(967,405)
Transfers in	44,848	-	44,848
Change in net assets	(15,085)	(907,472)	(922,557)
Net assets - beginning	225,229	5,486,311	5,711,540
Net assets - ending	\$ 210,144	\$ 4,578,839	\$ 4,788,983

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 23

Combining Statement of Cash Flows
Internal Service Funds
Fiscal Year Ended June 30, 2009

	Internal Service Funds		
	Fleet Maintenance Fund	Health Insurance Fund	Total
	Fund	Fund	Total
Cash Flow from Operating Activities			
Receipts from customers and users	\$ 2,774,726	\$ 17,330,759	\$ 20,105,485
Payment to suppliers and other operating activities	(1,926,405)	(17,699,239)	(19,625,644)
Payment to employees (including fringes)	(836,715)	-	(836,715)
Net cash provided by (used in) operating activities	<u>11,606</u>	<u>(368,480)</u>	<u>(356,874)</u>
Cash Flow from Noncapital Financing Activities			
Transfers in	44,848	-	44,848
Interfund loan	(48,233)	-	(48,233)
Contribution to OPEB Trust Fund	-	(488,000)	(488,000)
Net cash used in noncapital financing activities	<u>(3,385)</u>	<u>(488,000)</u>	<u>(491,385)</u>
Cash Flow from Investing Activities			
Interest	-	45,337	45,337
Net cash provided by investing activities	<u>-</u>	<u>45,337</u>	<u>45,337</u>
Net increase (decrease) in cash and cash equivalents	8,221	(811,143)	(802,922)
Cash and cash equivalents - beginning of the year	-	7,749,288	7,749,288
Cash and cash equivalents - end of the year	<u>8,221</u>	<u>6,938,145</u>	<u>6,946,366</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Cash flows from operations:			
Operating income (loss)	(59,933)	(464,809)	(524,742)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	15,085	-	15,085
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	50,914	(180,605)	(129,691)
Increase in incurred but not reported claims	-	285,284	285,284
Decrease in inventory	9,711	-	9,711
(Decrease) in accounts payable	(18,486)	-	(18,486)
Increase in unearned revenue	-	25,388	25,388
Increase (decrease) in accrued liabilities	14,315	(33,738)	(19,423)
Net cash provided by (used in) operating activities	<u>\$ 11,606</u>	<u>\$ (368,480)</u>	<u>\$ (356,874)</u>

FIDUCIARY FUNDS

The Fiduciary Funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Pension (and other employee benefit) trust funds account for assets held by the County under terms of a formal trust agreement. Agency Funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

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

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

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

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

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

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

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

Combining Statement of Fiduciary Net Assets
 Pension (and other employee benefit) Trust Funds
 June 30, 2009

	Pension (and other employee benefit) Trust Funds		
	Fire and Rescue Pension Trust Length of Service Awards Fund	Other Postemployment Benefit Plans Fund	Total
Assets			
Cash in custody of others	\$ 992,239	\$ 439,617	\$ 1,431,856
Liabilities	-	-	-
Net Assets			
Held in trust for OPEB benefits	-	439,617	439,617
Held in trust for pension benefits	992,239	-	992,239
Total net assets	\$ 992,239	\$ 439,617	\$ 1,431,856
Total liabilities and net assets	\$ 992,239	\$ 439,617	\$ 1,431,856

Combining Statement of Changes in Fiduciary Net Assets
Pension (and other than employee benefit) Trust Funds
Fiscal Year Ended June 30, 2009

	Pension (and other than employee benefit) Trust Funds		
	Fire and Rescue Pension Trust Length of Service Awards Fund	Other Postemployment Benefit Plans Fund	Total
Additions			
Contribution for beneficiary	\$ 248,749	\$ 802,000	\$ 1,050,749
Investment income (loss)	46,993	(43,383)	3,610
Total additions	295,742	758,617	1,054,359
Deductions			
Benefits	4,185	314,000	318,185
Annuity contracts	61,150	-	61,150
Insurance	77,928	-	77,928
Administrative fees	4,173	5,000	9,173
Total deductions	147,436	319,000	466,436
Change in net assets	148,306	439,617	587,923
Net assets - beginning	843,933	-	843,933
Net assets - ending	\$ 992,239	\$ 439,617	\$ 1,431,856

Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2009

	Agency Funds					Total
	Street Light Levy Fund	Working Together Fund	Special Welfare Fund	Detention Center Fund	Service to Outside Agencies Fund	
Assets						
Cash and investments	\$ 26,718	\$ 15,603	\$ 37,644	\$ -	\$ 192,133	\$ 272,098
Cash in custody of others	-	-	-	65,949	-	65,949
Receivables, net of allowance for uncollectibles:						
Taxes, including penalties	321	-	-	-	-	321
Accounts receivable	15	-	-	-	-	15
Total assets	<u>27,054</u>	<u>15,603</u>	<u>37,644</u>	<u>65,949</u>	<u>192,133</u>	<u>338,383</u>
Liabilities						
Accrued liabilities	-	-	-	-	14,686	14,686
Amounts held for clients/others	27,054	15,603	37,644	65,949	177,447	323,697
Total liabilities	<u>\$ 27,054</u>	<u>\$ 15,603</u>	<u>\$ 37,644</u>	<u>\$ 65,949</u>	<u>\$ 192,133</u>	<u>\$ 338,383</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 27
Page 1 of 2

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Street Light Levy Fund				
Assets:				
Cash and investments	\$ 24,091	\$ 11,018	\$ 8,391	\$ 26,718
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	321	-	-	321
Accounts receivable	41	15	41	15
Total assets	<u>24,453</u>	<u>11,033</u>	<u>8,432</u>	<u>27,054</u>
Liabilities:				
Accounts payable	1,572	-	1,572	-
Amounts held for subsequent expense	22,881	11,033	6,860	27,054
Total liabilities	<u>\$ 24,453</u>	<u>\$ 11,033</u>	<u>\$ 8,432</u>	<u>\$ 27,054</u>
Working Together Fund				
Assets:				
Cash and investments	<u>\$ 16,931</u>	<u>\$ 34,810</u>	<u>\$ 36,138</u>	<u>\$ 15,603</u>
Liabilities:				
Amounts held for subsequent expense	<u>\$ 16,931</u>	<u>\$ 34,810</u>	<u>\$ 36,138</u>	<u>\$ 15,603</u>
Special Welfare Fund				
Assets:				
Cash and investments	\$ 33,041	\$ 69,052	\$ 64,449	\$ 37,644
Accounts receivable	1,462	-	1,462	-
Total assets	<u>34,503</u>	<u>69,052</u>	<u>65,911</u>	<u>37,644</u>
Liabilities:				
Amounts held for social service clients	<u>\$ 34,503</u>	<u>\$ 69,052</u>	<u>\$ 65,911</u>	<u>\$ 37,644</u>
Detention Center Fund				
Assets:				
Cash and investments				
Cash - canteen account	\$ 48,984	\$ 76,320	\$ 69,323	\$ 55,981
Cash - inmate accounts	8,044	108,859	108,763	8,140
Cash - work release	5,225	88,747	92,144	1,828
Total assets	<u>62,253</u>	<u>273,926</u>	<u>270,230</u>	<u>65,949</u>
Liabilities:				
Amounts held for prisoners	<u>\$ 62,253</u>	<u>\$ 273,926</u>	<u>\$ 270,230</u>	<u>\$ 65,949</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 27
Page 2 of 2

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Fiscal Year Ended June 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Service to Outside Agencies Fund				
Assets:				
Cash and investments	\$ 159,619	\$ 1,319,427	\$ 1,286,913	\$ 192,133
Liabilities:				
Accrued liabilities	10,383	14,686	10,383	14,686
Amounts held for subsequent expense	149,236	1,304,741	1,276,530	177,447
Total liabilities	\$ 159,619	\$ 1,319,427	\$ 1,286,913	\$ 192,133
Total - All Agency Funds				
Assets:				
Cash and investments	\$ 233,682	\$ 1,434,307	\$ 1,395,891	\$ 272,098
Cash in custody of others	62,253	273,926	270,230	65,949
Receivables, net of allowance for uncollectibles:				
Taxes, including penalties	321	-	-	321
Accounts receivable	1,503	15	1,503	15
Total assets	297,759	1,708,248	1,667,624	338,383
Liabilities:				
Accounts payable	1,572	-	1,572	-
Accrued liabilities	10,383	14,686	10,383	14,686
Amounts held for clients/others	285,804	1,693,562	1,655,669	323,697
Total liabilities	\$ 297,759	\$ 1,708,248	\$ 1,667,624	\$ 338,383

COMPONENT UNIT – SCHOOL BOARD

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

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

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

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

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

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

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

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 28

Combining Balance Sheet
Discretely Presented Component Unit – School Board
June 30, 2009

	Governmental Funds			
	School General Fund	School Textbook Fund	Food Nutrition Fund	Total Governmental Funds
Assets				
Cash on deposit with County of Fauquier, VA	\$ 10,173,237	\$ 208,511	\$ 639,314	\$ 11,021,062
Accounts receivable	148,484	-	12,219	160,703
Prepaid assets	115,038	-	-	115,038
Inventories	-	-	98,298	98,298
Due from other governmental units	2,852,639	-	86,040	2,938,679
Total assets	<u>13,289,398</u>	<u>208,511</u>	<u>835,871</u>	<u>14,333,780</u>
Liabilities				
Accounts payable	668,103	226	97,583	765,912
Accrued liabilities	12,361,268	-	258,921	12,620,189
Deferred revenue	3,070	-	66,782	69,852
Total liabilities	<u>13,032,441</u>	<u>226</u>	<u>423,286</u>	<u>13,455,953</u>
Fund balances				
Reserved for:				
Encumbrances	248,107	-	4,285	252,392
Donations	7,500	-	-	7,500
Inventories	-	-	98,298	98,298
Unreserved:				
Undesignated	1,350	208,285	310,002	519,637
Total fund balances	<u>256,957</u>	<u>208,285</u>	<u>412,585</u>	<u>877,827</u>
Total liabilities and fund balances	<u>\$ 13,289,398</u>	<u>\$ 208,511</u>	<u>\$ 835,871</u>	<u>\$ 14,333,780</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 29

**Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
Discretely Presented Component Unit – School Board
June 30, 2009**

Total fund balances - discretely presented component unit - School Board	\$ 877,827
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.	182,911,496
Long-term liabilities consist of compensated absences which are not due and payable in the current year and therefore not reported as liabilities in the governmental funds.	
Compensated absences	<u>(4,506,032)</u>
Net assets of governmental activities	\$ <u>179,283,291</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 30

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2009

	Governmental Funds			
	School General Fund	School Textbook Fund	Food Nutrition Fund	Total Governmental Funds
Revenues				
Revenue from use of money and property	\$ -	\$ -	\$ 1,193	\$ 1,193
Charges for services	390,035	7,916	2,933,188	3,331,139
Gifts and donations	4,650	-	-	4,650
Recovered costs	13,072	-	118,818	131,890
Miscellaneous revenue	339,635	-	-	339,635
Intergovernmental:				
Contribution from primary government	81,436,638	-	-	81,436,638
Commonwealth of Virginia	36,996,722	432,730	62,139	37,491,591
Federal Government	3,520,672	-	1,429,231	4,949,903
Total revenues	<u>122,701,424</u>	<u>440,646</u>	<u>4,544,569</u>	<u>127,686,639</u>
Expenditures				
Current operating:				
Education	<u>122,134,678</u>	<u>751,864</u>	<u>4,766,548</u>	<u>127,653,090</u>
Total expenditures	<u>122,134,678</u>	<u>751,864</u>	<u>4,766,548</u>	<u>127,653,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>566,746</u>	<u>(311,218)</u>	<u>(221,979)</u>	<u>33,549</u>
Other financing sources (uses)				
Transfers in	-	316,139	-	316,139
Transfers (out)	<u>(316,139)</u>	<u>-</u>	<u>-</u>	<u>(316,139)</u>
Total other financing sources (uses)	<u>(316,139)</u>	<u>316,139</u>	<u>-</u>	<u>-</u>
Net change in fund balances	250,607	4,921	(221,979)	33,549
Fund balances, beginning	6,350	203,364	634,564	844,278
Fund balances, ending	<u>\$ 256,957</u>	<u>\$ 208,285</u>	<u>\$ 412,585</u>	<u>\$ 877,827</u>

The contribution from the primary government includes \$253,462 from the Capital Projects Fund.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 31

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2009**

Net change in fund balances - discretely presented component unit - School Board **\$ 33,549**

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

The primary government donates school board capital assets constructed in the primary government's capital improvement fund. Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 8,683,730

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense, which is not a use of current financial resources.

Capital outlays	1,594,750	
Donated capital assets	118,315	
Depreciation	(7,066,556)	(5,353,491)

Loss on disposal of asset (58,627)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount reflects the change in accrued leave in the current year. (123,927)

Change in net assets of governmental activities **\$ 3,181,234**

Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2009

	School General Fund				School Textbook		
	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)	Original Budget	Amended Budget	Actual
Revenues							
Revenue from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	346,000	346,000	390,035	44,035	-	-	7,916
Gifts and donations	-	-	4,650	4,650	-	-	-
Recovered costs	26,000	26,000	13,072	(12,928)	-	-	-
Miscellaneous revenue	206,000	237,500	339,635	102,135	-	-	-
Intergovernmental:							
Contribution from primary government	84,132,240	85,508,786	81,436,638	(4,072,148)	-	-	-
Commonwealth of Virginia	37,709,590	37,962,940	36,996,722	(966,218)	433,861	433,861	432,730
Federal Government	3,683,213	3,607,296	3,520,672	(86,624)	-	-	-
Total revenues	<u>126,103,043</u>	<u>127,688,522</u>	<u>122,701,424</u>	<u>(4,987,098)</u>	<u>433,861</u>	<u>433,861</u>	<u>440,646</u>
Expenditures							
Current operating:							
Education:							
Instruction	100,821,172	101,440,647	97,464,988	3,975,659	750,000	951,799	751,864
Administration, attendance, and health	4,568,078	4,619,031	4,565,626	53,405	-	-	-
Public transportation services	8,697,862	8,720,741	8,228,489	492,252	-	-	-
Operation and maintenance services	11,699,792	12,591,964	11,875,575	716,389	-	-	-
School food services	-	-	-	-	-	-	-
Total education	<u>125,786,904</u>	<u>127,372,383</u>	<u>122,134,678</u>	<u>5,237,705</u>	<u>750,000</u>	<u>951,799</u>	<u>751,864</u>
Total expenditures	<u>125,786,904</u>	<u>127,372,383</u>	<u>122,134,678</u>	<u>5,237,705</u>	<u>750,000</u>	<u>951,799</u>	<u>751,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>316,139</u>	<u>316,139</u>	<u>566,746</u>	<u>250,607</u>	<u>(316,139)</u>	<u>(517,938)</u>	<u>(311,218)</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	316,139	316,139	316,139
Transfers (out)	(316,139)	(316,139)	(316,139)	-	-	-	-
Total other financing sources (uses)	<u>(316,139)</u>	<u>(316,139)</u>	<u>(316,139)</u>	<u>-</u>	<u>316,139</u>	<u>316,139</u>	<u>316,139</u>
Net change in fund balances	-	-	250,607	250,607	-	(201,799)	4,921
Fund balances, beginning	6,350	6,350	6,350	-	203,364	203,364	203,364
Fund balances, ending	<u>\$ 6,350</u>	<u>\$ 6,350</u>	<u>\$ 256,957</u>	<u>\$ 250,607</u>	<u>\$ 203,364</u>	<u>\$ 1,565</u>	<u>\$ 208,285</u>

Fund	Food Nutrition Fund			Variance From Amended Positive (Negative)	Variance From Amended Positive (Negative)
	Original Budget	Amended Budget	Actual		
\$	-	\$ 1,200	\$ 1,200	\$ 1,193	\$ (7)
	7,916	3,065,591	3,065,591	2,933,188	(132,403)
	-	-	-	-	-
	-	188,000	188,000	118,818	(69,182)
	-	-	-	-	-
	-	-	-	-	-
	(1,131)	60,427	60,427	62,139	1,712
	-	1,011,501	1,011,501	1,429,231	417,730
	<u>6,785</u>	<u>4,326,719</u>	<u>4,326,719</u>	<u>4,544,569</u>	<u>217,850</u>
	199,935	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	4,529,547	4,911,679	4,766,548	145,131
	<u>199,935</u>	<u>4,529,547</u>	<u>4,911,679</u>	<u>4,766,548</u>	<u>145,131</u>
	<u>199,935</u>	<u>4,529,547</u>	<u>4,911,679</u>	<u>4,766,548</u>	<u>145,131</u>
	<u>206,720</u>	<u>(202,828)</u>	<u>(584,960)</u>	<u>(221,979)</u>	<u>362,981</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>206,720</u>	<u>(202,828)</u>	<u>(584,960)</u>	<u>(221,979)</u>	<u>362,981</u>
	-	634,564	634,564	634,564	-
\$	<u>206,720</u>	<u>\$ 431,736</u>	<u>\$ 49,604</u>	<u>\$ 412,585</u>	<u>\$ 362,981</u>

Revenues	Revenue from use of money and property
	Charges for services
	Gifts and donations
	Recovered costs
	Miscellaneous revenue
	Intergovernmental:
	Contribution from primary government
	Commonwealth of Virginia
	Federal Government
	Total revenues
Expenditures	Current operating:
	Education:
	Instruction
	Administration, attendance, and health
	Public transportation services
	Operation and maintenance services
	School food services
	Total education
	Total expenditures
	Excess (deficiency) of revenues over (under) expenditures
Other financing sources (uses)	Transfers in
	Transfers (out)
	Total other financing sources (uses)
	Net change in fund balances
	Fund balances, beginning
	Fund balances, ending

**Statement of Fiduciary Net Assets
Discretely Presented Component Unit – School Board
June 30, 2009**

	<u>Trust Fund</u> <u>Crockett Scholarship</u> <u>Private-Purpose</u> <u>Trust Fund</u>	<u>Agency</u> <u>Funds</u>
Assets		
Cash and investments	\$ 471,046	\$ 1,846,263
Land	94,200	-
Total assets	<u>565,246</u>	<u>1,846,263</u>
Liabilities		
Accounts payable	-	3,513
Accrued liabilities	-	51,462
Amounts held for clients/others	-	1,791,288
Total liabilities	<u>-</u>	<u>\$ 1,846,263</u>
Net Assets		
Held in trust for scholarships	<u>565,246</u>	
Total net assets	<u>565,246</u>	
Total liabilities and net assets	<u>\$ 565,246</u>	

Statement of Changes in Fiduciary Net Assets
Discretely Presented Component Unit – School Board
Fiscal Year Ended June 30, 2009

	Crockett Scholarship Private-Purpose Trust Fund
Additions	
Investment income (loss)	\$ <u>(8,262)</u>
Total additions	<u>(8,262)</u>
Deductions	
Scholarships awarded	21,250
Administrative fees	<u>2,293</u>
Total deductions	<u>23,543</u>
Change in net assets	(31,805)
Net assets - beginning	<u>597,051</u>
Net assets - ending	<u>\$ <u>565,246</u></u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 35

**Combining Statement of Fiduciary Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
June 30, 2009**

	Agency Funds		
	Mountain Vista Regional Governor's School Fund	Student Activity Fund	Total
Assets			
Cash and investments	\$ 209,232	\$ 1,637,031	\$ 1,846,263
Total assets	<u>209,232</u>	<u>1,637,031</u>	<u>1,846,263</u>
Liabilities			
Accounts payable	3,513	-	3,513
Accrued liabilities	51,462	-	51,462
Amounts held for clients/others	<u>154,257</u>	<u>1,637,031</u>	<u>1,791,288</u>
Total liabilities	<u>\$ 209,232</u>	<u>\$ 1,637,031</u>	<u>\$ 1,846,263</u>

**Combining Statement of Changes in Assets and Liabilities
Discretely Presented Component Unit – School Board
Agency Funds
Fiscal Year Ended June 30, 2009**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Mountain Vista Regional Governor's School Fund				
Assets:				
Cash and investments	\$ 129,563	\$ 1,013,270	\$ 933,601	\$ 209,232
Total assets	<u>129,563</u>	<u>1,013,270</u>	<u>933,601</u>	<u>209,232</u>
Liabilities:				
Accounts payable	6,273	3,513	6,273	3,513
Accrued liabilities	57,705	51,462	57,705	51,462
Amounts held for subsequent expense	<u>65,585</u>	<u>958,295</u>	<u>869,623</u>	<u>154,257</u>
Total liabilities	<u>\$ 129,563</u>	<u>\$ 1,013,270</u>	<u>\$ 933,601</u>	<u>\$ 209,232</u>
Student Activity Fund				
Assets:				
Cash and investments	\$ 1,590,321	\$ 3,749,070	\$ 3,702,360	\$ 1,637,031
Total assets	<u>1,590,321</u>	<u>3,749,070</u>	<u>3,702,360</u>	<u>1,637,031</u>
Liabilities:				
Due to student groups	<u>1,590,321</u>	<u>3,749,070</u>	<u>3,702,360</u>	<u>1,637,031</u>
Total liabilities	<u>\$ 1,590,321</u>	<u>\$ 3,749,070</u>	<u>\$ 3,702,360</u>	<u>\$ 1,637,031</u>
Total - All Agency Funds				
Assets:				
Cash and investments	\$ 1,719,884	\$ 4,762,340	\$ 4,635,961	\$ 1,846,263
Total assets	<u>1,719,884</u>	<u>4,762,340</u>	<u>4,635,961</u>	<u>1,846,263</u>
Liabilities:				
Accounts payable	6,273	3,513	6,273	3,513
Accrued liabilities	57,705	51,462	57,705	51,462
Amounts held for clients/others	<u>1,655,906</u>	<u>4,707,365</u>	<u>4,571,983</u>	<u>1,791,288</u>
Total liabilities	<u>\$ 1,719,884</u>	<u>\$ 4,762,340</u>	<u>\$ 4,635,961</u>	<u>\$ 1,846,263</u>



OTHER SUPPLEMENTARY INFORMATION

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1
Page 1 of 9

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 85,797,036	\$ 85,125,636	\$ 85,607,064	\$ 481,428
Real and personal public service corporation property taxes	4,595,000	5,266,400	4,554,333	(712,067)
Personal property taxes	22,030,000	22,030,000	19,994,095	(2,035,905)
Penalties	825,000	825,000	855,086	30,086
Interest	350,000	350,000	415,205	65,205
Total general property taxes	<u>113,597,036</u>	<u>113,597,036</u>	<u>111,425,783</u>	<u>(2,171,253)</u>
Other local taxes:				
Local sales and use taxes	7,400,000	6,475,000	6,240,448	(234,552)
Consumers' utility taxes	4,745,200	4,745,200	4,561,422	(183,778)
Business license taxes	1,700,000	1,700,000	1,463,055	(236,945)
Motor vehicle taxes	1,800,000	1,800,000	1,737,173	(62,827)
Bank stock taxes	180,000	180,000	88,463	(91,537)
Taxes on recordation and wills	2,030,000	2,030,000	1,242,537	(787,463)
Lodging tax	121,000	121,000	93,114	(27,886)
Total other local taxes	<u>17,976,200</u>	<u>17,051,200</u>	<u>15,426,212</u>	<u>(1,624,988)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	5,000	5,000	20,790	15,790
Building and related permits	1,859,300	1,859,300	1,098,551	(760,749)
Weapons permits	2,000	2,000	10,962	8,962
Zoning permits and fees	143,000	143,000	73,770	(69,230)
Land use application fees	13,000	13,000	9,075	(3,925)
Total permits, privilege fees, and regulatory licenses	<u>2,022,300</u>	<u>2,022,300</u>	<u>1,213,148</u>	<u>(809,152)</u>
Fines and forfeitures:				
Court fines and forfeitures	508,100	508,100	483,483	(24,617)
Revenue from use of money and property:				
Revenue from use of money	1,300,000	1,300,000	781,514	(518,486)
Revenue from use of property	271,215	271,215	292,167	20,952
Total revenue from use of money and property	<u>1,571,215</u>	<u>1,571,215</u>	<u>1,073,681</u>	<u>(497,534)</u>
Charges for services:				
Charges for commonwealth's and county's attorney	2,300	2,300	290,673	288,373
Charges for court services	371,942	371,942	172,727	(199,215)
Charges for public safety	161,200	161,200	270,739	109,539
Charges for parks and recreation	534,539	541,451	437,891	(103,560)
Charges for social services	-	-	5,583	5,583
Charges for library	60,000	60,000	64,304	4,304
Charges for planning and community development	35,256	35,256	15,428	(19,828)
Total charges for services	<u>\$ 1,165,237</u>	<u>\$ 1,172,149</u>	<u>\$ 1,257,345</u>	<u>\$ 85,196</u>

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1
Page 2 of 9

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
General Fund: (continued)				
Revenue from local sources: (continued)				
Gifts and donations:				
Donations	\$ 6,500	\$ 8,180	\$ 1,832	\$ (6,348)
Recovered costs:				
Warrenton Community Center	-	-	23,389	23,389
800 MHz Radio - Culpeper County	-	-	93,535	93,535
800 MHz Radio - Rappahannock County	-	-	25,000	25,000
Medical reimbursement - prisoners	4,500	4,500	8,808	4,308
Home incarceration fees	12,000	12,000	12,749	749
Board of prisoner - other localities	500	500	660	160
Other government charges	10,500	10,500	10,500	-
Work release	60,000	60,000	71,148	11,148
CSA shared cost	42,638	42,638	42,187	(451)
Insurance recoveries	-	204,425	223,058	18,633
Advertising	1,000	1,000	550	(450)
Miscellaneous recovered costs	-	120	3,394	3,274
Total recovered costs	131,138	335,683	514,978	179,295
Miscellaneous revenue:				
Sale of salvage and surplus property	29,700	29,700	31,291	1,591
Other miscellaneous revenue	55,740	101,324	133,568	32,244
Total miscellaneous revenue	85,440	131,024	164,859	33,835
Total revenue from local sources	137,063,166	136,396,887	131,561,321	(4,835,566)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	27,893	27,893	-	(27,893)
Wine taxes	29,237	29,237	-	(29,237)
Rolling stock tax	60,478	60,478	71,705	11,227
Mobile home titling taxes	57,119	57,119	34,141	(22,978)
Auto rental tax	14,672	14,672	7,295	(7,377)
Recordation tax reimbursement	450,000	450,000	385,073	(64,927)
Commonwealth PPTRA	13,659,496	13,659,496	13,657,710	(1,786)
Local Aid to the Commonwealth revenue reduction	(486,000)	(486,000)	(303,176)	182,824
Total noncategorical aid	13,812,895	13,812,895	13,852,748	39,853
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	470,388	470,388	446,891	(23,497)
Sheriff	3,574,551	3,574,551	2,509,845	(1,064,706)
Commissioner of the revenue	206,587	206,587	209,806	3,219
Treasurer	207,569	207,569	189,037	(18,532)
Registrar/electoral board	60,122	60,122	60,545	423
Clerk of the circuit court	451,583	451,583	490,292	38,709
Jail	300,000	300,000	340,482	40,482
Total shared expenses	\$ 5,270,800	\$ 5,270,800	\$ 4,246,898	\$ (1,023,902)

COUNTY OF FAUQUIER, VIRGINIA

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
General Fund: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid (continued):				
Welfare:				
Welfare administration and assistance	\$ 992,689	\$ 1,311,935	\$ 1,328,163	\$ 16,228
Comprehensive services act	1,222,386	1,522,386	1,803,897	281,511
Child support payments	38,140	38,140	15,977	(22,163)
Total welfare	<u>2,253,215</u>	<u>2,872,461</u>	<u>3,148,037</u>	<u>275,576</u>
Other categorical aid:				
Administrative	-	1,745	61,498	59,753
Judicial and legal	210,000	211,723	215,529	3,806
Bike smart virginia bicycle helmet rodeo	-	998	998	-
Comprehensive community corrections act	242,254	255,436	253,241	(2,195)
Sheriff	15,000	15,000	7,068	(7,932)
Juvenile community control act and accountability grant	51,478	51,478	50,191	(1,287)
E-911 wireless program	93,677	93,677	98,074	4,397
Armory	16,439	22,496	17,487	(5,009)
Spay and Neuter Fund Distribution	-	-	524	524
Library aid	201,754	201,754	192,150	(9,604)
Disability services board	-	-	7,909	7,909
Total other categorical aid	<u>830,602</u>	<u>854,307</u>	<u>904,669</u>	<u>50,362</u>
Total categorical aid	<u>8,354,617</u>	<u>8,997,568</u>	<u>8,299,604</u>	<u>(697,964)</u>
Total revenue from the Commonwealth	<u>22,167,512</u>	<u>22,810,463</u>	<u>22,152,352</u>	<u>(658,111)</u>
Revenue from the Federal Government:				
Categorical aid:				
Stimulus - sheriff comp board	-	-	1,054,853	1,054,853
DEA group 33	-	880	880	-
Transportation safety	-	34,981	37,510	2,529
Emergency management assistance	-	13,000	13,000	-
Secret service task force	-	11,461	11,461	-
Byrne grant (piedmont dispute)	-	60,000	60,000	-
First responder preparedness	-	320,949	270,333	(50,616)
Welfare administrative and assistance	2,360,906	2,476,975	2,606,216	129,241
Stimulus IV-E - foster care	-	-	30,479	30,479
Stimulus IV-E - adoption assistance	-	-	5,130	5,130
American Battlefield Protection	-	-	4,500	4,500
Total categorical aid	<u>2,360,906</u>	<u>2,918,246</u>	<u>4,094,362</u>	<u>1,176,116</u>
Total revenue from the Federal Government	<u>2,360,906</u>	<u>2,918,246</u>	<u>4,094,362</u>	<u>1,176,116</u>
Total General Fund	<u>\$ 161,591,584</u>	<u>\$ 162,125,596</u>	<u>\$ 157,808,035</u>	<u>\$ (4,317,561)</u>

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1
Page 4 of 9

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Special Revenue Funds:				
Parks and Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,855	\$ 1,855
Gifts and donations:				
Refund of contribution	-	-	(88,128)	(88,128)
Donations	-	-	33,281	33,281
Total gifts and donations	-	-	(54,847)	(54,847)
Total revenue from local sources	-	-	(52,992)	(52,992)
Total Parks and Recreation Fund	-	-	(52,992)	(52,992)
Library Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	370	370
Gifts and donations:				
Donations	-	-	7,856	7,856
Total revenue from local sources	-	-	8,226	8,226
Total Library Fund	-	-	8,226	8,226
Conservation Easement Service District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	1,349,667	1,499,667	1,254,905	(244,762)
Real and personal public service corporation property taxes	-	-	47,071	47,071
Penalties	-	-	5,273	5,273
Interest	-	-	2,676	2,676
Total general property taxes	1,349,667	1,499,667	1,309,925	(189,742)
Total revenue from local sources	1,349,667	1,499,667	1,309,925	(189,742)
Revenue from the Commonwealth:				
Other categorical aid:				
Virginia land conservation grant	-	49,900	-	(49,900)
Virginia department of agriculture and consumer services	-	-	240,941	240,941
Total revenue from the Commonwealth	-	49,900	240,941	191,041
Total Conservation Easement Service District Fund	\$ 1,349,667	\$ 1,549,567	\$ 1,550,866	\$ 1,299

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Special Revenue Funds (continued):				
Fire and Rescue Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,241,227	\$ 4,241,227	\$ 4,164,169	\$ (77,058)
Real and personal public service corporation property taxes	150,000	150,000	217,774	67,774
Penalty	20,068	20,068	19,982	(86)
Interest	7,722	7,722	9,870	2,148
Total general property taxes	<u>4,419,017</u>	<u>4,419,017</u>	<u>4,411,795</u>	<u>(7,222)</u>
Revenue from use of money and property:				
Revenue from use of money	<u>29,478</u>	<u>29,478</u>	<u>-</u>	<u>(29,478)</u>
Recovered costs:				
Miscellaneous recovered costs	<u>-</u>	<u>2,085</u>	<u>2,085</u>	<u>-</u>
Miscellaneous revenue:				
Other miscellaneous revenue	<u>-</u>	<u>3,467</u>	<u>3,467</u>	<u>-</u>
Total revenue from local sources	<u>4,448,495</u>	<u>4,454,047</u>	<u>4,417,347</u>	<u>(36,700)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Two for life funds	63,527	70,394	70,394	-
Fire programs	125,423	129,478	129,478	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,680</u>	<u>1,680</u>
Total categorical aid	<u>188,950</u>	<u>199,872</u>	<u>201,552</u>	<u>1,680</u>
Total revenue from the Commonwealth	<u>188,950</u>	<u>199,872</u>	<u>201,552</u>	<u>1,680</u>
Total Fire and Rescue Fund	<u>\$ 4,637,445</u>	<u>\$ 4,653,919</u>	<u>\$ 4,618,899</u>	<u>\$ (35,020)</u>

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Special Revenue Funds: (continued)				
Ambulance Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Charges for emergency medical services care	\$ -	\$ 548,106	\$ 1,218,527	\$ 670,421
Charges for mileage	-	113,000	-	(113,000)
Total charges for services	-	661,106	1,218,527	557,421
Total Ambulance Revenue Fund	-	661,106	1,218,527	557,421
Proffer Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	5,288	5,288
Gifts and donations:				
Proffers	-	-	47,600	47,600
Total revenue from local sources	-	-	52,888	52,888
Total Proffer Fund	-	-	52,888	52,888
Affordable Housing Fund:				
Revenue from the Federal Government:				
Categorical aid:				
Neighborhood stabilization grant	-	25,000	25,000	-
Total categorical aid	-	25,000	25,000	-
Total revenue from the Federal Government	-	25,000	25,000	-
Total Affordable Housing Fund	-	25,000	25,000	-
Vint Hill Transportation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	-	-	1,387	1,387
Gifts and donations				
Proffers	-	-	1,563	1,563
Total revenue from local sources	-	-	2,950	2,950
Total Vint Hill Transportation Fund	-	-	2,950	2,950
Total Special Revenue Funds	\$ 5,987,112	\$ 6,889,592	\$ 7,424,364	\$ 534,772

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Primary Government (continued)				
Capital Projects Funds:				
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ 195,502	\$ 190,342	\$ (5,160)
Gifts and donations:				
Mellon contribution	-	500,000	-	(500,000)
Total revenue from local sources	-	695,502	190,342	(505,160)
Revenue from the Commonwealth:				
Other categorical aid:				
PSAP grant	-	150,000	150,000	-
Northern Sports Field Complex grant	-	337,000	337,000	-
VDOT revenue sharing	-	744,920	495,808	(249,112)
Total revenue from the Commonwealth	-	1,231,920	982,808	(249,112)
Revenue from the Federal Government:				
Categorical aid:				
TEA-21 grant - Greenway	-	180,618	34,183	(146,435)
TEA-21 grant - Library	-	8,363	-	(8,363)
Warrenton Branch Greenway - Palmer Extension	-	216,000	12,100	(203,900)
Total revenue from the Federal Government	-	404,981	46,283	(358,698)
Total Capital Projects Fund	-	2,332,403	1,219,433	(1,112,970)
Grand Total Revenue – Primary Government	167,578,696	171,347,591	166,451,832	(4,895,759)
Component Unit – School Board				
School General Fund:				
Revenue from local sources:				
Charges for services:				
Charges for education	346,000	346,000	390,035	44,035
Gifts and donations:				
Flex program	-	-	4,650	4,650
Recovered costs:				
Recovered costs	26,000	26,000	13,072	(12,928)
Miscellaneous revenue:				
Rebates and refunds	116,000	116,000	213,502	97,502
Mental health association grant	-	31,500	31,500	-
Other miscellaneous revenue	90,000	90,000	94,633	4,633
Total miscellaneous revenue	206,000	237,500	339,635	102,135
Total revenue from local sources	578,000	609,500	747,392	137,892
Intergovernmental:				
Contribution from primary government	\$ 84,132,240	\$ 85,508,786	\$ 81,436,638	\$ (4,072,148)

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1
Page 8 of 9

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Component Unit – School Board (continued)				
School General Fund: (continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales taxes	\$ 11,489,220	\$ 11,694,046	\$ 10,715,772	\$ (978,274)
Basic school aid	18,637,584	18,637,584	18,835,732	198,148
Remedial summer school	5,189	5,189	29,759	24,570
Regular foster care	46,529	46,529	67,392	20,863
Gifted and talented	168,390	168,390	167,951	(439)
Remedial education	157,408	157,408	156,998	(410)
Special education	2,013,361	2,013,361	2,010,611	(2,750)
Vocational education - SOQ	486,867	486,867	485,598	(1,269)
Social security instructional	951,771	951,771	949,289	(2,482)
Teacher retirement instructional	1,229,981	1,229,981	1,226,773	(3,208)
Group life insurance instructional	40,267	40,267	40,162	(105)
Early reading intervention	83,751	83,751	57,902	(25,849)
Lottery	972,188	872,188	725,220	(146,968)
School standard of learning	570,000	570,000	544,000	(26,000)
Special education - homebound	32,050	32,050	27,145	(4,905)
Regional programs	53,577	53,577	65,487	11,910
Occupational education	74,915	74,915	80,504	5,589
ISAEF	15,717	15,717	15,717	-
Special education - foster children	-	-	35,323	35,323
Algebra readiness initiative	22,198	22,198	21,120	(1,078)
At risk youth	53,542	53,542	53,380	(162)
Alternative education	105,884	105,884	105,884	-
Primary class size	122,398	122,398	114,568	(7,830)
Summer regional governor school	-	-	12,264	12,264
English as a second language	149,004	149,004	125,519	(23,485)
Other state funds	52,267	200,791	151,223	(49,568)
School construction	175,532	175,532	175,429	(103)
Total categorical aid	37,709,590	37,962,940	36,996,722	(966,218)
Total revenue from the Commonwealth	37,709,590	37,962,940	36,996,722	(966,218)
Revenue from the Federal Government:				
Categorical aid:				
Adult basic education	61,502	61,502	58,207	(3,295)
Title I	859,327	783,410	766,562	(16,848)
Title V	11,464	11,464	2,886	(8,578)
Title VI-B – special education	2,139,129	2,139,129	2,036,268	(102,861)
Vocational education	111,846	111,846	106,857	(4,989)
Title II	294,874	294,874	328,091	33,217
Drug free schools	27,319	27,319	32,211	4,892
English language acquisition	34,103	34,103	56,437	22,334
Pre-school incentive (VI-B)	77,649	77,649	57,164	(20,485)
ROTC	56,000	56,000	61,569	5,569
Star Talk III grant	-	-	14,420	14,420
Miscellaneous federal revenue	10,000	10,000	-	(10,000)
Total categorical aid	3,683,213	3,607,296	3,520,672	(86,624)
Total revenue from the Federal Government	3,683,213	3,607,296	3,520,672	(86,624)
Total School General Fund	\$ 126,103,043	\$ 127,688,522	\$ 122,701,424	\$ (4,987,098)

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1
Page 9 of 9

Governmental Funds and Discretely Presented Component Unit – School Board
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2009

Fund, Major, and Minor Revenue Sources	Original Budget	Amended Budget	Actual	Variance From Amended Positive (Negative)
Component Unit – School Board (continued)				
School Textbook Fund:				
Revenue from local sources:				
Charges for services:				
Miscellaneous revenue	\$ -	\$ -	\$ 7,916	\$ 7,916
Total revenue from local sources	-	-	7,916	7,916
Revenue from the Commonwealth:				
Categorical aid:				
Textbook program	433,861	433,861	432,730	(1,131)
Total revenue from the Commonwealth	433,861	433,861	432,730	(1,131)
Total School Textbook Fund	<u>433,861</u>	<u>433,861</u>	<u>440,646</u>	<u>6,785</u>
Food Nutrition Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	1,200	1,200	1,193	(7)
Charges for services:				
Cafeteria sales	3,065,591	3,065,591	2,933,188	(132,403)
Recovered costs:				
Miscellaneous recovered costs	188,000	188,000	118,818	(69,182)
Total revenue from local sources	<u>3,254,791</u>	<u>3,254,791</u>	<u>3,053,199</u>	<u>(201,592)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program	60,427	60,427	62,139	1,712
Total revenue from the Commonwealth	<u>60,427</u>	<u>60,427</u>	<u>62,139</u>	<u>1,712</u>
Revenue from the Federal Government:				
Categorical aid:				
School food program	1,011,501	1,011,501	1,429,231	417,730
Total revenue from the Federal Government	<u>1,011,501</u>	<u>1,011,501</u>	<u>1,429,231</u>	<u>417,730</u>
Total Food Nutrition Fund	<u>4,326,719</u>	<u>4,326,719</u>	<u>4,544,569</u>	<u>217,850</u>
Grand Total Revenues – Component Unit – School Board	<u>130,863,623</u>	<u>132,449,102</u>	<u>127,686,639</u>	<u>(4,762,463)</u>
Grand Total Revenues – Reporting Entity	<u>\$ 298,442,319</u>	<u>\$ 303,796,693</u>	<u>\$ 294,138,471</u>	<u>\$ (9,658,222)</u>



STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

STATISTICAL SECTION (CONTINUED)

Economic and Demographic Information

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

Table 13	Demographic and Economic Statistics
Table 14	Principal Employers

Operating Information

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

Table 15	County Government Employees by Function
Table 16	Operating Indicators by Function
Table 17	Capital Asset Statistics by Function

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

Table 1

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

	Fiscal Year		
	2003	2004	2005
Governmental Activities:			
Invested in capital assets, net of related debt	\$ 18,009,998	\$ 26,618,952	\$ 40,644,055
Restricted	44,233,311	37,942,314	18,850,455
Unrestricted (deficit)	<u>(18,111,238)</u>	<u>(23,890,674)</u>	<u>(7,813,527)</u>
Subtotal governmental activities net assets	<u>44,132,071</u>	<u>40,670,592</u>	<u>51,680,983</u>
Business-type Activities:			
Invested in capital assets, net of related debt	13,520,705	14,850,983	20,621,416
Restricted	-	-	-
Unrestricted (deficit)	<u>(1,066,254)</u>	<u>(2,187,668)</u>	<u>(2,956,053)</u>
Subtotal business-type activities net assets	<u>12,454,451</u>	<u>12,663,315</u>	<u>17,665,363</u>
Primary Government:			
Invested in capital assets, net of related debt	31,530,703	41,469,935	61,265,471
Restricted	44,233,311	37,942,314	18,850,455
Unrestricted (deficit)	<u>(19,177,492)</u>	<u>(26,078,342)</u>	<u>(10,769,580)</u>
Total Primary Government net assets	<u>56,586,522</u>	<u>53,333,907</u>	<u>69,346,346</u>
Component Unit – School Board: (2)			
Invested in capital assets, net of related debt	80,970,144	93,226,685	95,747,444
Unrestricted (deficit)	<u>(3,177,264)</u>	<u>(3,059,243)</u>	<u>(3,322,698)</u>
Total Component Unit – School Board net assets	<u>77,792,880</u>	<u>90,167,442</u>	<u>92,424,746</u>
Total Reporting Entity: (3)			
Invested in capital assets, net of related debt	76,325,010	87,881,798	109,038,526
Restricted	44,233,311	37,942,314	18,850,455
Unrestricted	<u>13,821,081</u>	<u>17,677,237</u>	<u>33,882,111</u>
Total Reporting Entity net assets	<u>\$ 134,379,402</u>	<u>\$ 143,501,349</u>	<u>\$ 161,771,092</u>

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

Fiscal Year				
2006	2007	2008	2009	
				Governmental Activities:
\$ 53,879,240	\$ 65,945,291	\$ 68,340,059	\$ 69,414,611	Invested in capital assets, net of related debt
12,274,124	11,751,955	1,736,551	1,841,662	Restricted
<u>(17,383,106)</u>	<u>(33,924,630)</u>	<u>(81,293,325)</u>	<u>(82,030,711)</u>	Unrestricted (deficit)
48,770,258	43,772,616	(11,216,715)	(10,774,438)	Subtotal governmental activities net assets
				Business-type Activities:
26,282,531	29,787,320	29,397,086	28,111,135	Invested in capital assets, net of related debt
1,496,173	-	-	-	Restricted
<u>(6,379,152)</u>	<u>(7,706,668)</u>	<u>(8,242,666)</u>	<u>(9,514,739)</u>	Unrestricted (deficit)
21,399,552	22,080,652	21,154,420	18,596,396	Subtotal business-type activities net assets
				Primary Government:
80,161,771	95,732,611	97,737,145	97,525,746	Invested in capital assets, net of related debt
13,770,297	11,751,955	1,736,551	1,841,662	Restricted
<u>(23,762,258)</u>	<u>(41,631,298)</u>	<u>(89,535,991)</u>	<u>(91,545,450)</u>	Unrestricted (deficit)
70,169,810	65,853,268	9,937,705	7,821,958	Total Primary Government net assets
				Component Unit – School Board: (2)
107,072,117	129,625,217	179,639,884	182,911,496	Invested in capital assets, net of related debt
<u>(2,377,077)</u>	<u>(3,617,216)</u>	<u>(3,537,827)</u>	<u>(3,628,205)</u>	Unrestricted (deficit)
104,695,040	126,008,001	176,102,057	179,283,291	Total Component Unit – School Board net assets
				Total Reporting Entity: (3)
140,141,659	159,597,988	167,486,251	168,903,411	Invested in capital assets, net of related debt
13,770,297	11,751,955	1,736,551	1,841,662	Restricted
20,952,894	20,511,326	16,816,960	16,360,176	Unrestricted
<u>\$ 174,864,850</u>	<u>\$ 191,861,269</u>	<u>\$ 186,039,762</u>	<u>\$ 187,105,249</u>	Total Reporting Entity net assets

Table 2

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

	Fiscal Year		
	2003	2004	2005
Primary Government:			
Expenses			
Governmental activities:			
General government	\$ 7,149,589	\$ 8,056,076	\$ 8,271,548
Judicial	2,286,910	2,624,872	2,558,587
Public safety	13,361,055	12,269,680	16,003,921
Public works	6,073,191	8,573,767	5,328,879
Health and welfare	5,837,219	6,457,957	7,047,257
Education	53,385,062	59,085,836	65,320,395
Parks, recreation, and cultural	3,036,023	5,688,379	4,040,458
Community development	3,713,826	4,647,136	5,679,959
Nondepartmental	516,608	552,652	732,410
Interest on long-term debt	2,729,065	2,841,978	3,115,326
Total governmental activities expenses	<u>98,088,548</u>	<u>110,798,333</u>	<u>118,098,740</u>
Business-type activities:			
Airport	157,888	207,616	260,805
Landfill and Recycling	4,226,521	6,098,414	7,952,230
Fleet maintenance (2)	1,753,717	-	-
Health insurance (2)	8,871,607	-	-
Total business-type activities expenses	<u>15,009,733</u>	<u>6,306,030</u>	<u>8,213,035</u>
Total primary government expenses	<u>113,098,281</u>	<u>117,104,363</u>	<u>126,311,775</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	15,009	12,130	14,022
Judicial administration	924,377	1,020,017	931,368
Parks, recreation, and cultural	454,772	580,611	547,467
Community development	176,087	1,609,625	890,346
Other activities	1,516,754	477,398	231,437
Operating grants and contributions	9,067,002	9,655,656	9,910,495
Capital grants and contributions	-	-	-
Total governmental activities program revenues	<u>12,154,001</u>	<u>13,355,437</u>	<u>12,525,135</u>
Business type activities:			
Charges for services:			
Airport	146,646	189,279	264,807
Landfill and Recycling	5,966,800	6,477,831	7,972,909
Fleet maintenance (2)	1,693,002	-	-
Health insurance (2)	8,889,993	-	-
Operating grants and contributions	27,630	32,996	22,741
Capital grants and contributions	485,967	3,189,469	4,811,819
Total business-type activities program revenues	<u>17,210,038</u>	<u>9,889,575</u>	<u>13,072,276</u>
Total primary government program revenues	<u>29,364,039</u>	<u>23,245,012</u>	<u>25,597,411</u>
Net (expense) revenue (3)			
Governmental activities:	(85,934,547)	(97,442,896)	(105,573,605)
Business-type activities	<u>2,200,305</u>	<u>3,583,545</u>	<u>4,859,241</u>
Total primary government net (expense) revenue	<u>\$ (83,734,242)</u>	<u>\$ (93,859,351)</u>	<u>\$ (100,714,364)</u>

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

Fiscal Year				
2006	2007	2008	2009	
				Primary Government:
				Expenses
				Governmental activities:
\$ 9,788,797	\$ 10,004,794	\$ 10,896,521	\$ 10,878,525	General government
2,754,050	3,019,115	3,348,758	3,383,922	Judicial
18,427,447	21,184,526	33,382,090	24,167,850	Public safety
6,029,767	6,474,088	7,765,864	7,467,516	Public works
8,003,092	8,661,693	9,899,394	10,052,834	Health and welfare
80,157,231	95,181,305	129,908,192	90,449,761	Education
4,647,337	6,002,774	5,551,667	5,949,804	Parks, recreation, and cultural
5,078,598	6,672,005	8,178,686	8,734,890	Community development
-	550,225	-	-	Nondepartmental
3,146,137	4,441,160	5,397,929	5,687,654	Interest on long-term debt
<u>138,032,456</u>	<u>162,191,685</u>	<u>214,329,101</u>	<u>166,772,756</u>	Total governmental activities expenses
				Business-type activities:
850,740	1,450,428	1,849,679	1,848,791	Airport
5,531,178	6,486,477	7,102,357	6,574,806	Landfill and Recycling
-	-	-	-	Fleet maintenance (2)
-	-	-	-	Health insurance (2)
<u>6,381,918</u>	<u>7,936,905</u>	<u>8,952,036</u>	<u>8,423,597</u>	Total business-type activities expenses
<u>144,414,374</u>	<u>170,128,590</u>	<u>223,281,137</u>	<u>175,196,353</u>	Total primary government expenses
				Program Revenues
				Governmental activities:
				Charges for services:
42,500	266,159	43,048	42,618	General government
1,082,951	924,355	733,265	946,883	Judicial administration
513,526	559,001	548,467	502,195	Parks, recreation, and cultural
51,959	2,116,948	1,675,560	1,185,958	Community development
219,191	246,107	728,954	1,780,001	Other activities
11,653,274	15,782,480	12,678,895	13,892,991	Operating grants and contributions
-	-	810,000	222,000	Capital grants and contributions
<u>13,563,401</u>	<u>19,895,050</u>	<u>17,218,189</u>	<u>18,572,646</u>	Total governmental activities program revenues
				Business type activities:
				Charges for services:
217,987	283,402	673,390	674,871	Airport
6,554,404	6,112,788	6,612,997	5,111,345	Landfill and Recycling
-	-	-	-	Fleet maintenance (2)
-	-	-	-	Health insurance (2)
48,633	45,669	17,739	50,460	Operating grants and contributions
3,114,018	1,592,253	34,462	61,585	Capital grants and contributions
<u>9,935,042</u>	<u>8,034,112</u>	<u>7,338,588</u>	<u>5,898,261</u>	Total business-type activities program revenues
<u>23,498,443</u>	<u>27,929,162</u>	<u>24,556,777</u>	<u>24,470,907</u>	Total primary government program revenues
(124,469,055)	(142,296,635)	(197,110,912)	(148,200,110)	Net (expense) revenue (3)
3,553,124	97,207	(1,613,448)	(2,525,336)	Governmental activities:
				Business-type activities
<u>\$ (120,915,931)</u>	<u>\$ (142,199,428)</u>	<u>\$ (198,724,360)</u>	<u>\$ (150,725,446)</u>	Total primary government net (expense) revenue

Table 2

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

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

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

Fiscal Year					
2006	2007	2008	2009		
					Primary Government: (continued)
					General Revenues and Other Changes in Net Assets
					Governmental activities:
					Taxes
\$ 86,079,820	\$ 101,852,501	\$ 109,470,150	\$ 117,835,182		General property taxes
7,372,629	7,565,111	7,032,385	6,240,448		Local sales and use taxes
3,247,767	3,804,003	4,985,109	4,561,422		Consumers' utility taxes
3,360,897	1,286,470	1,847,520	1,463,055		Business and professional taxes
1,440,165	69,473	1,727,843	1,737,173		Motor vehicle taxes
2,974,115	2,082,839	1,585,129	1,242,537		Taxes on recordation and wills
1,268,347	623,798	-	-		E-911 tax
562,967	517,709	224,995	181,577		Other local taxes
2,826,208	4,933,147	3,893,181	1,318,260		Investment earnings
723,786	222,369	457,724	169,889		Miscellaneous
14,705,161	14,259,811	14,260,569	13,852,748		Grants and contributions not restricted to specific programs
(47,941)	81,762	(463,024)	40,096		Transfers
(3,317,857)	-	-	-		Special Item - Water and Sewer Authority note receivable
<u>121,196,064</u>	<u>137,298,993</u>	<u>145,021,581</u>	<u>148,642,387</u>		Total governmental activities general revenues and other changes in net assets
					Business-type activities:
133,124	137,687	39,069	7,408		Investment earnings
-	527,968	185,123	-		Miscellaneous
47,941	(81,762)	463,024	(40,096)		Transfers
<u>181,065</u>	<u>583,893</u>	<u>687,216</u>	<u>(32,688)</u>		Total business-type activities general revenues and other changes in net assets
<u>121,377,129</u>	<u>137,882,886</u>	<u>145,708,797</u>	<u>148,609,699</u>		Total primary government general revenues and other changes in net assets
(3,272,991)	(4,997,642)	(52,089,331)	442,277		Change in Net Assets
3,734,189	681,100	(926,232)	(2,558,024)		Governmental activities
<u>461,198</u>	<u>(4,316,542)</u>	<u>(53,015,563)</u>	<u>(2,115,747)</u>		Business-type activities
					Total Primary Government change in net assets
<u>111,366,590</u>	<u>121,838,270</u>	<u>126,043,880</u>	<u>133,307,450</u>		Component Unit— School Board: (4)
					Expenses
					Education
3,470,481	3,392,923	3,465,276	3,331,139		Program Revenues
4,740,080	4,863,970	4,134,985	11,989,341		Charges for services
-	1,000,000	-	122,965		Operating grants and contributions (5)
8,210,561	9,256,893	7,600,261	15,443,445		Capital grants and contributions
<u>(103,156,029)</u>	<u>(112,581,377)</u>	<u>(118,443,619)</u>	<u>(117,864,005)</u>		Total component unit - School Board program revenues
					Net (expense) revenue (3)
81,597,198	95,952,739	129,514,166	90,120,368		General Revenues and Other Changes in Net Assets
956	12,932	1,416	1,193		Contribution from primary government (5)
72,953	635,215	364,411	471,525		Investment earnings
33,988,935	37,293,452	38,657,682	30,452,153		Miscellaneous
<u>115,660,042</u>	<u>133,894,338</u>	<u>168,537,675</u>	<u>121,045,239</u>		Grants and contributions not restricted to specific programs (5)
					Total component unit - School Board general revenues and other changes in net assets
<u>\$ 12,504,013</u>	<u>\$ 21,312,961</u>	<u>\$ 50,094,056</u>	<u>\$ 3,181,234</u>		Total Component Unit — School Board change in net assets

Table 3

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

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund:					
Reserved	\$ 164,475	\$ -	\$ 464,258	\$ -	\$ -
Unreserved:					
Designated	1,370,692	-	-	-	-
Undesignated	12,698,145	17,448,642	21,822,064	22,692,500	22,554,376
Total General Fund	<u>14,233,312</u>	<u>17,448,642</u>	<u>22,286,322</u>	<u>22,692,500</u>	<u>22,554,376</u>
Other Governmental Funds:					
Reserved	-	-	125,354	180,109	169,205
Unreserved:					
Designated:					
Capital Projects Fund (1)	14,429,042	24,159,467	46,160,157	44,053,202	37,773,109
Special revenue funds	-	-	-	-	-
Undesignated:					
Capital Projects Fund	-	-	-	-	-
Special revenue funds	535,590	718,543	903,010	1,370,588	1,594,915
Total Other Governmental Funds	<u>14,964,632</u>	<u>24,878,010</u>	<u>47,188,521</u>	<u>45,603,899</u>	<u>39,537,229</u>
Total Governmental Funds	<u>\$ 29,197,944</u>	<u>\$ 42,326,652</u>	<u>\$ 69,474,843</u>	<u>\$ 68,296,399</u>	<u>\$ 62,091,605</u>

(1) From FY 2000 to FY 2005, the full amount of capital projects fund balance was designated. As of FY 2006, the designated fund balance reflects only external legally restricted funds in the Capital Projects Fund .

Fiscal Year					
2005	2006	2007	2008	2009	
\$ 537,304	\$ 278,185	\$ 372,554	\$ 1,694,621	\$ 822,033	General Fund:
					Reserved
6,008,307	5,977,018	4,457,788	2,896,508	7,394,166	Unreserved:
12,655,527	14,733,278	14,735,631	16,223,542	16,019,461	Designated
<u>19,201,138</u>	<u>20,988,481</u>	<u>19,565,973</u>	<u>20,814,671</u>	<u>24,235,660</u>	Undesignated
					Total General Fund
					Other Governmental Funds:
2,563,674	16,203,182	41,058,636	8,873,516	3,407,936	Reserved
					Unreserved:
					Designated:
30,868,038	-	-	-	-	Capital Projects Fund (1)
-	-	-	724,956	881,774	Special revenue funds
					Undesignated:
-	9,952,866	4,388,501	21,659,732	13,575,588	Capital Projects Fund
2,319,572	5,689,128	8,850,570	3,332,605	3,631,227	Special revenue funds
<u>35,751,284</u>	<u>31,845,176</u>	<u>54,297,707</u>	<u>34,590,809</u>	<u>21,496,525</u>	Total Other Governmental Funds
<u>\$ 54,952,422</u>	<u>\$ 52,833,657</u>	<u>\$ 73,863,680</u>	<u>\$ 55,405,480</u>	<u>\$ 45,732,185</u>	Total Governmental Funds

Table 4

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Revenues					
General property and other local taxes	\$ 67,739,540	\$ 69,992,044	\$ 74,762,676	\$ 81,254,445	\$ 86,178,471
Permits, privilege fees, and regulatory licenses	739,401	1,130,335	1,169,124	1,508,077	1,598,890
Fines and forfeitures	259,781	362,610	432,297	504,517	504,771
Revenue from use of money and property	2,294,315	2,911,023	1,599,080	1,727,060	1,182,326
Charges for services	423,316	925,564	790,848	1,074,405	1,596,119
Gifts and donations	-	-	-	-	503,539
Recovered costs	853,977	157,924	461,620	145,617	180,538
Miscellaneous	51,380	66,485	10,130,575	471,701	-
Intergovernmental:					
Contribution from School Board (2)	5,267,760	5,485,229	9,450,982	3,789,103	1,188,192
Commonwealth of Virginia	9,944,767	14,153,911	18,695,882	18,673,462	19,993,164
Contribution from Culpeper County	-	-	-	-	-
Federal Government	1,456,157	1,742,273	1,914,743	2,421,379	2,863,540
Total revenues	<u>89,030,394</u>	<u>96,927,398</u>	<u>119,407,827</u>	<u>111,569,766</u>	<u>115,789,550</u>
Expenditures					
Current operating:					
General government administration	6,160,903	6,948,055	7,729,740	7,688,368	10,000,219
Judicial administration	2,132,796	1,925,457	2,107,733	2,186,402	2,651,525
Public safety	11,217,942	11,112,953	12,684,365	17,634,118	15,284,971
Public works	3,808,739	5,380,379	6,152,615	6,002,496	8,588,341
Health and welfare	4,721,916	4,934,176	5,324,034	5,787,402	6,498,599
Education (2)	44,520,355	48,469,865	58,276,418	57,933,386	70,255,695
Parks, recreation, and cultural	2,657,226	3,180,143	4,241,026	5,731,577	6,864,198
Community development	3,750,168	2,681,114	3,124,838	3,707,282	4,710,489
Nondepartmental	480,747	187,107	365,507	523,408	552,652
Capital outlay	7,190,220	109,323	-	-	-
Debt service:					
Principal retirement (1)	3,684,273	3,822,773	3,737,074	4,484,717	6,066,327
Interest & fiscal charges (1)	2,473,086	2,465,371	2,451,475	2,916,590	2,723,740
Total expenditures	<u>92,798,371</u>	<u>91,216,716</u>	<u>106,194,825</u>	<u>114,595,746</u>	<u>134,196,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,767,977)</u>	<u>5,710,682</u>	<u>13,213,002</u>	<u>(3,025,980)</u>	<u>(18,407,206)</u>
Other financing sources (uses)					
Transfers in (2)	3,459,293	11,359,163	6,601,874	8,364,435	7,444,089
Transfers (out) (2)	(3,504,083)	(11,591,137)	(6,710,683)	(8,403,077)	(7,644,624)
Construction bond proceeds	-	-	-	-	-
Issuance of debt (1)	3,500,000	7,650,000	14,043,998	1,700,000	11,630,000
Refunding bond issued	-	-	-	-	-
Payments to refunding bond escrow	-	-	-	-	-
Premiums on issuance of debt	-	-	-	-	772,947
Total other financing sources (uses)	<u>3,455,210</u>	<u>7,418,026</u>	<u>13,935,189</u>	<u>1,661,358</u>	<u>12,202,412</u>
Net change in fund balances	<u>\$ (312,767)</u>	<u>\$ 13,128,708</u>	<u>\$ 27,148,191</u>	<u>\$ (1,364,622)</u>	<u>\$ (6,204,794)</u>

- (1) In Virginia, the County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority, therefore the debt service payments related to School facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.
- (2) The County implemented GASB 34, the new reporting standard, in FY 2003. Prior to the implementation of GASB 34, the County's contribution to the School Board was reported as a transfer out. Implementation of GASB 34 required that the contribution to the School Board be reported as an education expenditure. For comparability FY 2000 through FY 2002 have been restated to reflect contribution to the School Board as education expenditures. In addition, debt service payments have been restated to reduce education and increase debt service from FY 2000 through FY 2002.
- (3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 30).

		Fiscal Year					
2005	2006	2007	2008	2009			
					Revenues		
\$ 93,092,244	\$ 105,484,892	\$ 117,395,045	\$ 125,634,196	\$ 132,573,715	General property and other local taxes		
2,212,566	1,921,717	2,287,326	1,575,699	1,213,148	Permits, privilege fees, and regulatory licenses		
486,847	529,420	526,235	403,870	483,483	Fines and forfeitures		
1,647,513	2,499,258	4,595,057	3,643,296	1,272,923	Revenue from use of money and property		
1,240,303	1,380,707	1,299,009	1,749,725	2,475,872	Charges for services		
887,490	1,035,693	4,395,470	140,246	2,441	Gifts and donations		
154,483	257,337	241,385	270,601	517,063	Recovered costs		
80,100	723,786	222,369	457,724	169,889	Miscellaneous		
					Intergovernmental:		
526,788	1,316,810	-	-	-	Contribution from School Board (2)		
20,660,061	22,290,152	22,520,192	23,687,021	23,577,653	Commonwealth of Virginia		
-	369,556	-	-	-	Contribution from Culpeper County		
2,557,472	2,663,034	3,126,629	2,647,758	4,165,645	Federal Government		
<u>123,545,867</u>	<u>140,472,362</u>	<u>156,608,717</u>	<u>160,210,136</u>	<u>166,451,832</u>	Total revenues		
					Expenditures		
					Current operating:		
9,133,896	9,391,807	10,820,861	10,654,666	10,747,190	General government administration		
5,334,255	4,933,976	2,913,670	3,065,299	2,966,916	Judicial administration		
19,869,721	19,157,429	21,101,417	23,453,213	24,314,107	Public safety		
5,539,741	6,193,511	6,483,272	8,319,953	6,729,594	Public works		
7,201,697	8,024,745	8,618,127	9,880,305	9,942,056	Health and welfare		
67,244,700	81,797,232	95,373,503	129,784,456	90,092,039	Education (2)		
5,691,502	11,725,937	17,173,878	7,269,368	6,868,414	Parks, recreation, and cultural		
5,795,456	5,092,111	6,670,589	8,186,119	8,553,281	Community development		
579,410	640,050	550,225	391,617	816,428	Nondepartmental		
-	-	-	-	-	Capital outlay		
					Debt service:		
4,976,092	5,138,726	5,711,745	6,900,170	8,739,019	Principal retirement (1)		
3,109,014	2,962,402	3,609,954	5,149,438	6,386,481	Interest & fiscal charges (1)		
<u>134,475,484</u>	<u>155,057,926</u>	<u>179,027,241</u>	<u>213,054,604</u>	<u>176,155,525</u>	Total expenditures		
<u>(10,929,617)</u>	<u>(14,585,564)</u>	<u>(22,418,524)</u>	<u>(52,844,468)</u>	<u>(9,703,693)</u>	Excess (deficiency) of revenues over (under) expenditures		
					Other financing sources (uses)		
9,902,280	7,927,776	11,551,635	7,738,049	3,583,913	Transfers in (2)		
(10,115,839)	(8,075,717)	(11,467,873)	(7,772,511)	(3,588,665)	Transfers (out) (2)		
-	11,540,000	-	-	-	Construction bond proceeds		
3,720,000	643,395	39,615,000	34,075,000	-	Issuance of debt (1)		
-	-	-	-	2,115,000	Refunding bond issued		
-	-	-	-	(2,285,637)	Payments to refunding bond escrow		
282,235	-	2,262,669	1,832,846	205,787	Premiums on issuance of debt		
<u>3,788,676</u>	<u>12,035,454</u>	<u>41,961,431</u>	<u>35,873,384</u>	<u>30,398</u>	Total other financing sources (uses)		
<u>\$ (7,140,941)</u>	<u>\$ (2,550,110)</u>	<u>\$ 19,542,907</u>	<u>\$ (16,971,084)</u>	<u>\$ (9,673,295)</u>	Net change in fund balances		

Table 4

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Debt Service as a Percentage of Noncapital Expenditures: (2)					
Primary Government:					
Total debt service	\$ 6,157,359	\$ 6,288,144	\$ 6,188,549	\$ 7,401,307	\$ 8,790,067
Total expenditures	92,798,371	91,216,716	106,194,825	114,595,746	134,196,756
Capital outlay primary government only (3)	2,124,467	2,566,454	7,593,418	9,028,008	7,437,757
Non-capital expenditures	90,673,904	88,650,262	98,601,407	105,567,738	126,758,999
Debt service as a percentage of noncapital expenditures: Primary Government only	6.79%	7.09%	6.28%	7.01%	6.93%
Component Unit - School Board:					
Schools expenditures excluding County contribution	20,560,482	22,503,838	21,294,224	32,953,449	36,016,109
Capital outlay Component Unit— School Board only (3)	19,058,070	9,898,068	4,852,106	6,124,463	15,749,994
Non-capital expenditures	1,502,412	12,605,770	16,442,118	26,828,986	20,266,115
Total Reporting Entity:					
Total debt service	6,157,359	6,288,144	6,188,549	7,401,307	8,790,067
Total non-capital expenditures	\$ 92,176,316	\$ 101,256,032	\$ 115,043,525	\$ 132,396,724	\$ 147,025,114
Debt service as a percentage of noncapital expenditures: Total Reporting Entity	6.68%	6.21%	5.38%	5.59%	5.98%

- (1) In Virginia, the County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority, therefore the debt service payments related to School facilities are presented as debt service of the Primary Government. Debt service as a percentage of noncapital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.
- (2) The County implemented GASB 34, the new reporting standard, in FY 2003. Prior to the implementation of GASB 34, the County's contribution to the School Board was reported as a transfer out. Implementation of GASB 34 required that the contribution to the School Board be reported as an education expenditure. For comparability FY 2000 through FY 2002 have been restated to reflect contribution to the School Board as education expenditures. In addition, debt service payments have been restated to reduce education and increase debt service from FY 2000 through FY 2002.
- (3) The amount reported for "capital outlay primary government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for governmental funds (Exhibit 6). The amount reported for "capital outlay Component Unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance for the Discretely Presented Component Unit - School Board (Exhibit 30).

Fiscal Year					
2005	2006	2007	2008	2009	
Debt Service as a Percentage of Noncapital Expenditures: (2)					
Primary Government:					
<u>\$ 8,085,106</u>	<u>\$ 8,101,128</u>	<u>\$ 9,321,699</u>	<u>\$ 12,049,608</u>	<u>\$ 15,125,500</u>	Total debt service
134,475,484	155,057,926	179,027,241	213,054,604	176,155,525	Total expenditures
<u>11,543,894</u>	<u>12,209,038</u>	<u>14,448,161</u>	<u>4,665,840</u>	<u>3,473,135</u>	Capital outlay primary government only (3)
<u>122,931,590</u>	<u>142,848,888</u>	<u>164,579,080</u>	<u>208,388,764</u>	<u>172,682,390</u>	Non-capital expenditures
6.58%	5.67%	5.66%	5.78%	8.76%	Debt service as a percentage of noncapital expenditures: Primary Government only
Component Unit - School Board:					
39,528,052	41,363,609	47,200,710	47,144,282	46,216,452	Schools expenditures excluding County contribution
<u>7,511,716</u>	<u>1,441,275</u>	<u>2,172,271</u>	<u>2,327,141</u>	<u>1,594,750</u>	Capital outlay Component Unit— School Board only (3)
<u>32,016,336</u>	<u>39,922,334</u>	<u>45,028,439</u>	<u>44,817,141</u>	<u>44,621,702</u>	Non-capital expenditures
Total Reporting Entity:					
<u>8,085,106</u>	<u>8,101,128</u>	<u>9,321,699</u>	<u>12,049,608</u>	<u>15,125,500</u>	Total debt service
<u>\$ 154,947,926</u>	<u>\$ 182,771,222</u>	<u>\$ 209,607,519</u>	<u>\$ 253,205,905</u>	<u>\$ 217,304,092</u>	Total non-capital expenditures
5.22%	4.43%	4.45%	4.76%	6.96%	Debt service as a percentage of noncapital expenditures: Total Reporting Entity

COUNTY OF FAUQUIER, VIRGINIA

Table 5-A

Assessed Value and Estimated Actual Value of Real Property (1)
Last Ten Calendar Years

(2) Taxable Year	Real Property							Total Value
	Residential Property	Commercial Property	Agricultural Property	Public Service SCC Assessed	Total Taxable Real Property Assessed Value	Total Real Property Direct Tax Rate	Add: Tax-Exempt Real Property	
2000	\$ 2,656,247,900	\$ 387,275,800	\$ 808,032,100	\$ 181,193,023	\$ 4,032,748,823	\$ 1.06	\$ 371,632,000	\$ 4,404,380,823
2001	2,751,109,100	392,858,900	815,564,800	224,191,709	4,183,724,509	1.06	394,813,400	4,578,537,909
2002	3,572,379,700	504,421,900	1,057,149,600	340,899,267	5,474,850,467	0.99	484,348,200	5,959,198,667
2003	3,758,119,100	513,850,300	1,077,644,800	339,251,808	5,688,866,008	0.99	496,561,200	6,185,427,208
2004	3,949,367,500	520,611,300	1,098,114,300	304,158,721	5,872,251,821	0.99	512,628,100	6,384,879,921
2005	4,153,865,100	537,406,500	1,118,396,200	362,631,919	6,172,299,719	0.99	537,928,300	6,710,228,019
2006	8,619,946,900	1,011,218,000	2,064,283,800	319,941,047	12,015,389,747	0.645	846,925,400	12,862,315,147
2007	8,891,346,700	1,028,164,000	2,078,798,500	569,687,837	12,567,997,037	0.645	864,260,500	13,432,257,537
2008	9,049,864,500	1,058,920,900	2,090,635,900	608,233,836	12,807,655,136	0.765	940,499,500	13,748,154,636
2009	9,128,162,400	1,071,298,800	2,100,370,400	619,755,825	12,919,587,425	0.765	967,101,100	13,886,688,525

Source: Fauquier County Commissioner of the Revenue

Table 5-B

Assessed Value and Estimated Actual Value of Personal Property
Last Ten Calendar Years

(2) Taxable Year	Personal Property			Total Personal Property Direct Tax Rate
	General Property	Segregated Properties	Total Personal Property Assessed Value	
2000	\$ 371,110,903	\$ 21,749,109	\$ 392,860,012	\$ 4.51
2001	420,854,436	25,273,659	446,128,095	4.50
2002	468,636,375	29,042,629	497,679,004	4.50
2003	502,499,964	32,260,379	534,760,343	4.49
2004	550,408,045	37,082,203	587,490,248	4.48
2005	572,850,102	42,268,883	615,118,985	4.47
2006	657,335,103	44,884,530	702,219,633	4.47
2007	699,277,775	41,418,065	740,695,840	4.51
2008	699,159,711	44,112,412	743,272,123	4.51
2009	704,651,911	45,079,146	749,731,057	4.51

Source: Fauquier County Commissioner of the Revenue

Table 5-C

Tax Relief for the Elderly
Last Ten Calendar Years

(2) Taxable Year	Tax Relief for the Elderly
2000	\$ 54,792,550
2001	70,219,275
2002	91,532,575
2003	92,926,950
2004	92,117,700
2005	94,161,350
2006	237,690,300
2007	259,018,590
2008	267,875,000
2009	305,180,200

Source: Fauquier County Commissioner of the Revenue

- (1) Property in Fauquier County is reassessed once every four years at actual market value. Property is assessed at 100 percent of estimated actual value. Tax rates are per \$100 of assessed value.
- (2) The Statement requires that the information in these schedules be shown for each period for which levied.

COUNTY OF FAUQUIER, VIRGINIA

Table 6

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

Type of Tax	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
FAUQUIER COUNTY										
Countywide tax levies:										
Real property:										
General Fund	\$ 1.00	\$ 0.99	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.925	\$ 0.600	\$ 0.600	\$ 0.720	\$ 0.720
Fire and Rescue Special Revenue Fund	0.06	0.07	0.07	0.07	0.07	0.045	0.035	0.035	0.035	0.035
Conservation Easement Purchase Levy	-	-	-	-	-	0.020	0.010	0.010	0.010	0.010
Total direct real property tax rate	<u>1.06</u>	<u>1.06</u>	<u>0.99</u>	<u>0.99</u>	<u>0.99</u>	<u>0.990</u>	<u>0.645</u>	<u>0.645</u>	<u>0.765</u>	<u>0.765</u>
Personal property:										
General class	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Airplanes	0.60	0.60	0.60	0.60	0.60	0.60	0.001	0.001	0.001	0.001
Machinery and tools	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Handicapped equipped vehicle	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Camper, trailers, and boats	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Mobile homes	1.06	1.06	0.99	0.99	0.99	0.99	0.645	0.65	0.765	0.765
Fire and rescue	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total direct personal property tax rate	<u>4.51</u>	<u>4.50</u>	<u>4.50</u>	<u>4.49</u>	<u>4.48</u>	<u>4.47</u>	<u>4.47</u>	<u>4.51</u>	<u>4.51</u>	<u>4.51</u>
Special district levies:										
Marshall Street Light Levy (2)	-	-	-	0.02	0.02	0.02	0.005	0.005	0.005	0.005
OVERLAPPING GOVERNMENTS										
Town of Warrenton:										
Real estate	0.14	0.115	0.05	0.03	0.03	0.03	0.015	0.015	0.015	0.015
Personal property	2.25	2.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Town of Remington:										
Real estate	0.12	0.14	0.14	0.14	0.14	0.14	0.10	0.10	0.10	0.10
Personal property	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Town of The Plains:										
Real estate	0.075	0.075	0.075	0.075	0.075	0.075	0.04	0.04	0.04	0.04
Personal property	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

- (1) The County does not have any direct and overlapping debt to report.
(2) The Marshall Street Light Levy is a special assessment for the Marshall District only.

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

COUNTY OF FAUQUIER, VIRGINIA

Table 7-A

Principal Real Property Taxpayers
Current Year and Nine Years Ago

TAXPAYER	2009			2000		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Electric & Power Company	\$ 259,064,867	1	2.01%	\$ 97,124,775	1	2.41%
Old Dominion Electric Co-op	173,763,889	2	1.34%			
Verizon - Virginia, Inc.	61,152,716	3	0.47%			
Warrenton Center LLC, Shopping Center	27,714,500	4	0.21%			
Northern Virginia Electric Co-op	27,250,375	5	0.21%	17,098,410	5	0.42%
Oak Spring Farms LLC	26,938,800	6	0.21%	23,438,400	3	0.58%
Warrenton Development Company	21,008,800	7	0.16%	9,613,500	9	0.24%
Rappahannock Electric Co-op	18,640,144	8	0.14%	11,679,214	6	0.29%
Airlie Foundation	17,481,600	9	0.14%			
Warrenton Village LLC	16,871,600	10	0.13%			
Bell Atlantic - Virginia, Inc.				48,134,277	2	1.19%
Jefferson Associates LP				23,107,000	4	0.57%
Norfolk Southern Railway Company				11,313,050	7	0.28%
Colonial Pipeline Company				10,481,311	8	0.26%
Kilmaren Corporation				8,729,400	10	0.22%
Total	<u>\$ 649,887,291</u>		<u>5.04%</u>	<u>\$ 260,719,337</u>		<u>6.46%</u>

Source: Fauquier County Commissioner of the Revenue

Table 7-B

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

TAXPAYER	2009			2000		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
J. W. Buess	\$ 4,806,500	1	0.64%			
Luck Stone Corp.	4,793,070	2	0.64%			
Vulcan Materials Co.	4,708,159	3	0.63%			
Prince William Construction Co, LLC.	3,892,117	4	0.52%			
Food Lion, Inc.	2,773,346	5	0.37%	\$ 1,791,535	5	0.46%
Toyota Motor Credit Corporation	2,513,172	6	0.34%	2,438,622	2	0.62%
DCFS Trust	2,314,797	7	0.31%			
Scenic America	2,113,288	8	0.28%			
Eastern Clearing	2,000,845	9	0.27%			
Hawk, Inc.	1,968,727	10	0.26%	1,241,141	8	0.32%
General Motors Acceptance Corp. (GMAC)				2,675,496	1	0.68%
First Union National Bank of VA				2,273,025	3	0.58%
Trinity Packaging Corporation				2,004,222	4	0.51%
Ford Motor Credit				1,682,159	6	0.43%
R. L. Rider & Co.				1,284,176	7	0.33%
Valley Drilling Corp of VA				1,213,749	9	0.31%
D. L. Peterson Trust				1,193,200	10	0.30%
Total	<u>\$ 31,884,021</u>		<u>4.26%</u>	<u>\$ 17,797,325</u>		<u>4.54%</u>

(1) Original TY 2009 Book Assessments

Source: Fauquier County Commissioner of the Revenue

COUNTY OF FAUQUIER, VIRGINIA

Table 8

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year (1)	Tax Levied for the Tax Year	Adjustments	Total Adjusted Levy	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Tax Levy	Amount	Amount	Percentage of Tax Levy
2000	\$ 61,185,988	\$ 581,154	\$ 61,767,142	\$ 60,527,627	98.92%	\$ 1,045,683	\$ 61,573,310	99.69%
2001	63,854,161	921,558	64,775,719	62,009,789	97.11%	961,209	62,970,998	97.21%
2002	72,191,444	1,834,000	74,025,444	70,762,226	98.02%	1,025,281	71,787,507	96.98%
2003	79,480,945	(185,045)	79,295,900	77,320,736	97.28%	1,059,263	78,379,999	98.84%
2004	82,886,242	240,833	83,127,075	81,216,837	97.99%	(19,452)	81,197,385	97.68%
2005	87,592,939	(111,533)	87,481,406	85,659,133	97.79%	372,503	86,031,636	98.34%
2006	101,562,098	309,525	101,871,623	98,217,478	96.71%	2,980,031	101,197,509	99.34%
2007	113,458,234	137,161	113,595,395	112,279,628	98.96%	155,704	112,435,332	98.98%
2008	121,618,037	(230,633)	121,387,404	119,513,886	98.27%	1,646,698	121,160,584	99.81%
2009	130,672,014	-	130,672,014	127,948,474	97.92%	-	127,948,474	97.92%

(1) For FY 2001 to 2009, the current tax collections also include reimbursement from the Commonwealth under the Personal Property Tax Relief Act. The Personal Property Tax Relief Act amounts received for tax years 2001 to 2008 are as follows:

FY 2002	10,460,368	CY 2001
FY 2003	11,244,650	CY 2002
FY 2004	12,210,646	CY 2003
FY 2005	12,310,614	CY 2004
FY 2006	13,857,040	CY 2005
FY 2007	13,654,504	CY 2006
FY 2008	13,657,447	CY 2007
FY 2009	13,657,726	CY 2008

Source: Fauquier County Treasurer

Table 9

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities					
Fiscal Year	Capital Lease	Revenue Bonds (1)	General Obligation Bonds	Virginia Public School Authority Bonds	State Literary Fund Loan
2000	\$ 2,730,727	\$ -	\$ 11,200,000	\$ 29,010,000	\$ 162,500
2001	2,395,454	3,075,000	10,400,000	31,060,000	-
2002	9,443,381	3,075,000	10,095,000	34,885,000	-
2003	10,458,664	3,075,000	9,215,000	31,965,000	-
2004	8,246,174	2,960,000	8,335,000	40,710,000	-
2005	7,690,082	2,840,000	7,450,000	41,015,000	-
2006	7,116,356	2,715,000	6,580,000	48,985,000	-
2007	6,519,611	2,585,000	5,720,000	84,475,000	-
2008	5,899,442	2,450,000	4,870,000	113,255,000	-
2009	5,255,423	2,260,000	4,030,000	106,140,000	-

- (1) The County issued \$3,075,000 of Sewer Revenue Bonds on June 28, 2001 for the Fauquier County Water and Sanitation Authority (FCWSA), maturing annually beginning April 1, 2004. In FY 2009 the County issued \$2,115,000 of refunding bonds. FCWSA will be reimbursing the County from tap fees.
- (2) See the schedule of Demographic and Economic Statistics on Table 13 for personal income and population data.

* Unavailable

Business-type Activities						
Capital Lease	Solid Waste Revenue Bonds	Notes Payable	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)	Fiscal Year
\$ -	\$ 3,325,000	\$ -	\$ 46,428,227	2.14%	\$ 850	2000
-	3,065,000	-	49,995,454	2.15%	907	2001
-	2,790,000	-	60,288,381	2.51%	1,050	2002
-	2,545,000	-	57,258,664	2.29%	975	2003
-	2,220,000	-	62,471,174	2.28%	1,043	2004
-	1,885,000	-	60,880,082	2.00%	984	2005
-	1,540,000	-	66,936,356	2.06%	1,051	2006
1,192,000	1,180,000	51,937	101,723,548	3.03%	1,583	2007
1,192,000	805,000	35,656	128,507,098	*	1,949	2008
880,005	410,000	18,362	118,993,790	*	1,781	2009

COUNTY OF FAUQUIER, VIRGINIA

Table 10

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Schools General Obligation Bonds	Virginia Public School Authority Bonds	Net General Bonded Debt	Percentage of Personal Income	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
2000	\$ 11,200,000	\$ 29,010,000	\$ 40,210,000	1.86%	0.91%	\$ 736
2001	10,400,000	31,060,000	41,460,000	1.78%	0.90%	752
2002	10,095,000	34,885,000	44,980,000	1.87%	0.75%	784
2003	9,215,000	31,965,000	41,180,000	1.65%	0.66%	702
2004	8,335,000	40,710,000	49,045,000	1.79%	0.76%	819
2005	7,450,000	41,015,000	48,465,000	1.59%	0.71%	783
2006	6,580,000	48,985,000	55,565,000	1.71%	0.44%	872
2007	5,720,000	84,475,000	90,195,000	2.68%	0.68%	1,404
2008	4,870,000	113,255,000	118,125,000	*	0.87%	1,792
2009	4,030,000	106,140,000	110,170,000	*	0.81%	1,649

- (1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 5A-B-C for property value data.
- (2) See the schedule of Demographic and Economic Statistics on Table 13 for population data.

* Unavailable



Table 11

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

Fiscal Year	Sewer Revenue Bonds				Coverage (1)
	Sewer Tap Fees	Debt Service			
		Principal	Interest	Total	
2000	\$ -	\$ -	\$ -	\$ -	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	15,000	-	147,425	147,425	0.10
2004	10,500	115,000	147,425	262,425	0.04
2005	6,000	120,000	142,710	262,710	0.02
2006	42,500	125,000	137,790	262,790	0.16
2007	57,983	130,000	132,665	262,665	0.22
2008	114,500	135,000	127,010	262,010	0.44
2009	-	140,000	121,138	261,138	-

- (1) Debt Service payments are covered by the General Fund.
- (2) In FY 2005, landfill closure/postclosure costs increased significantly.

Solid Waste Bonds							
Landfill and Recycling Fund Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service			Coverage	Fiscal Year
			Principal	Interest	Total		
\$ 2,212,272	\$ 1,873,800	\$ 338,472	\$ 250,000	\$ 190,633	\$ 440,633	0.77	2000
2,734,054	2,698,983	35,071	260,000	153,591	413,591	0.08	2001
5,220,443	3,200,280	2,020,163	275,000	162,001	437,001	4.62	2002
5,966,800	4,070,045	1,896,755	250,000	156,476	406,476	4.67	2003
6,531,316	5,967,652	563,664	325,000	103,675	428,675	1.31	2004
8,075,461	7,855,360	220,101	335,000	90,675	425,675	0.52 (2)	2005
6,736,161	5,449,334	1,286,827	345,000	77,275	422,275	3.05	2006
6,788,579	6,375,659	412,920	360,000	63,475	423,475	0.98	2007
6,762,973	7,011,980	(249,007)	375,000	49,075	424,075	(0.59)	2008
5,135,953	6,512,598	(1,376,645)	395,000	32,200	427,200	(3.22)	2009

Table 12

County Policy Debt Margin (1)
Last Ten Fiscal Years

	Fiscal Year				
	2000	2001	2002	2003	2004
Primary Government general revenues	\$ 80,622,386	\$ 87,439,221	\$ 95,068,229	\$ 101,414,870	\$ 107,742,248
Debt limit (10% of general revenues)	8,062,239	8,743,922	9,506,823	10,141,487	10,774,225
Total net debt applicable to limit	6,157,359	6,288,144	6,188,549	7,401,307	8,790,067
County policy margin	<u>\$ 1,904,880</u>	<u>\$ 2,455,778</u>	<u>\$ 3,318,274</u>	<u>\$ 2,740,180</u>	<u>\$ 1,984,158</u>
Total net debt applicable to the limit as a percentage of general revenues	7.64%	7.19%	6.51%	7.30%	8.16%

(1) The Code of Virginia has no legal debt margin limit set on the Counties. However, Fauquier County has established a policy to limit debt service to no more than ten percent of general revenues.

Fiscal Year					
2005	2006	2007	2008	2009	
\$ 115,802,686	\$ 130,354,175	\$ 142,714,982	\$ 151,241,607	\$ 157,808,035	Primary Government general revenues
11,580,269	13,035,418	14,271,498	15,124,161	15,780,804	Debt limit (10% of general revenues)
<u>8,085,106</u>	<u>8,101,127</u>	<u>9,321,699</u>	<u>12,049,608</u>	<u>15,125,500</u>	Total net debt applicable to limit
<u>\$ 3,495,163</u>	<u>\$ 4,934,291</u>	<u>\$ 4,949,799</u>	<u>\$ 3,074,553</u>	<u>\$ 655,304</u>	County policy margin
6.98%	6.21%	6.53%	7.97%	9.58%	Total net debt applicable to the limit as a percentage of general revenues

COUNTY OF FAUQUIER, VIRGINIA

Table 13

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Estimated Population (1)	Personal Income (expressed in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	County Civilian Labor Force (3)	At-Place Employment Annual Average (3)	School Enrollment (4)
2000	54,600	\$ 2,164,569	\$ 38,940	1.5%	30,037	17,138	9,588
2001	55,139	2,328,195	40,646	2.1%	30,955	17,715	9,623
2002	57,400	2,406,592	40,655	3.1%	31,987	18,766	9,675
2003	58,700	2,500,858	41,135	3.1%	32,802	19,369	10,054
2004	59,900	2,739,851	43,795	2.7%	34,194	20,713	10,295
2005	61,900	3,042,877	47,378	2.6%	35,767	21,579	10,717
2006	63,696	3,248,549	49,587	2.4%	36,851	22,022	10,940
2007	64,261	3,362,539	50,854	2.5%	37,216	21,710	11,084
2008	65,936	*	*	3.4%	37,921	21,419	11,287
2009	66,801	*	*	5.5%	*	20,122	11,241

- Sources:
- (1) Weldon Cooper Center for Public Service final population estimates for FY 2000 through FY 2008, except for FY 2001 which shows Census Report as of April 1, 2000; and provisional estimates for FY 2009.
 - (2) Bureau of Economic Analysis, calendar year data.
 - (3) Virginia Employment Commission calendar year data for 2000 through 2008. Data for 2009 unemployment is the average monthly rate for January 2009 through June 2009. Data for 2009 At-Place employment is for the 1st quarter of 2009.
 - (4) Fauquier County Schools actual enrollment for FY 2000 through FY 2008. FY 2009 enrollment is projected.

* Unavailable

COUNTY OF FAUQUIER, VIRGINIA

Table 14

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

Employer	2009		2000	
	Rank	Number of Employees	Rank	Number of Employees
Fauquier County School Board	1	1000 and over	1	1000 and over
Fauquier Hospital	2	500 to 999	2	500 to 999
County of Fauquier	3	500 to 999	3	500 to 999
U.S. Department of Transportation	4	250 to 499		
Wal Mart	5	100 to 249	6	100 to 249
Food Lion	6	100 to 249	7	100 to 249
Town of Warrenton	7	100 to 249		
Warrenton Overlook Health and Rehabilitation Center	8	100 to 249		
The Fauquier Bank	9	100 to 249		
Oak Springs Nursing Home	10	100 to 249		
Imaging Acceptance			4	250 to 499
Trinity Packaging Corporation			5	250 to 499
Ross Industries			8	100 to 249
Giant Food			9	100 to 249
Airlie Foundation			10	100 to 249

Source: Virginia Employment Commission Top 50 Employers (1st Quarter of 2009 and 2nd Quarter of 2000)

COUNTY OF FAUQUIER, VIRGINIA

Table 15

County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	104.7	107.7	113.1	112.4	112.9	117.9	119.1	116.8	114.8	116.2
Judicial administration	29.8	31.5	34.5	36.5	37.5	37.7	39.7	40.7	41.7	40.7
Public safety	105.5	105.5	125.0	138.0	138.0	141.0	153.0	155.0	185.6	195.6
Public works	44.0	45.0	49.0	45.0	47.5	48.5	52.5	56.5	56.5	60.5
Health and welfare	38.0	38.0	39.0	42.0	42.5	43.7	45.5	46.8	47.1	47.1
Parks, recreation, and cultural	45.2	45.2	46.3	47.2	49.7	54.2	58.2	65.4	65.6	68.2
Community development	29.5	30.0	30.0	35.0	36.0	43.6	46.6	52.6	53.0	53.0
Other funds										
Airport	-	-	-	-	1.0	2.1	2.1	2.6	2.0	2.0
Joint Communications (1)	19.0	19.0	20.0	21.0	22.0	22.6	24.6	24.6	-	-
Environmental Services	6.5	7.5	8.5	18.8	21.5	21.5	22.0	28.0	31.0	31.0
Fleet Maintenance	15.0	16.0	16.0	16.0	16.0	16.0	16.0	15.0	15.0	15.0
Conservation Easement Service District	-	-	-	-	-	-	-	0.8	1.0	1.0
Subtotal	<u>40.5</u>	<u>42.5</u>	<u>44.5</u>	<u>55.8</u>	<u>60.5</u>	<u>62.2</u>	<u>64.7</u>	<u>71.0</u>	<u>49.0</u>	<u>49.0</u>
Total Primary Government	<u>437.2</u>	<u>445.4</u>	<u>481.4</u>	<u>511.9</u>	<u>524.6</u>	<u>548.8</u>	<u>579.3</u>	<u>604.8</u>	<u>613.3</u>	<u>630.3</u>
Component Unit— School Board										
Education	*	1,447.0	1,487.0	1,473.0	1,509.8	1,598.5	1,625.1	1,644.2	1,640.0	1,725
Total Reporting Entity	<u>437.2</u>	<u>1,892.4</u>	<u>1,968.4</u>	<u>1,984.9</u>	<u>2,034.4</u>	<u>2,147.3</u>	<u>2,204.4</u>	<u>2,249.0</u>	<u>2,253.3</u>	<u>2,355.3</u>

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

Sources: For County Government employees information:
 FY 2008 to FY 2009 -FY 2010 Adopted Budget - Actual numbers for FY 2008 and Budget numbers for FY 2009
 FY 2005 to FY 2008 -FY 2009 Adopted Budget
 FY 2004 -FY 2008 Adopted Budget
 FY 2003 -FY 2007 Adopted Budget
 FY 2002 -FY 2006 Adopted Budget
 FY 2000 to FY 2001 -FY 2003 Adopted Budget

For Component Unit - School Board employees information:
 FY 2009 -FY 2010 Fauquier County Public Schools Adopted Budget
 FY 2004 to FY 2008 -FY 2009 Fauquier County Public Schools Adopted Budget
 FY 2001 to FY 2003 -CAFRs

* Unavailable



Table 16

Operating Indicators by Function (1)
Last Ten Fiscal Years

Function	Fiscal Year				
	2000	2001	2002	2003	2004
General government					
Commissioner of the revenue					
Real estate number of parcels	28,045	28,421	28,421	29,691	30,299
Land use number of parcels	4,080	4,110	4,046	4,103	4,048
PPTRA qualifying vehicles	62,889	66,141	70,016	68,569	70,861
County attorney					
Total litigation files opened	44	67	61	44	38
Finance					
Vendor checks issued	22,000	23,000	25,200	19,126	19,227
Payroll annual checks/direct deposits	36,250	37,257	35,572	40,385	41,441
Human resources					
Employment applications received	*	*	*	*	4,436
New employees orientated	*	*	*	*	802
Information technology					
Web pages updated	840	890	1,200	2,328	2,500
Web site hits	182,885	1,890,376	*	9,511,086	7,000,000
Treasurer					
Real estate bills mailed	52,850	55,297	56,005	57,661	59,146
Personal property bills mailed	46,850	51,745	57,928	53,815	57,977
Vehicle decals issued	50,140	55,969	58,923	60,844	62,294
Dog tags issued	925	612	902	721	725
Judicial administration					
Adult court services					
Average daily caseload	228	251	305	424	403
Circuit court (2)					
Law cases (3)	415	404	450	423	475
Chancery cases (3)	420	446	450	372	427
Civil cases (3)	*	*	*	*	*
Criminal cases	900	897	900	946	983
Clerk of the circuit court (by calendar year)					
Deed book recording	12,230	16,932	22,000	28,410	23,334
Judgments	1,169	1,457	1,593	2,120	1,767
Criminal cases	942	897	864	946	983
Concealed weapon permits	139	106	342	364	274

(1) Operating indicators for the current year-end will not be available until the publication of the subsequent year's budget. Therefore, no 2009 information is available.

(2) Circuit court data reporting revised to calendar year from fiscal year as of 2005.

(3) Law and chancery cases have been combined into civil cases category as of CY 2006

(4) Park attendance revised to include all sites as of FY 2004.

(5) Writing element added to SAT in FY 2006

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

Sources: Fauquier County Budgets, Fauquier County Superintendent's Annual Reports

* Unavailable

Fiscal Year					Function
2005	2006	2007	2008	2009 (1)	
General government					
					Commissioner of the revenue
30,934	31,402	32,218	32,404	*	Real estate number of parcels
3,829	3,861	3,855	3,886	*	Land use number of parcels
72,644	69,280	68,806	69,141	*	PPTRA qualifying vehicles
					County attorney
40	73	45	45	*	Total litigation files opened
					Finance
21,564	19,927	20,227	19,525	*	Vendor checks issued
44,676	44,900	47,360	48,296	*	Payroll annual checks/direct deposits
					Human resources
4,755	7,775	8,626	13,438	*	Employment applications received
995	1,027	1,147	941	*	New employees orientated
					Information technology
2,500	2,500	*	*	*	Web pages updated
7,000,000	7,000,000	1,671,308	1,705,740	*	Web site hits
					Treasurer
59,652	61,172	60,080	62,239	*	Real estate bills mailed
59,843	61,498	59,773	60,961	*	Personal property bills mailed
65,085	67,401	-	-	*	Vehicle decals issued
773	874	969	2,025	*	Dog tags issued
Judicial administration					
					Adult court services
359	301	395	366	*	Average daily caseload
					Circuit court (2)
438	*	*	*	*	Law cases (3)
360	*	*	*	*	Chancery cases (3)
938	881	941	1,132	*	Civil cases (3)
905	1,028	1,005	930	*	Criminal cases
					Clerk of the circuit court (by calendar year)
23,807	19,778	15,132	10,928	*	Deed book recording
1,845	1,911	2,461	2,510	*	Judgments
905	1,028	1,006	930	*	Criminal cases
215	224	387	644	*	Concealed weapon permits

Table 16

Operating Indicators by Function (1)
Last Ten Fiscal Years

Function	Fiscal Year				
	2000	2001	2002	2003	2004
Public safety					
Detention center					
Prisoner transports	5,321	5,511	5,612	4,122	4,452
Average daily inmate population	128	137	142	67	67
Juvenile detention					
Youth detained	*	*	*	60	67
Child care days	*	*	*	2,001	1,592
Juvenile probation					
Probation and parole per month	*	166	200	150	211
Community service hours	*	5,511	4,699	3,620	2,509
Fire, rescue, and emergency services					
911 calls for service	9,203	9,745	10,296	13,153	14,411
Hazardous material response	*	1200 hrs.	1200 hrs.	600 hrs.	500 hrs.
Emergency response	*	600 calls	750 calls	400 calls	300 calls
Sheriff					
Traffic summonses issued	5,721	5,819	5,912	10,187	7,745
Misdemeanor arrests	1,428	1,417	1,929	1,854	1,609
Felony arrests	1,207	1,189	1,186	575	613
Civil papers served	26,419	26,511	26,912	13,430	13,392
Calls for service	3,001	35,319	39,912	37,921	35,938
Animal control calls for service	1,480	1,473	1,421	1,774	1,947
Joint communications (6)					
Telephone calls processed	-	-	-	-	-
Dispatch actions performed	-	-	-	-	-
Calls for service	-	-	-	-	-
Public works					
Environmental services - convenience sites					
Solid waste - tons	*	*	*	67,426	74,715
Recycled materials - tons	*	*	*	45,273	54,730
Resident visits	*	*	*	718,359	734,091
General services					
Facility work orders completed	8,249	8,191	7,894	8,797	8,410
Fleet vehicles/small engines	*	*	*	522	539
Preventive maintenance schedule	520	624	744	824	931
Surplus property	*	*	*	1,958	2,232
Health and welfare					
Comprehensive services act					
Comprehensive Services for At-Risk Youth and Families (CSA):					
Regular and residential foster care	55	52	51	54	70
Preventive foster care	30	35	22	15	34
Social services					
Adoption assistance	16	14	15	17	21
Adults receiving services	216	212	245	245	268
Approved foster/adoptive homes	44	41	45	32	29

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

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

Fiscal Year					Function
2005	2006	2007	2008	2009 (1)	
					Public safety
					Detention center
7,622	6,237	6,201	5,311	*	Prisoner transports
59	75	104	111	*	Average daily inmate population
					Juvenile detention
54	76	98	45	*	Youth detained
922	2,179	3,851	1,000	*	Child care days
					Juvenile probation
93	92	97	100	*	Probation and parole per month
2,793	2,608	2,482	2,482	*	Community service hours
					Fire, rescue, and emergency services
15,298	15,552	16,820	17,349	*	911 calls for service
600 hrs.	500 hrs.	500 hrs.	*	*	Hazardous material response
300 calls	300 calls	300 calls	*	*	Emergency response
					Sheriff
9,511	10,357	9,835	6,862	*	Traffic summonses issued
1,534	1,470	1,880	1,671	*	Misdemeanor arrests
708	807	890	733	*	Felony arrests
13,969	15,855	14,807	16,580	*	Civil papers served
38,541	41,182	44,010	44,421	*	Calls for service
2,428	3,691	3,917	3,845	*	Animal control calls for service
					Joint communications (6)
-	-	-	197,531	*	Telephone calls processed
-	-	-	*	*	Dispatch actions performed
-	-	-	85,671	*	Calls for service
					Public works
					Environmental services - convenience sites
74,337	72,682	66,063	100,745	*	Solid waste - tons
49,000	10,855	10,183	34,093	*	Recycled materials - tons
757,405	672,645	664,778	649,384	*	Resident visits
					General services
8,720	9,462	9,553	9,555	*	Facility work orders completed
610	671	751	773	*	Fleet vehicles/small engines
1,024	1,426	1,811	2,000	*	Preventive maintenance schedule
2,318	2,558	*	*	*	Surplus property
					Health and welfare
					Comprehensive services act
					Comprehensive Services for At-Risk Youth and Families (CSA):
80	53	102	54	*	Regular and residential foster care
38	38	45	40	*	Preventive foster care
					Social services
37	26	29	29	*	Adoption assistance
220	233	263	350	*	Adults receiving services
29	*	*	*	*	Approved foster/adoptive homes

Table 16

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

Function	Fiscal Year				
	2000	2001	2002	2003	2004
Parks, recreation, and cultural					
Library					
Materials cataloged/processed	9,493	12,454	14,235	12,839	15,157
Periodicals cataloged/processed	3,629	3,410	3,921	3,935	3,829
Library patron visits	220,506	215,812	225,506	231,918	222,783
Parks and recreation					
Park attendance (4)	48,340	56,176	108,669	114,352	420,785
Shelter rentals	265	130	149	140	167
Education					
Per pupil expenditures	7,913	8,106	8,726	8,247	8,601
High school completion rate	82%	85%	86%	84%	87%
SAT scores (5)	1,032	1,032	1,046	1,055	1,045
Federal subsidized meals program	17.0%	14.9%	14.2%	14.1%	15.2%
Community development					
Web page updated	*	*	89	116	287
Rezoning/comp plans	15	15	17	24	11
Preliminary/final subdivisions	67	33	42	39	14
Zoning permits issued	1,493	1,680	1,729	1,866	2,189
Building plans reviewed	1,553	1,718	1,913	2,091	2,227
Land disturbing permits issued	43	49	50	43	75
Marketing response to web site	*	*	*	*	202
Other funds					
Environmental services					
Residents using the landfill	*	89,992	174,850	259,498	262,103
Total tons recycled	*	34,709	41,153	45,273	54,730
Recycling rate	*	37%	44%	47%	33%
Fleet maintenance					
Internal service fund county users	25	29	29	29	28
Internal service fund non-county users	7	8	8	9	9
Total vehicles serviced	*	2,870	2,940	3,967	3,704
Joint communications (6)					
Telephone calls processed	*	*	*	248,426	246,286
Dispatch actions performed	*	*	*	587,556	631,597
Calls for service	*	*	*	69,243	71,925

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

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

Fiscal Year					Function
2005	2006	2007	2008	2009 (1)	
					Parks, recreation, and cultural
					Library
14,344	16,515	14,364	12,793	*	Materials cataloged/processed
3,758	3,869	4,820	4,137	*	Periodicals cataloged/processed
253,533	248,112	268,635	278,842	*	Library patron visits
					Parks and recreation
624,780	615,263	646,026	890,292	*	Park attendance (4)
208	210	190	257	*	Shelter rentals
					Education
8,878	9,546	10,925	11,154	*	Per pupil expenditures
94%	93%	94%	95%	*	High school completion rate
1,057	1,534	1,515	1,525	*	SAT scores (5)
15.7%	15.5%	16.2%	16.7%	*	Federal subsidized meals program
					Community development
462	462	408	300	*	Web page updated
32	9	15	7	*	Rezoning/comp plans
29	26	14	5	*	Preliminary/final subdivisions
2,462	2,763	1,416	1,723	*	Zoning permits issued
2,407	2,788	2,071	1,607	*	Building plans reviewed
85	83	130	87	*	Land disturbing permits issued
408	84,118	88,638	*	*	Marketing response to web site
					Other funds
					Environmental services
250,000	281,190	250,994	223,745	*	Residents using the landfill
49,000	10,855	10,183	34,093	*	Total tons recycled
27%	25%	28%	31%	*	Recycling rate
					Fleet maintenance
28	26	42	28	*	Internal service fund county users
9	7	16	9	*	Internal service fund non-county users
4,200	4,385	4,603	4,338	*	Total vehicles serviced
					Joint communications (6)
292,750	201,225	203,809	-	-	Telephone calls processed
646,312	651,756	737,995	-	-	Dispatch actions performed
74,782	74,232	84,827	-	-	Calls for service

COUNTY OF FAUQUIER, VIRGINIA

Table 17

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Judicial administration										
Detention center capacities	56	56	56	56	56	56	56	56	56	56
Public safety										
Fire and rescue companies	13	13	13	13	13	13	13	13	11	11
Public works										
Active vehicles	232	237	219	240	243	266	279	272	253	260
County owned buildings	42	42	42	42	49	50	50	52	52	55
Sq. ft. in buildings	313,065	313,065	333,351	338,851	396,817	399,361	399,761	401,493	401,493	405,705
Parks, recreation, and cultural										
Libraries	3	3	3	3	3	3	3	3	3	3
Volumes	139,609	139,609	157,059	165,381	181,606	185,951	194,618	202,794	205,791	211,950
Parks and recreation facilities	22	22	30	30	27	32	32	33	34	32
Land acres	100	*	*	576	576	576	576	897	899	732
Water acres	109	*	*	189	189	189	190	190	193	113
Trails (miles)	*	*	*	*	*	8.50	8.50	8.75	12.00	12.75
Fields	*	*	*	*	*	53	58	58	58	71
Boats	*	*	*	36	36	36	36	59	59	33
Shelters	*	*	*	*	*	9	10	20	20	15
Swimming pools	-	-	-	-	-	1	1	1	1	2
Education										
Elementary schools										
Buildings	10	10	10	10	10	10	10	10	10	11
Sq. ft. in buildings	625,222	625,222	625,222	625,222	625,222	625,222	625,222	625,222	625,222	723,383
Capacity	5,495	5,495	5,495	5,495	5,495	5,495	5,495	5,495	5,495	6,095
Middle schools										
Buildings	4	4	4	4	4	5	5	5	5	5
Sq. ft. in buildings	379,865	379,865	379,865	379,865	379,865	493,865	493,865	493,865	493,865	504,425
Capacity	2,583	2,583	2,583	2,583	2,583	3,183	3,183	3,183	3,183	3,183
High schools										
Buildings	2	2	2	2	2	2	2	2	2	3
Sq. ft. in buildings	523,995	523,995	523,995	523,995	523,995	523,995	523,995	523,995	523,995	755,790
Capacity	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	4,500
Alternative schools										
Buildings	1	1	1	1	1	1	1	1	1	1
Sq. ft. in buildings	17,754	17,754	17,754	17,754	17,754	17,754	17,754	17,754	17,754	17,754
Capacity	191	191	191	191	191	191	191	191	191	191
Number of school buses	178	166	155	154	161	173	164	173	178	174
Airport										
Miles of runways	0.92	0.92	0.92	0.92	0.92	0.96	0.96	0.96	0.96	0.96
Number of hangars	6	6	6	7	7	7	7	10	10	10

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

* Unavailable

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Fauquier, Virginia as of and for the year ended June 30, 2009, which collectively comprise the County of Fauquier, Virginia' basic financial statements and have issued our report thereon dated October 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 13, 2009

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the County of Fauquier, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Fauquier, Virginia' management. Our responsibility is to express an opinion on the County'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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County of Fauquier, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 13, 2009

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 For the Year Ended June 30, 2009

Page 1 of 7

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Primary Government:			
DEPARTMENT OF AGRICULTURE:			
Pass-through payments from Commonwealth of Virginia:			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	46003- 90103 46003- 90104 46003- 90212 46003- 90223 46003- 90224 46003- 90403 46003- 90404 46006- 90703 46006- 90704	\$ 377,253
Total Department of Agriculture			<u>377,253</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass-through payments from Commonwealth of Virginia:			
Department of Housing and Community Development:			
Neighborhood Stabilization Program	14.256	53305- 49380	<u>25,000</u>
Total Department of Housing and Urban Development			<u>25,000</u>
DEPARTMENT OF THE INTERIOR:			
Direct payments:			
American Battlefield Protection	15.926	Not Applicable	<u>4,500</u>
Total Department of the Interior			<u>4,500</u>
DEPARTMENT OF JUSTICE:			
Direct payments:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			
	16.580	Not Applicable	880
Pass-through payments from Commonwealth of Virginia:			
Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	39001- 51000	<u>60,000</u>
Total Department of Justice			<u>\$ 60,880</u>

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Primary Government: (continued)			
DEPARTMENT OF TRANSPORTATION:			
Direct payments:			
Federal Aviation Administration:			
Airport Improvement Program	20.106	Not Applicable	\$ 91,941
Pass-through payments from Commonwealth of Virginia:			
Department of Motor Vehicle:			
Alcohol Open Container Requirements	20.607	60507- 58010 60507- 58507 60507- 59185	37,510
Department of Transportation:			
Transportation Enhancement Program (TEA-21)	Not Available	EN03-030-111, PE101, RW201, C501/UPC 59803 EN07-030-116, P101, RW201, C501/UPC 87017	46,283
Total Department of Transportation			175,734
DEPARTMENT OF EDUCATION:			
Pass-through payments from Commonwealth of Virginia:			
ARRA - State Fiscal Stabilization Funds - General	84.397	30712	1,054,853
Total Department of Education			1,054,853
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-through payments from Commonwealth of Virginia:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	46006- 90249 46006- 90250	3,930
Temporary Assistance for Needy Families	93.558	45201- 90603 45212- 90366 45212- 90377 45212- 90391 45212- 90621 46003- 90109 46003- 90110 46003- 90111 46003- 90112 46003- 90127 46003- 90409 46003- 90410 46003- 90411 46003- 90412 46006- 90229 46006- 90230 46006- 90231 46006- 90232 46006- 90247	\$ 318,489

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Primary Government: (continued)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):			
Pass-through payments from Commonwealth of Virginia (continued):			
Department of Social Services (continued):			
Refugee and Entrant Assistance - State Administered Programs	93.566	46003- 90113 46003- 90210 46003- 90413 46006- 90233	\$ 956
Low-Income Home Energy Assistance	93.568	46003- 90114 46003- 90115 46006- 90234 46006- 90235	8,288
Child Care Cluster:1			
Child Care and Development Block Grant	93.575	45215- 90544 45215- 90545	634,961
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	45214- 90517 45214- 90529 45214- 90540 45214- 90541 45215- 90378 45215- 90521 46003- 90116 46003- 90117 46003- 90118 46003- 90119 46003- 90416 46003- 90417 46003- 90418 46006- 90236 46006- 90237 46006- 90238 46006- 90239 46006- 90716	255,229
Chafee Education and Training Vouchers Program	93.599	46901- 90353	6,374
Child Welfare Services - State Grants	93.645	46006- 90251	\$ 2,187

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 For the Year Ended June 30, 2009

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Primary Government: (continued)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):			
Pass-through payments from Commonwealth of Virginia (continued):			
Department of Social Services (continued):			
Foster Care - Title IV-E	93.658	46003- 90105 46003- 90106 46003- 90107 46003- 90209 46003- 90405 46003- 90406 46003- 90407 46006- 90225 46006- 90226 46006- 90227 46006- 90253 46006- 90258 46006- 90705 46006- 90706 46006- 90707 46006- 90733 46006- 90738 46901- 90047 46901- 90636 46901- 90637 46901- 90639 46901- 90641	\$ 489,380
ARRA - Foster Care - Title IV-E	93.658		30,479
Adoption Assistance	93.659	46003- 90108 46003- 90408 46006- 90228 46006- 90708 46903- 90606 46903- 90627	69,413
ARRA - Adoption Assistance	93.659		\$ 5,130

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Primary Government: (continued)			
DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):			
Pass-through payments from Commonwealth of Virginia (continued):			
Department of Social Services (continued):			
Social Services Block Grant	93.667	46003- 90122 46003- 90123 46003- 90124 46003- 90125 46006- 90240 46006- 90242 46006- 90243 46006- 90244 46006- 90245 46006- 90246 46006- 90262 46802- 90312 46802- 90313 46802- 90332 46802- 90340 46802- 90379 46901- 90357 46901- 90358	\$ 157,346
Chafee Foster Care Independence Program	93.674	46003- 90134 46006- 90254 46901- 90356	3,490
Children's Health Insurance Program	93.767	46003- 90102 46003- 90402 46006- 90222 46006- 90702	29,161
Medical Assistance Program	93.778	46003- 90101 46003- 90213 46003- 90401 46006- 90221 46006- 90701	249,758
Total Department of Health and Human Services			2,264,571
DEPARTMENT OF HOMELAND SECURITY:			
Direct payments:			
State Domestic Preparedness Equipment Support Program	97.004	77501- 52705	270,333
Pass-through payments from Commonwealth of Virginia:			
Emergency Management Performance Grant	97.042	77501- 52748	13,000
Total Department of Homeland Security			\$ 283,333

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 For the Year Ended June 30, 2009

Page 6 of 7

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Primary Government: (continued)			
DEPARTMENT OF THE TREASURY:			
Direct payments:			
Secret Service Task Force	21.000	Not Applicable	\$ 11,461
Total Department of the Treasury			<u>11,461</u>
Total Primary Government			<u><u>4,257,585</u></u>
Component Unit - School Board:			
DEPARTMENT OF AGRICULTURE:			
Pass-Through Payments from Commonwealth of Virginia:			
Child Nutrition Cluster2			
Department of Education:			
School Breakfast Program	10.553	17901- 40591	183,790
National School Lunch Program	10.555	17901- 40623	984,050
Department of Agriculture and Consumer Services:			
National School Lunch Program - Commodities	10.555	Not Applicable	<u>261,391</u>
Total Department of Agriculture			<u>1,429,231</u>
DEPARTMENT OF DEFENSE:			
Direct Payments:			
Junior ROTC Program	12.000	Not Applicable	61,570
Mathematical Sciences Grants Program	12.901	Not Applicable	<u>14,420</u>
Total Department of Defense			<u>75,990</u>
DEPARTMENT OF EDUCATION:			
Pass-Through Payments from Commonwealth of Virginia:			
Department of Education:			
Special Education Cluster:3			
Special Education - Grants to States	84.027	17901- 43071	2,036,268
Special Education - Preschool Grants	84.173	17901- 62521	57,164
Adult Education Basic Grants to States	84.002	17901- 42801	58,207
Title I Grants to Local Educational Agencies	84.010	17101- 42901 17901- 42892	766,563
Career and Technical Education - Basic Grants to States	84.048	17901- 61095	\$ 106,858

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit
 For the Year Ended June 30, 2009

Federal Granting Agency/Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Total Federal Expenditures
Component Unit - School Board: (continued)			
DEPARTMENT OF EDUCATION (CONTINUED):			
Pass-Through Payments from Commonwealth of Virginia (continued):			
Department of Education (continued):			
Safe and Drug-Free Schools and Communities - State Grants	84.186	17901- 60511	\$ 32,210
State Grants for Innovative Programs	84.298	17901- 49005	2,885
Education Technology State Grants	84.318	17901- 61600	7,389
English Language Acquisition Grants	84.365	17901- 60512	56,437
Improving Teacher Quality State Grants (Title II)	84.367	17901- 61480	<u>320,702</u>
Total Department of Education			<u>3,444,683</u>
Total Component Unit - School Board			<u>4,949,904</u>
Total Federal Assistance Reporting Entity			<u>\$ 9,207,489</u>

COUNTY OF FAUQUIER, VIRGINIA

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009**

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the County of Fauquier, Virginia. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 4,094,362
Other Governmental Funds	71,283
Airport Fund	91,941
Total primary government	<u>4,257,586</u>

Component Unit – Public Schools:

School General Fund	3,520,672
School Special Revenue Fund	1,429,231
Total component unit public schools	<u>4,949,903</u>

Total federal expenditures per basic financial statements 9,207,489

Total federal expenditures per the Schedule of Expenditures
of Federal Awards \$ 9,207,489

COUNTY OF FAUQUIER, VIRGINIA

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2009**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
84.397	State Fiscal Stabilization Funds, Recovery Act
93.658	Foster Care - Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Resolution of Prior Year Findings

The prior year report revealed an overstatement of school component unit capital assets for the statement of net assets and an understatement of education expenses on the statement of activities by \$2,512,963. This finding was resolved and corrected by management prior to issuance of the report. In the current year the County has expanded the tasks related to the recording and reconciliation of capital assets to ensure the accuracy of internal records prior to issuance of financial reports.

