COUNTY OF WASHINGTON, VIRGINIA FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2006



ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: October 4, 2006

MEMORANDUM TO: Board of Supervisors

County of Washington, Virginia

FROM: Robinson, Farmer, Cox Associates

REGARDING: Audit for the year ended June 30, 2006

In planning and performing our audit of the financial statements of the County of Washington, Virginia, for the year ended June 30, 2006, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated October 4, 2006, on the financial statements of the County. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

School Board State and Federal Revenues

We had a difficult time reconciling the School Board's State and Federal revenues recorded in the County's revenue ledger to the State's LO52 report (report of state and federal revenues remitted to a locality by type) due to the fact that the coding from the state differs from the School Board's chart of accounts.

We recommended that the Treasurer's office request that the School Board code all state and federal revenues so that they can be properly recorded in the County's accounting records. This process has already been implemented.

Future Accounting Pronouncements

GASB Statement No. 45

The Government Accounting Standards Board (GASB) has issued its Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other than Pensions. The statement establishes standards for the measurement, recognition and display of OPEB expense and related liabilities in the financial statements. Employers allowing retirees to participate in health insurance plans and/or other benefit plans will be required (subject to certain limitations) to provide an actuarial study showing the estimated costs of such plans, regardless if the local government makes any contribution on behalf of the employee. The requirements of the Statement are effective in three phases based on the government's annual revenues, with the earliest effective date being for the year ended June 30, 2008.

Statements on Auditing Standards No. 103 through 114

In response to recent accounting scandals, the American Institute of Certified Public Accountants has issued several new standards scheduled to go into effect in the next two audit cycles. These standards set forth guidance to auditors in communicating internal control deficiencies and provide clarification on matters that should be considered internal control deficiencies. In addition, these standards will encourage local governments to take an active role in the preparation of their year-end financial statements including data normally compiled for presentation by external auditors. As a result, local governments should become familiar with reporting standards set forth by the Governmental Accounting Standards Board (GASB); the Financial Accounting Standards Board (FASB) and generally accepted accounting standards (GAAP).

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2006

COUNTY OF WASHINGTON, VIRGINIA FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2006

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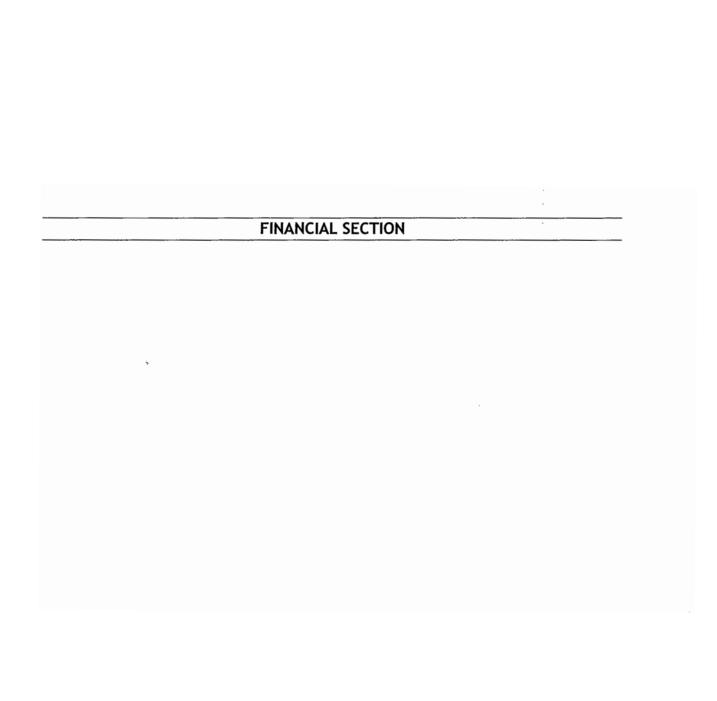
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	BOARD OF SUPERVISORS	
Phillip B. McCall Anthony S. Rector	Kenneth O. Reynolds, Chair	Paul Price Jack R. McCrady, Jr.
Dulcie M. Mumpower	Mark K. Reeter, Clerk	Odell Owens
	COUNTY SCHOOL BOARD	
	Curtis Burkett, Chair	T D. M: -!
Herschel Stevens Billy W. Brooks		Tom D. Musick William B. Boone
Elizabeth P. Lowe	Melissa Caudill, Clerk	Dayton Owens
	SOCIAL SERVICES BOARD	
Randall T. Blevins	David M. Cline, Chair	Dan C. Ball
Stephen B. Talbert Lisa D. Andis		Richard C. Buchanan Sarah Haderer
	OTHER OFFICIALS	
•	ourt	
•		
Judge of Juvenile and Dome	stic Relations Court	Charles F. Lincoln
	stic Relations Court	
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2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		•
County Administrator		
County Administrator Finance Director		Mark W. Seamon



ROBINSON, FARMER, COX ASSOCIATES

	Independent Auditors' Report	
CERTIFIED PUBLIC ACCOUNTANTS	A PROFESSIONAL LIMITED LIABILITY COMI	PAN

THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS COUNTY OF WASHINGTON, VIRGINIA

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Washington, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Washington County Service Authority, the Virginia Highlands Airport Commission and the Industrial Development Authority of Washington County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Washington County Service Authority, the Virginia Highlands Airport Commission and the Industrial Development Authority of Washington County is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2006, on our consideration of the County of Washington, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement 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 budgetary comparison 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 inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Washington, Virginia's, basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, and other supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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 Washington, Virginia. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole. The introductory section and other supplementary information section 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.

Christiansburg, Virginia

Robinson, Jaemer, la Associates

Management's Discussion and Analysis

As management of the County of Washington, Virginia we offer the following discussion and analysis of the County's financial performance and overview of the County's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the County's financial statements, which follow this section.

Financial Highlights For Fiscal Year 2006

- Total net assets for governmental activities were \$8.3 million at the end of FY 2006. This figure is based on assets totaling \$24.7 million and liabilities of \$16.4 million. The liabilities amount includes a non-current component for long-term debt associated with the acquisition of assets for the County and School system. The total for assets includes only the school properties with related debt. (Exhibit 1).
- During the year, the County's General Revenues, which includes property taxes and other local taxes for the primary government, were \$2.7 million more than the \$36.9 million of net primary government expenses. (Exhibit 2).
- Total general fund revenues exceeded the final budgeted amount by \$3.2 million or approximately 7.0 percent. Actual expenditures were \$3.5 million less than the final expenditure budget. (Exhibit 8)
- The County's total outstanding debt at fiscal year end decreased by \$1.1 million because the County incurred very little new debt. Since 1991, the School system has generally made several improvements to current school facilities by issuing new debt as old debt is retiring. In lieu of building new school facilities, the School system has upgraded its facilities to meet ADA requirements, to make them energy efficient and to extend their useful life.
- Component Unit net assets were \$75.2 million at the end of FY2006. Of this amount, \$70.1 million is invested in capital assets, net of related debt.
- At the end of the current fiscal year, undesignated fund balance for the general fund was approximately \$11.1 million. The Board of Supervisors has adopted a policy to keep the undesignated general fund balance at a minimum of \$3.5 million. The County needs to keep an adequate cash reserve to cover expenses until the collection of property tax revenues start.
- The Southwest Virginia Regional Jail opened in April of 2005 with Washington County making its first payment for Operations of \$156,405. A major impact on expenditures occurred during the year with the County making payments for a full year of operations and related debt service totaling \$1.4 million.

Overview of the Financial Statements

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

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The user of this report, however, must keep in mind that School related debt activities may distort net assets.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, health and welfare, parks and recreation, solid waste and community development. The County does not have any business-type activities.

The government-wide financial statements include the County (known as the *primary government*) as well as funds of the Washington County School Board, the Washington County Service Authority, the Virginia Highlands Airport Commission and the Washington County Industrial Development Authority (known as the *component unit*). Financial information for this component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three kinds of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. Consequently, the governmental funds statements report 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 at the bottom of the governmental funds statement that explains the relationship (or difference) between them.

<u>Proprietary funds</u> – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported with the full accrual accounting method as are all activities reported in the Statement of Net Assets and Statement of Activities. Enterprise funds are a type of proprietary fund and are the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The County's component unite Service Authority and other component units are presented as proprietary funds.

<u>Fiduciary funds</u> – The County is the trustee, or fiduciary, for the County's agency funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

<u>Notes to the basic financial statements.</u> The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Financial Analysis of the County as a Whole

A comparative analysis of government-wide information is as follows:

Summary of Net Assets:

The following table reflects the condensed Statement of Net Assets as presented in the government-wide financial statements (in millions):

	Governn Activit		Compon	ent Units
	FY2006	FY2005	FY2006	FY2005
Current and other assets	\$18.5	\$16.5	\$17.2	\$15.8
Capital assets, net	6.2	6.2	81.9	81.3
Total assets	24.7	22.7	99.1	97.1
Other liabilities	2.3	1.9	3.7	3.5
Long-term liabilities	14.1	15.2	20.2	20.7
Total liabilities	16.4	17.1	23.9	24.2
Net assets:				
Invested in capital assets,				
net of related debt	2.9	2.7	70.1	64.9
Restricted	0.6	0.3	15.4	16.5
Unrestricted	4.8	2.6	(10.3)	(8.5)
Total net assets	\$8.3	\$5.6	\$75.2	\$72.9

The County's combined net assets increased from \$5.6 million to \$8.3 million as a result of the increase in net activities of governmental activities of \$2.7 million. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day activities of the County began the fiscal year at \$2.6 million. By the end of the fiscal year, the unrestricted net assets had grown to \$4.8 million. Net assets invested in capital assets, net of related debt, represents the amount of capital assets owned by the County. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. E911 funds are restricted so that they can be used for the E911 purposes.

Component unit net assets increased slightly as the result of lower than budgeted expenses.

Summary of Activities:

The following table shows the revenues and expenses of the governmental activities for the year ended June 30, 2006 (in millions):

(Exhibit 2)		Governmental Activities Component Un		
	FY2006	FY2005	FY2006	FY2005
Revenues:				
Program revenues:				
Charges for Services	\$1.4	\$1.1	\$13.7	\$12.6
Operating Grants & Contributions	8.1	7.9	41.2	38.1
Capital Grants & Contributions	0.6	0.1	2.3	0.7
General Revenues				
Property Taxes	26.0	22.9	0.0	0.0
Other Taxes	9.7	8.8	0.0	0.0
Other	3.9	3.5	1.5	1.2
Payments from the County	0.0	0.0	21.5	19.5
Total Revenues	49.7	44.3	80.2	72.1
Expenses				
General Government	2.1	2.6	0.0	0.0
Judicial Administration	1.1	1.0	0.0	0.0
Public Safety	7.8	6.5	0.0	0.0
Public Works	2.8	2.8	9.8	9.0
Health and Welfare	6.4	6.0	0.0	0.0
Education	20.8	18.7	64.3	60.0
Parks, Recreation and Cultural	2.2	1.8	0.0	0.0
Community Development	3.1	2.4	3.8	2.1
Interest on Long-Term Debt	0.7	0.7	0.0	0.0
Water	0.0	0.0	0.0	0.0
Total Expenses	47.0	42.5	77.9	71.1
Change in Net Assets	2.7	1.8	2.3	1.0
Transfers	0.0	0.0	0.0	0.0
Net Assets, Beginning of Year	5.6	3.8	72.9	71.9
Net Assets, Ending	\$8.3	\$5.6	\$75.2	\$72.9

Revenues

For the fiscal year ended June 30, 2006, revenues from governmental funds totaled \$49.7 million. Property tax revenues, the County's largest revenue source, were \$26.0 million, an increase of \$3.1 million over the prior fiscal year. The substantial increase in property tax revenues was the result of a countywide reassessment of real property values. The total assessed value of real property, excluding additional assessments due to new construction or improvements to property, exceeds last year's total assessed value of real property by 15.4%. In an effort to reduce the financial impact on Washington County property owners, the Board of Supervisors reduced the real property tax rate from \$0.60 to \$0.57 per \$100 of valuation.

Other local taxes (including sales taxes, recordation taxes, and meals taxes) were \$9.7 million, an increase of \$0.9 million over FY2005. Population growth contributed to these increases as well as an improved economy. Intergovernmental revenues, totaling \$11.1 million, included some increases in support from the Commonwealth of Virginia for Constitutional Officers and other state shared revenues.

Component unit revenues total \$80.2 million, including a \$21.5 million transfer from the general fund. Increased revenues are due to an increase in programs, resulting in additional State revenues, Federal revenues and local transfers.

Expenses / Expenditures

For the fiscal year ended June 30, 2006, expenses for governmental activities totaled \$47.0 million. Included in the expenses are increases in employee compensation, transfers for educational expenses to the School Board, and interest on long-term debt.

Education is a very high priority in the Washington County community; consequently the Board of Supervisors contributed \$19.9 million to the operation of the Washington County schools. This amount represented about 42% of the County's general fund expenses.

Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2006, the governmental funds reflect a combined fund balance of \$15.3 million, an Increase of \$1.8 million from the fiscal year ended June 30, 2005. This Increase is due to higher than budgeted revenues being received, and less than budgeted expenditures being expended.

General Fund Budgetary Highlights

The following table presents revenue and expenditure for the General Fund only for FY 2006 (in millions):

		Original Budget		Final Budget	Actual
Revenues:	•		•	-	
Taxes	\$	32.8	\$	32.8	\$ 35.7
Intergovernmental		10.9		11.5	11.1
Other		1.9	_	2.3	3.0
Total	\$	45.6	\$	46.6	\$ 49.8
Expenditures and Transfers:					
Expenditures	\$	47.9	\$	51.0	\$ 47.5
Transfers	_	0.1	_	2.0	 1.7
Total		48.0		52.9	49.2
Changes in Fund Balance	\$]	(2.4)	\$	(6.4)	\$ 0.6

A discussion of the variances between the original budget and the final budget and of the variance between the final budget and the actual results is constructive.

The most significant increase in comparing original budget to final budget in the revenues is found in the "Intergovernmental" category. Some unanticipated State grant funds were budgeted and received during the fiscal year to account for \$0.6 million increase. The most significant increase in comparing final budget to actual revenues in found in the "Taxes" category. Real property and other local taxes all exceeded the final budget amount by approximately \$2.9 million.

The most significant increase in comparing original budget to final budget in expenditures is primarily due to the carryover of unexpended funds for various projects and commitments from the prior fiscal year. Also, a significant decrease can be found in comparing final budget to actual in expenditures because of unexpended funds for various fiscal year 2006 projects and commitments.

Capital Assets

The following table displays the County and Schools (Discretely Presented Component Unit) capital assets at June 30, 2006, in millions of dollars:

		nmental vities	Prese Compor	retely ented nent Unit I Board
	FY2006	FY2005	FY2006	FY2005
Non-Depreciable Assets:				
Land	\$0.8	\$0.8	\$2.8	\$2.8
Construction in Progress	1.0 1.0		0.0	0.0
Other Capital Assets:				
Buildings and Systems	6.2	6.2	35.1	34.8
Machinery and Equipment	7.1	6.7	10.9	10.2
Accumulated Depreciation	(8.9)	(8.6)	(32.6)	(31.6)
Totals	\$6.2	\$6.1	\$16.2	\$16.2

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The table below shows the change in total County and Schools (Discretely Presented Component Unit) capital assets for the fiscal year ended June 30, 2006 in millions of dollars:

	Balance June 30, 2005	Net Additions/Deletions	Balance June 30, 2006
Non-Depreciable Assets:			
Land	\$3.6	\$0.0	\$3.6
Construction in Progress	1.0	0.0	1.0
Other Capital Assets:			
Buildings and Systems	41.0	0.3	41.3
Machinery and Equipment	16.9	1.1	18.0
Accumulated Depreciation	(40.2)	(1.3)	(41.5)
Totals	\$22.3	\$0.1	\$22.4

Additional detailed capital asset information can be found in Note 11 in the "Notes to Financial Statements" section of the report.

Long Term Debt

The following table displays the County and Schools (Discretely Presented Component Unit) Outstanding Debt at June 30, 2006, in millions of dollars:

		nmental vities	Prese Compor	retely ented nent Unit I Board
	FY2006	FY2005	FY2006	FY2005
General Obligation Bonds	\$8.7	\$9.2	\$0.0	\$0.0
Revenue Bonds	\$0.0	\$0.0	\$0.0	\$0.0
Literary Loans	4.8	5.3	0.0	0.0
Capital Leases	0.1	0.1	0.0	0.0
Landfill Closure/Post				
Closure Liability	0.1	0.1	0.0	0.0
Compensated Absences	0.5	0.5	3.4	3.4
Total	\$14.2	\$15.2	\$3.4	\$3.4

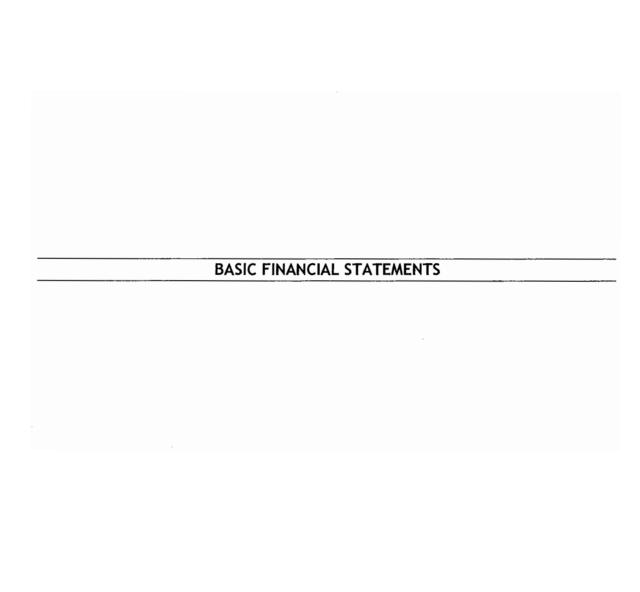
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Economic Factors

For the fiscal year ended June 30, 2006, the economic growth in Washington County, Virginia continued to keep pace with the national economy. The major increases in revenues during the fiscal year were from the reassessment of real property in the County, additional state revenues for education, and state/ federal grant awards.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Accounting Department, 205 Academy Drive, Abingdon, Virginia 24210.



County of Washington, Virginia Statement of Net Assets June 30, 2006

	Primary Government			Component				
	G	overnmental		a-bI Daniel	Units		Other	
		<u>Activities</u>	3	School Board	Service Authority		<u>Other</u>	
ASSETS								
Cash and cash equivalents	\$	3,922,366	\$	1,014,644	\$ -	\$		
Cash in custody of others	•	-	*	300	1,859,797	•	3,276,927	
Investments		11,000,439			-		-,,	
Receivables (net of allowance for uncollectibles):		,,						
Taxes receivable		1,249,499					_	
Accounts receivable		283,914		-	1,106,682		46,328	
Due from primary government				1,636,740	•		-	
Due from other governmental units		2,007,552		1,637,552	283,533		43,077	
Inventories		_,,,,,,,,,		.,,,,,,,,,	410,148		61,519	
Prepaid expenses		-			138,814		43,893	
Restricted assets:					,,.		,	
Temporarily restricted:								
Cash and cash equivalents (in custody of others)		_			5,206,480		_	
Other assets:					0,200, 100			
Unamortized bond issue costs		_			483,342		-	
Capital assets (net of accumulated depreciation):					,			
Land		785,505		2,774,475	421,061		9,467,592	
Buildings and system		2,277,754		10,693,378	9,108,464		4,429,793	
Improvements other than buildings		38,447		-	•		5,913,953	
Machinery and equipment		2,137,066		2,719,691	2,708,985		163,683	
Infrastructure		_,,		-,,	31,671,880		-	
Construction in progress		1,006,410			1,462,193		330,029	
Total assets	\$	24,708,952	\$	20,476,780	\$ 54,861,379	\$	23,776,794	
LIABILITIES								
Accounts payable	\$	223,315	\$	271,151		\$	172,612	
Accrued liabilities		-		-	114,189		43	
Accrued wages		-		3,003,141	-		10,199	
Customers' deposits		-		-	-		100	
Accrued interest payable		210,517		-	64,998		-	
Due to component unit		1,636,740		-	-		-	
Deferred revenue		177,613		-	-		-	
Long-term liabilities:								
Due within one year		995,178		-	1,148,560		82,735	
Due in more than one year		13,176,493		3,403,730	14,518,369		1,003,841	
Total liabilities	\$	16,419,856	\$	6,678,022	\$ 15,942,729	\$	1,269,530	
NET ACCETO								
NET ASSETS	¢	2,908,348	¢	16,187,544	\$ 34,651,992	æ	19,224,341	
Invested in capital assets, net of related debt	\$	2,900,340	Ψ	10, 107,544	φ 54,051,332	φ	13,224,341	
Restricted for: Debt service		250,000			15,392,331			
E-911		11,330		-	10,082,001		-	
		6,432		•	•		-	
Law Library Forfeited Assets		70,144		-	-		•	
Road Improvements		182,163		-	•		-	
Utilities		66,636		-	-		_	
Unrestricted (deficit)		4,794,043		(2,388,786)	(11,125,673)		3,282,923	
Total net assets	\$	8,289,096	\$	13,798,758		\$	22,507,264	
, otal list assole		5,200,000	· · · · · ·		, 30,0.0,000		,,,	

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County of Washington, Virginia Statement of Activities For the Year Ended June 30, 2006

Net (Expense) Revenue and **Program Revenues Changes in Net Assets** Operating Capital Primary Government Component Unit Charges for Grants and Grants and Governmental Functions/Programs Expenses Services Contributions Contributions Activities **School Board** Service Authority Other Component Units PRIMARY GOVERNMENT: Governmental activities: 2,086,597 \$ General government administration 38.367 \$ 743.403 \$ \$ (1,304,827) S - \$ - \$ Judicial administration 1.076.485 631.345 594,623 149,483 Public safety 7.807.347 269,510 2.919.512 (4,618,325)Public works 423,336 2,768,015 17,691 (2,326,988)Health and welfare 6.356,765 3.678.356 3.700 (2,674,709) Education 20,769,223 41.448 (20,727,775)Parks, recreation, and cultural 2.230.629 59,793 192,215 (1,978,621) Community development 3,138,763 8.647 513,840 (2,616,276) Nondepartmental 36.915 (36,915)Interest on long-term debt 722,722 (722,722)Total primary government 46,993,461 \$ 1,430,998 \$ 8.145.800 \$ 558.988 (36,857,675) - \$ - \$ COMPONENT UNIT: School Board 64,272,835 \$ 2,414,113 \$ 40,569,609 \$ 198,137 \$ (21,090,976) \$ - \$ Service Authority 9,784,562 9,441,834 241,434 (101,294)Other Component Units 3,829,013 1,829,136 350,000 2,118,376 468,499 Total component unit 77,886,410 \$ 13,685,083 \$ 41,161,043 \$ 2,316,513 (21,090,976) \$ (101,294) \$ 468,499 General revenues: General property taxes \$ 26,006,562 \$ - \$ - \$ Other local taxes: Local sales and use taxes 5.346.904 Consumers' utility taxes 1,680,809 E-911 telephone taxes 301.346 Local consumption taxes 312 Franchise license taxes 200,813 Utility license taxes 226,691 Motor vehicle licenses 766.867 Bank stock taxes 21,139 Taxes on recordation and wills 437,441 Hotel and motel room taxes 36.970 Restaurant food taxes 639.282 Unrestricted revenues from use of money and property 677.984 29,259 117,149 52,947 Miscellaneous 228,164 1,335,789 Payments from Washington County 19,875,159 1,612,750 Grants and contributions not restricted to specific programs 2.984.389 21,240,207 \$ Total general revenues 39,555,673 117,149 \$ 1.665.697 149,231 \$ 15,855 \$ 2,134,196 Change in net assets 2,697,998 Net assets - beginning - as adjusted 5,591,098 13,649,527 38,902,795 20,373,068 Net assets - ending 8,289,096 13,798,758 \$ 38,918,650 \$ 22,507,264

County of Washington, Virginia Balance Sheet Governmental Funds June 30, 2006

		<u>General</u>		County Capital Improvements		Other Governmental <u>Funds</u>		<u>Total</u>
ASSETS		007.717	•	2 22 222	•	202.050	•	0.000.000
Cash and cash equivalents	\$	237,717	\$	3,397,690	\$	286,959	\$	3,922,366
Investments		11,000,439		-		•		11,000,439
Receivables (net of allowance for uncollectibles):								
Taxes receivable		1,249,499		-		-		1,249,499
Other local taxes receivable		194,892		-		-		194,892
Other receivables		89,022		-		-		89,022
Due from other governmental units		2,007,552		-		-		2,007,552
Total assets	\$	14,779,121	\$	3,397,690	\$	286,959	\$	18,463,770
LIABILITIES AND FUND BALANCES Liabilities: Accounts payable Due to component unit Deferred revenue	\$	176,196 1,636,740 1,289,789	\$	47,119 - -	\$		\$	223,315 1,636,740 1,289,789
Total liabilities	\$	3,102,725	\$	47,119	\$	-	\$	3,149,844
Fund balances: Reserved for: Economic Development Construction E-911 Law Library Forfeited Assets Road Improvements Utilities Unreserved, reported in: General fund Capital projects funds	\$	250,000 - 11,330 6,432 70,144 182,163 66,636 11,089,691	\$	- - - - - 3,350,571	\$	- 286,959 - - - - - -	\$	250,000 286,959 11,330 6,432 70,144 182,163 66,636 11,089,691 3,350,571
Total fund balances	\$	11,676,396	\$	3,350,571	\$	286,959	\$	15,313,926
Total liabilities and fund balances	\$	14,779,121	\$	3,397,690	* -	286,959	\$	18,463,770
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County of Washington, Virginia Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets June 30, 2006

Amounts reported for governmental activities in the statement of net assets are different because:	
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 15,313,926
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,245,182
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,112,176
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(14,382,188)
Net assets of governmental activities	\$ 8,289,096

County of Washington, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2006

REVENUES		<u>General</u>	<u> </u>	County Capital Improvements		Other Governmental <u>Funds</u>		Total
General property taxes	\$	26,054,593	\$	_	\$		\$	26,054,593
Other local taxes	Ψ	9,658,574	Ψ	_	Ψ	_	Ψ	9,658,574
Permits, privilege fees,		0,000,014						3,000,074
and regulatory licenses		190,732		_		_		190,732
Fines and forfeitures		511,401		-		•		511,401
Revenue from the use of		311,401		•		•		311,401
money and property		665,283				12,701		677,984
Charges for services		728,865		-		12,701		
Miscellaneous				-		-		728,865
		228,164		-		-		228,164
Recovered costs		680,944		-		•		680,944
Intergovernmental revenues:		0.007.000		0.700		00.700		0.704.707
Commonwealth		8,687,289		3,700		93,798		8,784,787
Federal	_	2,390,550		513,840	_	100.100		2,904,390
Total revenues	_\$_	49,796,395	\$	517,540	\$	106,499	\$	50,420,434
EXPENDITURES Current:								
General government administration	\$	2,244,878	\$	-	\$	-	\$	2,244,878
Judicial administration		1,074,231		-		-		1,074,231
Public safety		8,610,710		-		-		8,610,710
Public works		2,699,574		35,248		_		2,734,822
Health and welfare		6,516,858		, <u>-</u>		_		6,516,858
Education		19,944,016		-		774,598		20,718,614
Parks, recreation, and cultural		2,027,826		_		•		2,027,826
Community development		2,574,454		560,420				3,134,874
Nondepartmental		36,915		•		-		36,915
Debt service:		00,010						00,010
Principal retirement		1,046,741		_		_		1,046,741
Interest and other fiscal charges		744,547				_		744,547
Total expenditures	\$	47,520,750	\$	595,668	\$	774,598	\$	48,891,016
Figure (deficiency) of management								
Excess (deficiency) of revenues over	•	0.075.045	•	(70.400)		(000 000)	_	. ===
(under) expenditures		2,275,645	\$	(78,128)	\$	(668,099)	\$	1,529,418
OTHER FINANCING SOURCES (USES)								
Transfers in	\$		\$	1,262,877	\$	418,599	\$	1,681,476
Transfers out	·	(1,681,476)	•	-	•	•	•	(1,681,476)
Total other financing sources (uses)	\$	(1,681,476)	\$	1,262,877	\$	418,599	\$	- (.,00.,)
Not also as in 6 and below	•	E0.1.100	•	4 404 740	•	(0.10.500)	Δ.	4 500 110
Net change in fund balances	\$	594,169	\$	1,184,749	\$	(249,500)	\$	1,529,418
Fund balances - beginning	_	11,082,227	<u></u>	2,165,822	_	536,459	•	13,784,508
Fund balances - ending	\$	11,676,396	\$	3,350,571	\$	286,959	\$	15,313,926

County of Washington, Virginia Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities

For the Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 1,529,418
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded	
depreciation in the current period.	143,689
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(48,031)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect	
of these differences in the treatment of long-term debt and related items.	1,048,581
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.	24,341
Change in net assets of governmental activities	\$ 2,697,998

County of Washington, Virginia Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2006

	Agency <u>Funds</u>
ASSETS Cash and cash equivalents Total assets	\$ 233,207 \$ 233,207
LIABILITIES Amounts held for social services clients Amounts held for County employee fringe benefits Total liabilities	\$ 208,296 24,911 \$ 233,207

Notes to Financial Statements June 30, 2006

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

Blended component units - None

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

The Washington County School Board operates the elementary and secondary public schools in the County. School Board members are elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type.

The Washington County Service Authority was created by the Board of Supervisors of the County to acquire, finance, and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority is appointed by the County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County. A complete financial report of the Authority can be obtained by contacting the Authority.

The Virginia Highlands Airport Commission was created by the County of Washington to operate a regional airport. Washington County Board of Supervisors appoints the members of the Airport Commission. The County contributes a significant amount to the Commission's operations and there exists a financial benefit/burden relationship. A complete financial report of the Commission can be obtained by contacting the Commission.

Notes to Financial Statements (continued) June 30, 2006

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

A. Reporting Entity (continued)

The Industrial Development Authority of Washington County is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Washington County. Washington County Board of Supervisors appoints the members of the Board of Directors of the Industrial Development Authority. There exists a financial benefit/burden relationship between the County and the Industrial Development Authority. A complete financial report of the Authority can be obtained by contacting the Authority.

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations do not extend beyond making the appointments.

Jointly Governed Organizations - None

B. Government-wide and fund financial statements

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

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

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

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.

Notes to Financial Statements (Continued) June 30, 2006

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

Measurement focus, basis of accounting, and financial statement presentation

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Forfeited Asset, Law Library, Road Improvement, E-911 project, County Library, Virginia Public Assistance, Comprehensive Service, Title IV-E Rev Max, Prebook Tax and Trigon Reserve Funds.

The County Capital Improvements Fund is reported as a major *capital projects fund*. The fund accounts for financial resources to be used for the acquisition and construction of major capital projects of the County.

The County reports the following non-major governmental fund:

The School Capital Projects fund is reported as a non-major *capital projects fund*. The fund accounts for financial resources to be used for the acquisition and construction of major capital projects of the School Board.

Notes to Financial Statements (continued) June 30, 2006

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

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

Additionally, the County reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Fringe Benefits, and FICA Sick Pay funds.

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 other charges between the government's functions. 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, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE, 30, 2006

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

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

2. Receivables and payables

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

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

3. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 20th. Personal property taxes are due and collectible annually on December 20th. The County bills and collects its own property taxes.

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$181,066 at June 30, 2006 and is composed solely of property taxes.

5. 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.

6. Capital assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2006

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

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

6. Capital assets (continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	50
Building improvements	50
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Land improvements	10

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

8. 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.

Notes to Financial Statements (Continued) June 30, 2006

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

- D. Assets, liabilities, and net assets or equity (continued)
 - 8. Long-term obligations (continued)

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.

9. 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.

10. Net Assets

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

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Notes to Financial Statements (continued) June 30, 2006

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these \$(14,382,188) and \$(3,403,730) differences for the primary government and discretely presented component unit, respectively, are as follows:

		Primary		Component	
		Government		Unit	
Literary loans	\$	(4,848,845)	\$	-	
Bonds, bond premium and note		(8,739,476)		-	
Capital lease		(46,923)		-	
Accrued interest payable		(210,516)		-	
Landfill accrued post-closure monitoring costs		(46,911)		-	
Compensated absences		(489,517)	_	(3,403,730)	
Net adjustment to reduce fund balance-total governmental funds					
to arrive at net assets-governmental activities	\$_	(14,382,188)	\$_	(3,403,730)	

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Notes to Financial Statements (continued) June 30, 2006

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of these \$143,689 and \$(37,719) differences for the primary government and discretely presented component unit, respectively, are as follows:

		Primary		Component
	_	Government	-	Unit
Capital outlays	\$	983,068	\$	1,259,097
Depreciation expenses		(839,379)		(1,296,816)
Assets deleted		(517,268)		(309,567)
Accumulated depreciation deleted	_	517,268	_	309,567
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in				
net assets of governmental activities	\$_	143,689	\$_	(37,719)

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Notes to Financial Statements (Continued) June 30, 2006

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

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

Another element of that reconciliation states "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,048,581 difference in the primary government, is as follows:

		Primary
	_	Government
Debt Issued or Incurred:		
Landfill post-closure care costs	\$	(1,278)
Principal Payments:		
Literary loans		460,070
Bonds and note		556,812
Premium amortization		3,118
Capital lease	_	29,859
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in		
net assets of governmental activities	\$_	1,048,581

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Notes to Financial Statements (Continued) June 30, 2006

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

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

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these \$24,341 and \$(19,929) differences for the primary government and discretely presented component unit, respectively, are as follows:

	_	Primary Government	-	Component Unit
(Increase) decrease in compensated absences (Increase) decrease in accrued interest	\$	5,635 18,706	\$	(19,929)
Net adjustment to increase (decrease) net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$	24,341	\$	(19,929)

Note 3-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

- Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
- 2. Public hearings are conducted to obtain citizen comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- 4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

Notes to Financial Statements (Continued) June 30, 2006

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

A. Budgetary information (continued)

- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund), Debt Service Funds, and the General Capital Projects Funds. The School Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
- 8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not part of the County's accounting system.
- B. Excess of expenditures over appropriations

For fiscal year 2006, there were no excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2006, there were no funds with deficit fund equity.

Note 4-Deposits and Investments:

Deposits:

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

Investments:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2006

Note 4-Deposits and Investments: (Continued)

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2006 were held in the County's name by the County's custodial bank; except \$291,653 of Commercial Paper, \$2,866,833 of U.S. Agencies Bonds and \$13,758 of U.S Government money market funds where the underlying securities were uninsured and held by the investment's counterparty's trust department or agent but not in the name of the County. The Local Government Investment (LGIP) and State Non-Arbitrage (SNAP) Pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2006 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale for LGIP and SNAP investments and Moody's rating scale for commercial paper.

County's Rated Debt Investments' Values

Rated Debt Investments		Fair Q	uality Ratin	gs		
	AAAm		AAm		P-1	
LGIP	\$ 7,845,047	\$	-	\$	-	
SNAP	-		238,838		-	
Commercial Paper	-		_		291,653	

Concentration of Credit Risk

At June 30, 2006, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

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Notes to Financial Statements (continued) June 30, 2006

Note 4-Deposits and Investments: (Continued)

Interest Rate Risk				
			Maturity	Call
Investment Type	<u>F</u>	air Value	Date	Options
Commercial Paper:				
Am. Express	\$	145,853	9/22/2006	None
General Elec Cap Corp		145,800	9/22/2006	None
Government Bonds:				
FHLB		448,596	8/15/2006	None
FHLMC		947,036	8/15/2006	None
FHLMC		472,141	9/29/2006	None
Government Notes:				
FNMA		999,060	7/15/2006	None

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 5-Due from Other Governmental Units:

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

		Primary Government	Component Ur School Board		
Commonwealth of Virginia:			_		
Local sales tax	\$	947,813	\$	-	
State sales tax		-		1,124,980	
Categorical aid-shared expenses		243,433		-	
Categorical aid-other		491,660		-	
Non-categorical aid		145,093		-	
Categorical aid-VPA funds		-		-	
Other state aid		27,790		-	
Federal Government:					
Categorical aid-VPA funds		142,674		-	
Categorical aid-other	_	9,089	_	512,572	
Totals	\$	2,007,552	\$_	1,637,552	

Notes to Financial Statements (continued) June 30, 2006

Note 6-Interfund/Component-Unit Obligations:

Fund		Due to Primary Government/ Component Unit	-	Due from Primary Government/ Component Unit
Primary Government: General Fund	\$_	1,636,740	\$	_
Component Unit - School Board: School Fund	\$_		\$	1,636,740

Note 7-Long-Term Debt:

Primary Government - Governmental Activity Indebtedness:

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

Year Ending		Litera	ry Lo	ans		GO Bonds and Note			
June 30,	_	Principal		Interest	_	Principal		Interest	
2007	\$	438,380	\$	146,684	\$	588,973	\$	494,614	
2008		331,023		133,637		595,508		470,840	
2009		297,023		123,318		608,121		436,013	
2010		297,023		114,019		626,368		400,297	
2011		290,237		104,719		645,752		363,277	
2012-2016		1,410,115		390,169		3,195,879		1,256,734	
2017-2021		1,407,352		178,415		2,185,971		405,060	
2022-2024		377,692		15,565	_	236,776	_	14,688	
Totals	\$	4,848,845	\$_	1,206,526	\$_	8,683,348	\$_	3,841,523	

Notes to Financial Statements (continued) June 30, 2006

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2006.

		Balance						Balance
		July 1, 2005		Issuances	_	Retirements	_	June 30, 2006
GO bonds	\$	9,240,160	\$	-	\$	(556,812)	\$	8,683,348
GO bond premium	Ť	59,246	•	-	•	(3,118)	Ť	56,128
Literary loans		5,308,915		-		(460,070)		4,848,845
Capital lease		76,783		-		(29,860)		46,923
Landfill post-closure								
liability		45,633		1,277		-		46,910
Compensated absences		495,150	_		_	(5,633)		489,517
				. ,				
Total	\$_	15,225,887	\$_	1,277	\$_	(1,055,493)	\$_	14,171,671

Details of long-term indebtedness:

betails of long term indeptedness.	Interest Rates	Issue Date	Final Maturity Date	Maturity Original		Balance Governmental Activities		Amount ue Within One Year
General Obligation Bonds and Note:								
GO bond	6.1-6.4%	5/19/1992	2012	\$ 305,000	\$	90,000	\$	15,000
GO bond	4.85-6.6%	1/15/1992	2012	801,818		307,938		46,031
GO bond	6.1-6.6%	11/22/1994	2015	585,000		255,000		30,000
GO bond	6.1-6.6%	11/22/1994	2015	143,947		76,711		7,273
GO Bond	5.4-5.975%	5/18/1995	2016	1,260,000		610,000		65,000
GO Bond	5.1-6.1%	12/21/1995	2016	2,086,692		1,182,064		104,361
GO Bond	4.1-5.225%	5/13/1999	2020	1,400,000		980,000		70,000
GO Bond	3.1-5.35%	11/15/2001	2022	1,217,614		994,039		56,415
GO Bond	3.1-5.35%	12/23/2003	2024	972,237		887,808		43,431
Early retirement refunding note	6.771%	7/15/2001	2021	3,889,483		3,299,788	_	151,462
Total GO Bonds and Note					\$	8,683,348	\$	588,973

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE, 30, 2006

Note 7-Long-Term Debt: (continued)

Primary Government - Governmental Activity Indebtedness: (continued)

Details of long-term indebtedness: (continued)

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Literary Loans:						
State Literary Fund Loan	3%	12/15/1987	2008	478,676	48,000	24,000
State Literary Fund Loan	3%	4/1/1987	2007	374,810	18,560	18,560
State Literary Fund Loan	3%	4/1/1987	2007	227,720	11,120	11,120
State Literary Fund Loan	3%	4/15/1988	2008	191,535	20,000	10,000
State Literary Fund Loan	3%	7/15/1991	2012	188,959	46,459	-
State Literary Fund Loan	3%	7/15/1991	2012	293,214	68,214	15,000
State Literary Fund Loan	3%	7/15/1991	2012	79,280	19,820	-
State Literary Fund Loan	3%	12/15/2000	2021	957,237	717,237	48,000
State Literary Fund Loan	3%	10/1/2001	2007	56,986	11,398	11,398
State Literary Fund Loan	3%	10/1/2001	2022	1,001,149	800,921	50,057
State Literary Fund Loan	3%	10/1/2001	2022	1,172,618	938,098	58,630
State Literary Fund Loan	3%	10/1/2001	2022	530,000	424,000	26,500
State Literary Fund Loan	3%	10/1/2001	2022	661,338	529,074	33,066
State Literary Fund Loan	3%	7/15/1991	2012	164,300	131,440	8,215
State Literary Fund Loan	3%	3/15/2004	2024	302,206	271,986	15,110
State Literary Fund Loan	3%	3/15/2004	2024	279,506	251,556	13,975
State Literary Fund Loan	3%	5/1/2005	2025	439,616	417,636	21,980
State Literary Fund Loan	3%	5/1/2005	2025	129,816	123,326	6,490
Total Literary Loans					\$ 4,848,845	\$ 372,101
Lease Purchase Agreements:						
Capital Lease	3.71%	12/30/2004	2008	\$ 91,293	\$ 46,923	\$ 30,986
Other Obligations: Landfill Post-closure						
Monitoring Costs	n/a	n/a	n/a	n/a	\$ 46,910	\$ -
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a	56,128	3,118
Compensated Absences	n/a	n/a	n/a	n/a	489,517	<u> </u>
Total Other Obligations					\$ 592,555	\$ 3,118
Total Long-term debt					\$ 14,171,671	\$ 995,178

COUNTY OF WASHINGTON,	VIRGINIA					
Notes to Financial Stat June 30, 2006	EMENTS (CONTINUED))				
Note 8-Long-term Debt-	Component Unit S	School Board:				
Discretely Presented Cor	nponent Unit-Schoo	ol Board-Indebi	edness:			
The following is a summa June 30, 2006.	ry of long-term deb	t transactions o	of the Comp	onent-Unit Scho	ool Board for the	year ended
,	Balance			Bal	ance	
	July 1, 2005	Issuances	Retirem	ents June 3	30, 2006	
Compensated absences	\$ 3,383,801	\$19,929	\$	\$3,	403,730	
Details of long-term indeb	tedness:					
Other Ohlisations	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations: Compensated Absences	n/a	n/a	n/a	n/a S	3,403,730 \$	_

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Notes to Financial Statements (Continued) June 30, 2006

Note 9-Employee Retirement System and Pension Plans:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

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 with 5 years of service for participating law enforcement officers and firefighters) or at age 50 with 30 years of service for participating employers (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustments (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from the System's web site at http://www.varetire.org/Pdf/2005AnnuRept.pdf or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2006 was 4.00% (excluding the 5% member contribution) of annual covered payroll

Discretely Presented Component Unit - School Board (Non-Professional Employees):

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5% of their annual reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2006 was 8.75% (averaged, excluding the 5% member contribution) of the annual covered payroll.

Notes to Financial Statements (continued) June 30, 2006

Note 9-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost

		Discretely
	Primary	Presented
	Government	Component Unit
		School Board
	County	Non-Professional
	Retirement Plan	Retirement Plan
Contribution rates for fiscal year ended 6/30/06:		
Employer	4.00%	8.75%
Plan members ¹	5.00%	5.00%
Annual pension cost	\$285,213	\$211,694
Contributions made	\$285,213	\$211,694
Actuarial valuation date	6/30/2005	6/30/2005
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent, Open	Level Percent, Open
Payroll growth rate	3.00%	3.00%
Remaining amortization period	21 Years	21 Years
Asset valuation method	Modified Market	Modified Market
Actuarial assumptions:		
Investment rate of return ²	7.50%	7.50%
Projected salary increases ²		
Non-LEO employees	3.50% to 5.73%	3.50% to 5.73%
LEO employees	3.50% to 4.71%	3.50% to 4.71%
Cost-of-living adjustments	2.50%	2.50%

¹ This member contribution has been assumed by the employer.

² Includes inflation at 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2006

Note 9-Employee Retirement System and Pension Plans: (continued)

C. Annual Pension Cost (continued)

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2004	208,106	100.00%	-
	6/30/2005	287,374	100.00%	-
	6/30/2006	285,213	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2004	149,525	100.00%	-
	6/30/2005	196,884	100.00%	-
	6/30/2006	211,694	100.00%	-

Discretely Presented Component Unit School Board

PROFESSIONAL EMPLOYEES:

A. Plan Description

The Washington County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be downloading from the System's web site at http://www.varetire.org/Pdf/2005AnnuRept.pdf or obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The School Board's contribution to the statewide cost sharing pool for professional employees was \$1,901,599, \$1,602,485, and \$970,438 for the fiscal years ended 2006, 2005, and 2004 respectively. Employer contributions represented 6.62%, 6.03%, and 3.77% of covered payroll for the fiscal years ended 2006, 2005, and 2004, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2006

Note 10—Capital Leases:

Primary Government:

The County has entered into a lease agreement as lessee for financing the acquisition of a server for the Information Systems department with no down payment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

Fiscal		nformation Systems		
Year Ended		Server		
2007	\$	32,203		
2008		16,102		
Total minimum lease payments	\$	48,305		
Less: amount representing interest	_	(1,382)		
Present value of minimum lease payments	\$	46,923		

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Notes to Financial Statements (continued) June 30, 2006

Note 11-Capital Assets:

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government:

,,		Beginning Balance (1)		Increases		Decreases		Ending Balance
Governmental Activities:	_		_			-		
Capital assets, not being depreciated:								
Land	\$	785,505	\$	-	\$	-	\$	785,505
Construction in progress	_	1,006,410	_	-				1,006,410
Total capital assets not being depreciated	\$_	1,791,915	\$_	-	\$_	-	\$_	1,791,915
Capital assets, being depreciated:								
Buildings	\$	6,092,589	\$	26,000	\$	-	\$	6,118,589
Improvements other than buildings		98,777		-		-		98,777
Machinery and equipment		6,736,138		957,068		(517,268)		7,175,938
Total capital assets being depreciated	\$_	12,928,359	\$_	983,068	\$_	(517,268)	\$_	13,393,304
Less: accumulated depreciation for:								
Buildings	\$	(3,182,043)	\$	(78,956)	\$	-	\$	(3,260,999)
Improvements other than buildings		(50,954)		(9,376)				(60,330)
Machinery and equipment		(5,384,929)		(751,047)		517,268		(5,618,708)
Total accumulated depreciation	\$_	(8,617,926)	\$_	(839,379)	\$_	517,268	\$_	(8,940,037)
Total capital assets being depreciated, net	\$_	4,310,433	\$_	143,689	\$_		\$_	4,453,267
Governmental activities capital assets, net	\$_	6,102,348	\$_	143,689	\$_	-	\$_	6,245,182

⁽¹⁾ Beginning balance restated-see restatement note number 16

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Notes to Financial Statements (continued) June 30, 2006

Note 11-Capital Assets: (continued)

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

Governmental activities:	
General government	\$ 195,885
Judicial administration	8,294
Public safety	275,405
Public works	88,798
Health and welfare	20,531
Education	50,609
Parks, recreation, and culture	 199,857
Total depreciation expense-primary government	\$ 839,379

Capital asset activity for the School Board for the year ended June 30, 2006 was as follows:

Discretely Presented Component Unit:

,		Beginning						Ending
	_	Balance	_	Increases	Decreases			Balance
Governmental Activities:			-					
Capital assets, not being depreciated:								
Land	\$	2,774,475	\$	-	\$	-	\$	2,774,475
Total capital assets not being depreciated	\$_	2,774,475	\$_		\$_	-	\$_	2,774,475
Capital assets, being depreciated:								
Buildings	\$	34,803,323	\$	281,492	\$	-	\$	35,084,815
Machinery and equipment		10,235,925		977,605		(309,567)		10,903,963
Total capital assets being depreciated	\$_	45,039,248	\$_	1,259,097	\$_	(309,567)	\$_	45,988,778
Less: accumulated depreciation for:								
Buildings	\$	(24,257,872)	\$	(740,305)	\$	-	\$	(24,998,177)
Machinery and equipment		(7,330,588)		(556,511)	_	309,567	_	(7,577,532)
Total accumulated depreciation	\$_	(31,588,460)	\$_	(1,296,816)	\$_	309,567	\$_	(32,575,709)
Total capital assets being depreciated, net	\$_	13,450,788	\$_	(37,719)	\$_	-	\$_	13,413,069
Governmental activities capital assets, net	\$_	16,225,263	\$_	(37,719)	\$_	-	\$_	16,187,544

Notes to Financial Statements (continued) June 30, 2006

Note 12-Risk Management:

The County and its Component Unit – School Board are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its Component Unit – School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit – School Board pay the Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit – School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13-Contingent Liabilities:

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

Note 14-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Kathy P. Crane, Clerk of the Circuit Court	\$ 330,000
Fred W. Parker, Treasurer	750,000
G. Melvin Ritchie, Commissioner of the Revenue	3,000
Fred P. Newman, Sheriff	30,000
All constitutional officers: blanket bond	50,000
United States Fidelity and Guaranty Company-Surety:	
Mark K. Reeter, County Administrator	\$ 2,500
Christy Parker, Assistant County Administrator	2,500
G. Douglas Meade, Social Services Director	2,000
All Social Services employees: blanket bond	100,000

Notes to Financial Statements (Continued) June, 30, 2006

Reserved for road improvements

Reserved for utilities

Reserved for debt service

Total Primary Government

Note 14-Surety Bonds: (continued)		
Commercial Union Surety Company-Surety		
All County employees-blanket bond	\$ 100,000	
Component Unit - School Board:		
Fidelity & Deposit Company of Maryland-Surety:		
All School Board employees: blanket bond	\$ 100,000	
Travelers-Surety:		
Melissa W. Caudill, Clerk of the School Board	\$ 10,000	
United States Fidelity and Guaranty Company-Surety:		
Deputy Clerk of the School Board	\$ 10,000	
Textbook Clerk	10,000	
Alan Lee, Ed. D., Superintendent of Schools	10,000	
Note 15-Reserved Fund Balance/Restricted Net Assets:		
Primary Government:		
Reserved for School construction projects	\$	286,959
Reserved for e-911		11,330
Reserved for law library		6,432
Reserved forforfeited assets		70,144

The reserved fund balance amounts presented above are also restricted net assets excluding School construction which is offset by outstanding debt.

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182,163

66,636

250,000

873,664

Notes to Financial Statements (Continued) June 30, 2006

Note 16-Restatement of Beginning Net Assets:

Primary Government:

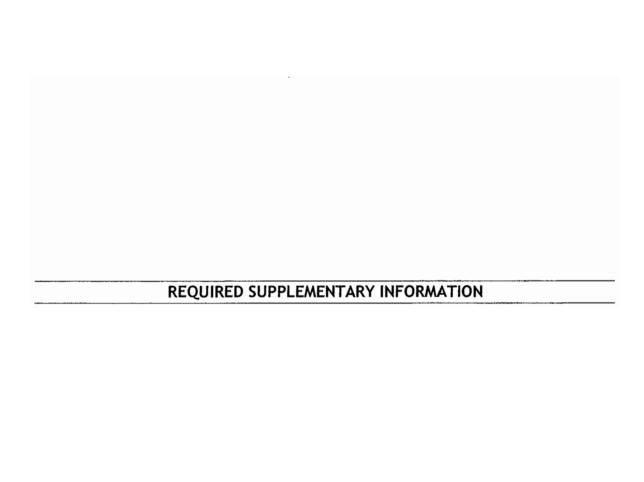
		Governmental activities:		Component Unit
	G	General Fund:	5	School Board:
Beginning Net Assets, as previously reported	\$	5,297,308	\$	13,809,954
Adjustments:				
Asset that should not have been capitalized in prior year	\$	(855)	\$	-
CSA revenues not accrued previously		294,645		-
Remove skill center cash		-	_	(160,427)
Total adjustments	\$ <u>_</u>	293,790	\$_	(160,427)
Restated Beginning Net Assets	\$_	5,591,098	\$_	13,649,527

Note 17-Landfill Liability:

State and federal laws and regulations required the County to place a final cover on its landfill site which was closed on March 20, 1995, and to perform certain maintenance and monitoring functions at the site for ten years after closure. While the County has completed its required 10 year monitoring period, its landfill has not been released from (Department of Environmental Quality) DEQ monitoring requirements. The \$46,910 liability is the total estimated post-closure care liability at June 30, 2006 and represents what it would cost to perform all post-closure care in 2006. Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the DEQ's assurance requirements for landfill post-closure costs.

Note 18—School Board Early Retirement Incentive Program:

SunTrust administers an early retirement incentive program for the Component Unit – School Board employees. Early retirement is available to those contracted employees who are members of the Virginia Retirement System (VRS) and are eligible to retire with the VRS. The employee must have been employed with Washington County School System for 10 consecutive years, immediately preceding retirement and must not be eligible for disability retirement benefits from the VRS and/or Social Security. Finally, participants must be approved by the School Board and must have a bonafide separation from service of at least 30 days. The program allows for several different methods of payment depending upon the number of months the participant wishes to be paid. The School Board reserves the right to amend or terminate the program.



County of Washington, Virginia General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2006

		Budgeted	l Am				Variance with Final Budget -	
		Original	Original			Actual Amounts		Positive (Negative)
REVENUES		<u> </u>		<u>Final</u>		7 Mile William		11153=11151
General property taxes	\$	24,256,752	\$	24,256,752	\$	26,054,593	\$	1,797,841
Other local taxes		8,564,500		8,564,500		9,658,574		1,094,074
Permits, privilege fees, and regulatory licenses		169,100		169,100		190,732		21,632
Fines and forfeitures		141,500		391,500		511,401		119,901
Revenue from the use of money and property		162,900		162,900		665,283		502,383
Charges for services		585,500		613,464		728,865		115,401
Miscellaneous		217,167		234,194		228,164		(6,030)
Recovered costs		564,425		691,058		680,944		(10,114)
Intergovernmental revenues:								
Commonwealth		8,660,395		9,173,440		8,687,289		(486,151)
Federal		2,279,357		2,299,357		2,390,550		91,193
Total revenues	\$	45,601,596	\$	46,556,265	\$	49,796,395	\$	3,240,130
EXPENDITURES								
Current:								
General government administration	\$	2,516,579	\$	2,620,037	\$	2,244,878	\$	375,159
Judicial administration		1,168,392		1,215,457		1,074,231		141,226
Public safety		8,085,757		9,155,244		8,610,710		544,534
Public works		3,003,578		3,196,518		2,699,574		496,944
Health and welfare		7,007,156		7,155,487		6,516,858		638,629
Education		20,234,623		20,743,598		19,944,016		799,582
Parks, recreation, and cultural		2,002,110		2,133,084		2,027,826		105,258
Community development		1,750,006		2,928,232		2,574,454		353,778
Nondepartmental		369,030		117,465		36,915		80,550
Debt service:								
Principal retirement		1,021,403		1,021,402		1,046,741		(25,339)
Interest and other fiscal charges		751,685		751,685		744,547		7,138
Total expenditures	\$	47,910,319	\$	51,038,209	\$	47,520,750	\$	3,517,459
Excess (deficiency) of revenues over (under)								
expenditures	\$	(2,308,723)	\$	(4,481,944)	\$	2,275,645	\$	6,757,589
OTHER FINANCING SOURCES (USES)								
Transfers out	\$	(78,000)	\$	(1,942,877)	\$	(1,681,476)	\$	261,401
Total other financing sources and uses	\$ \$	(78,000)		(1,942,877)		(1,681,476)		261,401
Net change in fund balances	\$	(2,386,723)	\$	(6,424,821)	\$	594,169	\$	7,018,990
Fund balances - beginning, as restated	Ψ	2,386,723	*	6,424,821	Ψ	11,082,227	*	4,657,406
Fund balances - beginning, as restated	\$		\$	-	\$	11,676,396	\$	11,676,396
r una palanoso - chang	<u>Ψ</u>		Ψ		Ψ	11,010,000		11,070,000

County of Washington, Virginia Required Supplementary Information

Schedule of Funding Progress Defined Benefit Plan For the Year Ended June 30, 2006

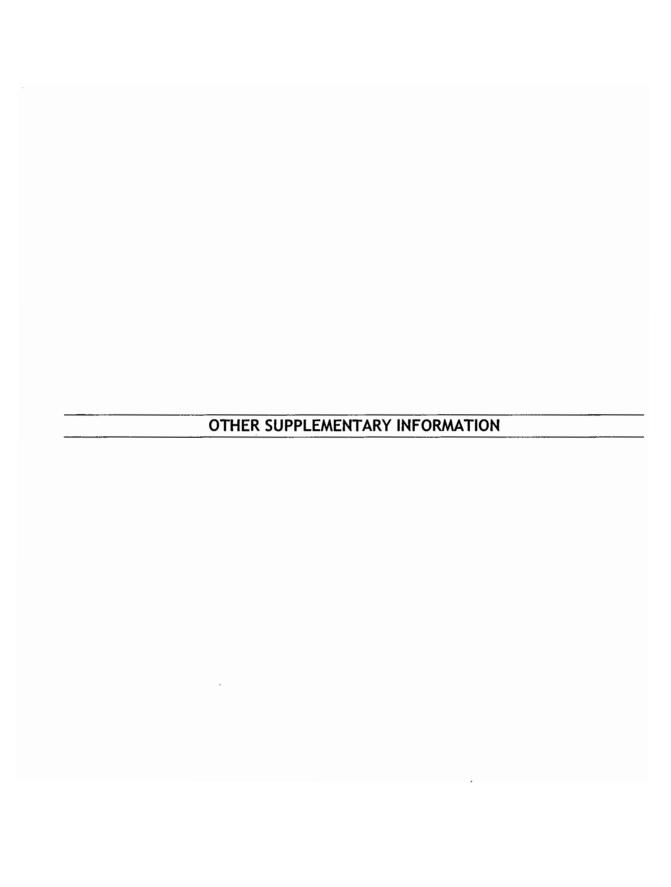
Primary Government: County Retirement Plan

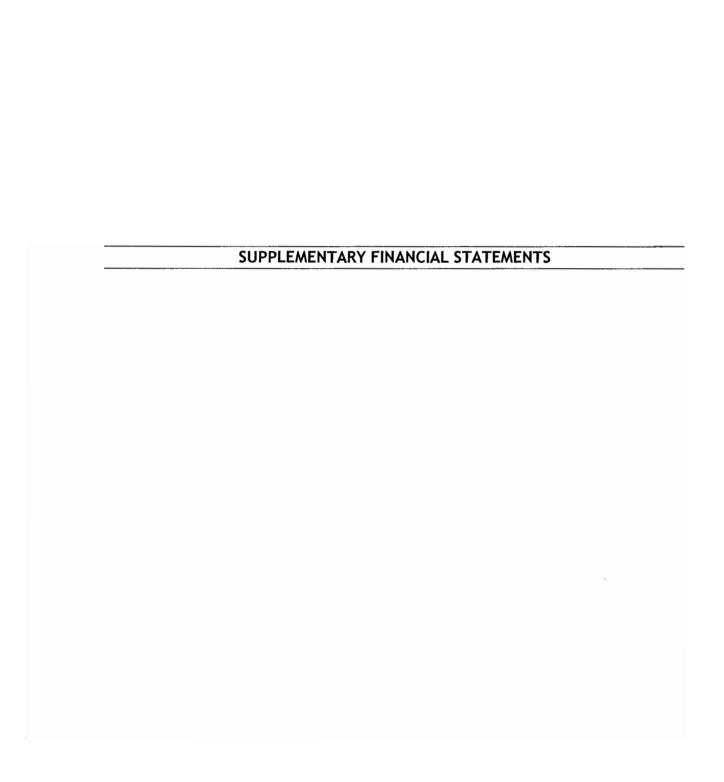
Valuation as of (1)	 Actuarial Value of Assets (2)	Α	ctuarial ccrued ility (AAL) (3)	AAL	funded _ (UAAL) 3) - (2) (4)	Ass	ded Ratio sets as % AL (2)/(3) (5)	(Annual Covered Payroll (6)	% o	AAL as a f Covered roll (4)/(6) (7)
June 30, 2005	\$ 21,715,816	\$ 24	1,214,860	\$ 2	,499,044		89.68%	\$ (5,771,810		36.90%
June 30, 2004	21,394,998	2	1,948,057		553,059		97.48%		7,020,234		7.88%
June 30, 2003	21,082,336	20),416,855		(665,481)		103.26%	(5,219,193		-10.70%
June 30, 2002	20,884,766	19	9,360,051	(1	,524,715)		107.88%	(6,719,365		-22.69%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Valuation as of (1)	 Actuarial Value of Assets (2)	A	ctuarial accrued illity (AAL) (3)	AAL (3)	inded (UAAL) - (2) 4)	Ass	ded Ratio ets as % AL (2)/(3) (5)	(Annual Covered Payroll (6)	% o	AAL as a f Covered roll (4)/(6) (7)
June 30, 2005	\$ 9,009,803	\$ 1	1,612,137	\$ 2,6	02,334		77.59%	\$:	2,338,124		111.30%
June 30, 2004	8,953,488	1	0,310,352	1,3	56,864		86.84%	:	2,275,775		59.62%
June 30, 2003	9,001,705		9,855,955	8	54,250		91.33%	:	2,179,825		39.19%
June 30, 2002	9,033,787		9,118,861		85,074		99.07%	:	2,353,927		3.61%





County of Washington, Virginia Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2006

	County Capital Improvements Fund												
		Budgeted Original	l Am	ounts <u>Final</u>	-	Actual Amounts		Variance with Final Budget - Positive (Negative)					
REVENUES													
Intergovernmental revenues: Commonwealth	\$		\$	3.700	¢	3,700	¢.						
Federal	Ф	1,497,439	Φ	1,497,439	Ф	513,840	Ф	(002 500)					
Total revenues	\$	1,497,439	\$	1,501,139	\$	517,540	\$	(983,599) (983,599)					
EXPENDITURES Current: Public works	\$	198,000	¢	198,000	¢	35,248	¢	162,752					
Community development	Φ	1,497,439	Ψ	1,501,139	Φ	560,420	Ф	940,719					
Capital projects		2,016,689		3,201,566				3,201,566					
Total expenditures	\$	3,712,128	\$	4,900,705	\$	595,668	\$	4,305,037					
Excess (deficiency) of revenues over (under) expenditures	\$	(2,214,689)	\$	(3,399,566)	\$	(78,128)	\$	3,321,438					
OTHER FINANCING SOURCES (USES) Transfers in	\$	78,000	\$	1,262,877	\$	1,262,877	\$						
Net change in fund balances Fund balances - beginning		(2,136,689)		(2,136,689)		1,184,749 2,165,822		3,321,438 2,165,822					
Fund balances - ending	\$	(2,136,689)	\$	(2,136,689)	\$	3,350,571	\$	5,487,260					

County of Washington, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Nonmajor Capital Projects Fund For the Year Ended June 30, 2006

	School Capital Improvements Fund									
	4	Budgeted						Variance with Final Budget Positive		
		Original		Final		<u>Actual</u>		(Negative)		
REVENUES										
Revenue from the use of money and property Intergovernmental revenues:	\$	-	\$	-	\$	12,70 1	\$	12,701		
Commonwealth		-		41,448		93,798		52,350		
Total revenues	\$	-	\$	41,448	\$	106,499	\$	65,051		
EXPENDITURES Current:										
Education	\$	518,970	\$	1,240,418	\$	774,598	\$	465,820		
Excess (deficiency) of revenues over (under) expenditures	\$	(518,970)	\$	(1,198,970)	\$	(668,099)	\$	530,871		
OTHER FINANCING SOURCES (USES)										
Transfers in	\$		\$	680,000	\$	418,599	\$	(261,401)		
Total other financing sources and uses	\$	-	\$	680,000	\$	418,599	\$	(261,401)		
Net change in fund balances	\$	(518,970)	\$	(518,970)	\$	(249,500)	\$	269,470		
Fund balances - beginning	•	(518,970)	¢	(518,970)	\$	536,459 286,959	\$	536,459 805,929		
Fund balances - ending	<u> </u>	(310,970)	Ψ	(310,970)	Ψ	200,909	Ψ	000,929		

FIDUCIARY FUNDS

 $\underline{\text{Special Welfare}}$ – The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

<u>Fringe Benefits</u> – The Fringe Benefits fund accounts for those funds belonging to County employees.

County of Washington, Virginia Combining Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2006

	Agency			
	Special Welfare	Fringe Benefits	-	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 208,296	\$ 24,911	\$	233,207
Total assets	\$ 208,296	\$ 24,911	\$	233,207
LIABILITIES				
Amounts held for social services clients	\$ 208,296	\$ -	\$	208,296
Amounts held for County employee fringe benefits	-	24,911		24,911
Total liabilities	\$ 208,296	\$ 24,911	\$	233,207

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

<u>School Operating Fund</u> - The School Operating Fund is a special revenue fund that accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Washington, Virginia Balance Sheet Discretely Presented Component Unit - School Board June 30, 2006

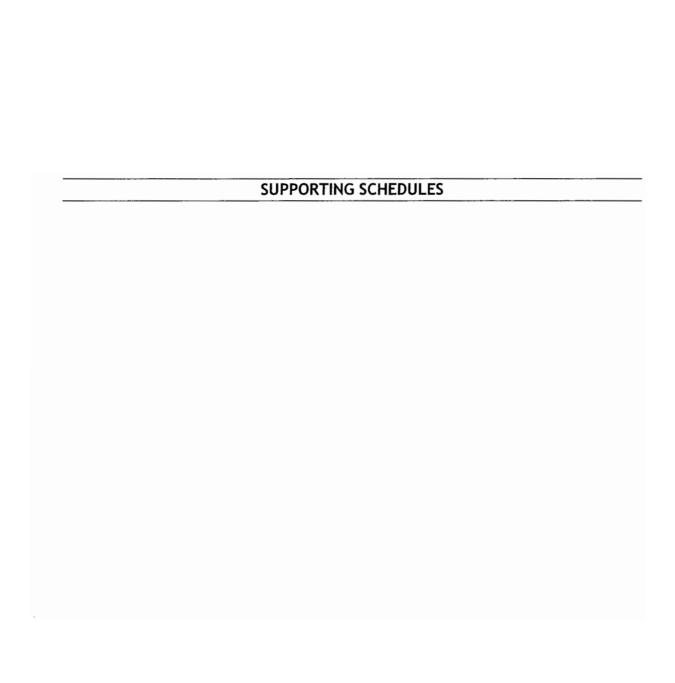
		School Operating <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$	1,014,644
Cash in custody of others		300
Due from primary government		1,636,740
Due from other governmental units		1,637,552
Total assets	\$	4,289,236
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	271,151
Contracts payable	•	3,003,141
Total liabilities	\$	3,274,292
Fund balances: Unreserved: Designated for other Total fund balances Total liabilities and fund balances	\$ \$	1,014,944 1,014,944 4,289,236
Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:		
Total fund balances per above	\$	1,014,944
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,187,544
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(3,403,730)
Net assets of governmental activities	\$	13,798,758

County of Washington, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds - Discretely Presented Component Unit - School Board For the Year Ended June 30, 2006

REVENUES		School Operating <u>Fund</u>
Revenue from the use of money and property	\$	29,259
Charges for services	٠	2,414,113
Miscellaneous		1,335,789
Recovered costs		113,012
Intergovernmental revenues:		
Local government		19,824,550
Commonwealth Federal		34,605,220
Total revenues	\$	6,162,526 64,484,469
Total revenues	<u> </u>	04,404,409
EXPENDITURES		
Current:		
Education	\$	64,277,590
Excess (deficiency) of revenues over (under)		
expenditures	_\$_	206,879
Net change in fund balances	\$	206,879
Fund balances - beginning	Ψ	808,065
Fund balances - ending	\$	1,014,944
·		
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because	se:	
Net change in fund balances - total governmental funds - per above	\$	206,879
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded		
depreciation in the current period.		(37,719)
Some expenses reported in the etatement of activities do not require the use of surrent		
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.		(10.020)
inianolai resources and, meretore are not reported as expenditures in governmental funds.		(19,929)
Change in net assets of governmental activities	\$	149,231
gg g	Ť	140,201

County of Washington, Virginia Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Discretely Presented Component Unit - School Board For the Year Ended June 30, 2006

	School Operating Fund										
	_	Budgeted Amounts Original Final				Actual	•	ariance with inal Budget Positive (Negative)			
REVENUES											
Revenue from the use of money and property	\$	10,100	\$	10,100	\$	29,259	\$	19,159			
Charges for services		3,532,407		3,532,407		2,414,113		(1,118,294)			
Miscellaneous		1,120,000		1,120,000		1,335,789		215,789			
Recovered costs		45,200		45,200		113,012		67,812			
Intergovernmental revenues:											
Local government		20,115,157		20,624,132		19,824,550		(799,582)			
Commonwealth		34,320,956		34,545,352		34,605,220		59,868			
Federal		5,704,017		5,704,017		6,162,526		458,509			
Total revenues	\$	64,847,837	\$	65,581,208	\$	64,484,469	\$	(1,096,739)			
EXPENDITURES Current: Education	\$	66,090,045	\$	66,823,416	\$	64,277,590	\$	2,545,826			
Excess (deficiency) of revenues over (under)											
expenditures	\$	(1,242,208)	\$	(1,242,208)	\$	206,879	\$	1,449,087			
Net change in fund balances Fund balances - beginning, as restated	\$	(1,242,208) 1,242,208	\$	(1,242,208) 1,242,208	\$	206,879 808,065	\$	1,449,087 (434,143)			
Fund balances - ending	\$		\$		\$	1,014,944	\$	1,014,944			



County of Washington, Virginia Schedule of Revenues - Budget and Actual Governmental Funds For the Year Ended June 30, 2006

Fund, Major and Minor Revenue Source	Original Final <u>Budget</u> <u>Budget</u>				Actual	Fi	ariance with inal Budget - Positive (Negative)	
General Fund:								
Revenue from local sources: General property taxes:								
Real property taxes	\$	16,396,250	\$	16,396,250	\$	17,418,385	\$	1,022,135
Real and personal public service corporation taxes	•	1,045,001	۳	1,045,001	٠	1,230,860	۳	185,859
Personal property taxes		3,260,000		3,260,000		3,368,152		108,152
Mobile home taxes		110,501		110,501		107,984		(2,517)
Machinery and tools taxes		3,100,000		3,100,000		3,479,227		379,227
Penalties		200,000		200,000		264,236		64,236
Interest		145,000		145,000		185,749		40,749
Total general property taxes	\$	24,256,752	\$	24,256,752	\$	26,054,593	_\$_	1,797,841
Other local taxes:								
Local sales and use taxes	\$	5,100,000	\$	5,100,000	\$	5,346,904	\$	246,904
Consumers' utility taxes		1,650,000		1,650,000		1,680,809		30,809
E-911 telephone taxes		315,000		315,000		301,346		(13,654)
Local consumption taxes		-		477.500		312		312
Franchise license taxes		277,500		177,500		200,813		23,313
Utility license taxes		705,000		100,000		226,691		126,691
Motor vehicle licenses Bank stock taxes		765,000 20,000		765,000 20,000		766,867 21,139		1,867 1,139
Taxes on recordation and wills		277,000		277,000		437,441		160,441
Hotel and motel room taxes		35,000		35,000		36,970		1,970
Mobile telecommunications taxes		125,000		125,000		639,282		514,282
Total other local taxes	\$	8,564,500	\$	8,564,500	\$	9,658,574	\$	1,094,074
Permits, privilege fees, and regulatory licenses:								
Animal licenses and other animal related fees	\$	33,600	\$	33,600	\$	31,678	\$	(1,922)
Zoning, subdivision plat and soil erosion permits		9,000		9,000		8,647		(353)
Transfer and public hearing fees		1,500		1,500		3,907		2,407
Building permits		110,000		110,000		128,000		18,000
Waste hauling fees		15,000		15,000		18,500		3,500
Total permits, privilege fees, and regulatory licenses	_\$_	169,100	\$	169,100	\$	190,732	\$	21,632
Fines and forfeitures:								
Court fines, forfeitures and interest	\$	140,000	\$	390,000	\$	511,187	\$	121,187
Dog violation fines		1,500		1,500		214	_	(1,286)
Total fines and forfeitures	\$	141,500	\$	391,500	\$	511,401	\$	119,901
Revenue from use of money and property:								
Revenue from use of money	\$	125,000	\$	125,000	\$	641,576	\$	516,576
Revenue from use of property		37,900		37,900		23,707		(14,193)
Total revenue from use of money and property	\$	162,900	\$	162,900	\$	665,283	\$	502,383
Charges for services:								
Excess fees of clerk	\$	35,000	\$	35,000	\$	118,341	\$	83,341
Charges for law enforcement and traffic control		6,000		6,000		2,682		(3,318)
Charges for courthouse maintenance		25,000		25,000		31,057		6,057
Charges for security fees		40,000		40,000		66,274		26,274
Charges for jail processing and other jail related fees		14 000		6,252		30,792 14,660		24,540 660
Charges for copies		14,000 8,000		14,000 8,000		5,963		660 (2,037)
Law library fees Charges for Commonwealth's Attorney		1,200		1,200		1,817		617
Charges for highways and streets		5,000		5,000		5,141		141
Charges for highways and shoots		0,000		0,000		5,		

County of Washington, Virginia Schedule of Revenues - Budget and Actual Governmental Funds For the Year Ended June 30, 2006

Fund, Major and Minor Revenue Source		Original <u>Budget</u>		Final <u>Budget</u>		Actual		Variance with inal Budget - Positive (Negative)
General Fund: (Continued) Revenue from local sources: (Continued)								
Charges for services: (Continued)								
Commission fees	\$	2,800	\$	21,540	\$	20,765	\$	(775)
Charges for sanitation and waste removal and other related fees		391,500		391,500		368,638		(22,862)
Charges for parks and recreation		30,000		32,972		34,526		1,554
Charges for library		27,000		27,000		25,267		(1,733)
Other charges for services		-		-		2,942		2,942
Total charges for services	\$	585,500	\$	613,464	\$	728,865	\$	115,401
Miscellaneous revenue:								
Miscellaneous	\$	141,467	\$	158,494	\$	196,476	\$	37,982
Bristol, Tennpayment in lieu of taxes		700		700		381		(319)
Bristol, VA utilities board		50,000		50,000		-		(50,000)
Tennessee Valley Authority-payment in lieu of taxes		25,000		25,000		31,307		6,307
Total miscellaneous revenue	\$	217,167	\$	234,194	\$	228,164	\$	(6,030)
Recovered costs:	•		•	04.040	•	04.646	ø	
SWIFA property sale	\$	-	\$	84,616	Ф	84,616	Ф	9,648
Insurance recoveries E911 related cost recoveries		410,000		31,882 410,000		41,530 410,000		9,040
		116,925		-		120,289		(1,311)
Facility management CS building Other recovered costs		37,500		121,600 45,359		28,318		(1,041)
Total recovered costs	\$	564,425	\$	693,457	\$	684,753	\$	(8,704)
Total recovered costs	Ψ		Ψ_	000,107	Ψ			
Total revenue from local sources	\$	34,661,844	\$	35,085,867	\$	38,722,365	\$	3,636,498
Intergovernmental revenues:								
Revenue from the Commonwealth:								
Noncategorical aid:								
ABC profits	\$	60,000	\$	60,000	\$	23,862	\$	(36, 138)
Wine taxes		40,000		40,000		25,012		(14,988)
Motor vehicle carriers' tax		37,500		37,500		27,482		(10,018)
Mobile home titling tax		132,500		132,500		94,360		(38,140)
Mining rent and royalties		-		-		679		679
Motor vehicle rental tax		-		-		6,628		6,628
Grantors tax		150,000		150,000		102,167		(47,833)
State recordation tax		-				87,540		87,540
Personal property tax relief funds	_	2,458,750	_	2,458,750		2,540,743	_	81,993
Total noncategorical aid	_\$_	2,878,750	\$	2,878,750	\$	2,908,473	\$	29,723
Categorical aid:								
Shared expenses:								
Commonwealth's attorney	\$	296,000	\$	299,283	\$	330,615	\$	31,332
Sheriff	*	1,987,906	*	2,020,114	*	2,072,462	4	52,348
Commissioner of revenue		156,000		156,000		163,568		7,568
Treasurer		161,000		161,000		168,374		7,374
Medical examiner		1,500		1,500		1,560		60
Registrar/electoral board		47,500		69,500		81,902		12,402
Clerk of the Circuit Court		249,000		249,000		264,008		15,008
Emergency services		5,000		5,000		_		(5,000)
Total shared expenses	\$	2,903,906	\$	2,961,397	\$	3,082,489	\$	121,092

County of Washington, Virginia Schedule of Revenues - Budget and Actual Governmental Funds For the Year Ended June 30, 2006

Intergovernmental revenues:	Fund, Major and Minor Revenue Source		Original <u>Budget</u>		Final <u>Budget</u>		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
Other categorical aid:									
Virginia Public Assistance \$ 1,415,549 \$ \$ 1,415,549 \$ \$ 1,415,549 \$ \$ 1,471,704 \$ 31,555 \$ \$ 1,753,007 \$ Victim witness grant \$ 593,880 \$ 593,880 \$ 1415,683 \$ 175,5307 \$ \$ 3,44,73 \$ \$ 1,471,704 \$ \$ 3,44,73 \$ \$ 1,11500 \$ 11,500 \$ 11,500 \$ 17,691 \$ 6,191 \$ 1,1500 \$ 11,500 \$ 17,691 \$ 6,191 \$ 1,1500 \$ 11,500 \$ 17,691 \$ 6,191 \$ 1,1500 \$ 11,500 \$ 17,691 \$ 6,191 \$ 1,1500 \$ 11,500 \$ 17,691 \$ 6,191 \$ 1,1500 \$ 11,500 \$ 17,691 \$ 6,191 \$ 1,1500 \$ 19,500 \$ 19,216 \$ 92,216 \$ 9									
Comprehensive services 593,890 593,890 418,583 (175,307) Victim witness grant 51,000 51,000 86,473 34,473 Lither control grant 11,500 11,500 17,691 6,191 EMS grant-Two for life 25,000 39,280 - Fire programs 90,000 800 39,280 - Dog and cat sterilization grant 800 800 99 1008 E-911 wireless grant 25,000 185,000 186,100 187,215 2,215 Alcohol, tobacco and firearms funds - 10,050 187,215 2,215 Alcohol, tobacco and firearms funds - 6,238 6,238 6,238 Bullet proof vest grant 5,000 450,000 140,070 455,000 Alt s grant 5,000 450,000 140,070 455,000 Alt s grant 5,000 5,000 140,73 455,970 All s book Grant 5,000 49,797 1,150 1,150 (1,500) DM/DUI Miri grant <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									
Victim witness grant 51,000 51,000 51,000 56,473 34,473 Litter control grant 11,500 11,500 17,691 6,191 EMS grant-Two for life 25,000 39,280 39,280 - Fire programs 90,000 92,216 82,216 - Dog and cat sterilization grant 800 25,000 55,488 30,488 Library state aid 185,000 185,000 187,215 2,215 Alcohol, tobacco and frearms funds - 10,050 6238 (10,050) Bullet proof vest grant - 6,203 6238 (10,050) Bullet proof vest grant - 6,000 450,000 14,073 (485,927) Arts grant 5,000 5,000 5,000 7,3288 73,288 DCJS-Edward Byrne IT grant - 49,797 73,288 73,288 DCJS-Edward Byrne IT grant - 1,500 2,000 1,130 1,130 DCJS-Edward Byrne IT grant - 1,150 2,000 <td< td=""><td></td><td>\$</td><td></td><td>\$</td><td></td><td>\$</td><td></td><td>\$</td><td></td></td<>		\$		\$		\$		\$	
Litter control griant					,		-		
EMS grant-Two for life 25,000 39,260 39,260									
Fire programs 90,000 92,216 92,216 Dog and cat sterilization grant 800 800 909 109 E-911 wireless grant 25,000 25,000 55,468 30,468 Library state aid 185,000 187,215 2,215 Alcohol, tobacco and firearms funds 10,050 10,050 - (10,050) Bullet proof vest grant 45,000 450,000 14,073 (435,927) Arts grant 5,000<									6,191
Dog and cat sterilization grant 800 800 909 109 109 E-911 wireless grant 25,000 25,000 55,468 30,468 Library state aid 185,000 186,000 187,215 2,215 Alcohol, tobacco and firearms funds - 6,238 6,238 110e IV-E Recoveries 450,000 450,000 14,073 (435,927) Arts grant 5,000 5,000 - 7,328 73,288 DCJS-Edward Byrne IT grant 5,000 - 7,328 73,288 DCJS-Edward Byrne IT grant - 7,328 - 7,328 - 7,328 DCJS-Edward Byrne IT grant - 7,328 - 7,328 - 7,328 DCJS-Edward Byrne IT grant - 7,328	EMS grant-Two for life								-
E-911 wireless grant	Fire programs		90,000		92,216		92,216		-
Library state aid	Dog and cat sterilization grant		800		800		909		109
Alcohol, tobacco and firearms funds - 10,060 - (10,050) Buillet proof vest grant - 6,238 6,238 Title IV-E Recoveries 450,000 540,000 14,073 (435,927) Arts grant 5,000 5,000 5,000 - 73,288 DLJS-Edward Byrne IT grant - 49,797 - (49,797) DMV/DUI Mini grant - 1,500 - (11,500) DCJS-Law Ent Terrorism grant - 1,17964 - (11,7964) Local law enforce blk grant - 1,17964 - (11,7964) Local law enforce blk grant - 1,130 - (11,500) Tobacco indemnification - 250,000 250,000 - (25,000) Total other categorical aid \$2,877,739 \$3,330,894 \$2,692,518 (638,376) Total categorical aid \$5,781,645 \$6,292,291 \$5,775,007 \$(517,284) Total revenue from the Commonwealth \$8,660,395 \$9,171,041 \$8,683,480 \$487,561) Revenue from the federal government: Payments in lieu of taxes \$23,500 \$23,500 \$23,566 \$660,395 Categorical aid: \$2,079,633 \$2,079,633 \$2,128,155 \$48,522 Local law enforcement block grant - 1,130 1,130 Violence against women \$2,079,633 \$2,079,633 \$2,128,155 \$45,522 Local law enforcement preparedness grant - 1,130 1,130 Violence against women - 1,600 1,600 1,600 1,600 Emergency management preparedness grant 176,224 189,323 13,099 State and community highway safety funds - 2,0000 1,606 1,938 Total categorical aid \$2,255,857 \$2,366,954 9,1172 Total revenue from the federal government \$2,279,357 \$2,299,550 9,11,93	E-911 wireless grant				25,000		55,468		
Bullet proof vest grant 450,000 6,238 6,238 1,4073 (435,927) Arts grant 5,000 5,000 5,000 - - 73,288 73,288 73,288 DCJS-Edward Byrne IT grant - 49,797 - (49,797) - (41,500) - - (41,500) - - (11,500) - - (11,500) - - - (20,000) - - - - - - - - - - - - - - - - - - <td>Library state aid</td> <td></td> <td>185,000</td> <td></td> <td>185,000</td> <td></td> <td>187,215</td> <td></td> <td>2,215</td>	Library state aid		185,000		185,000		187,215		2,215
Title IV-E Recoveries 450,000 450,000 14,073 (435,927) Arts grant 5,000 5,000 5,000 - Jail Block Grant - - - 73,288 73,288 DCJS-Edward Byrne IT grant - 49,797 - (49,797) DM//DUI Mini grant - 117,964 - (17,500) DCJS-Law Enf Terrorism grant - 1,130 - (11,30) Local law enforce blk grant - 25,000 250,000 - (25,000) VSTOP grant 25,000 25,000 - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (25,000) - (26,002) - <	Alcohol, tobacco and firearms funds		-		10,050		-		(10,050)
Arts grant Jail Block Grant CJS-Edward Byrne IT grant DMV/DUI Mini grant DCJS-Edward Byrne IT grant DMV/DUI Mini grant DCJS-Law Ent Terrorism grant CLGA Law enforce blk grant Tobacco indemnification VSTOP grant Total categorical aid Total categorical aid Revenue from the federal government: Payments in lieu of taxes Categorical aid: Viginia Public Assistance Local law enforcement block grant Violence against women Total categorical aid Total categorical aid Revenue from the federal government: Payments in lieu of taxes Categorical aid: Virginia Public Assistance Local law enforcement block grant Total categorical aid Total categorical aid: Virginia Public Assistance Local law enforcement block grant Total categorical aid: Virginia Public Assistance Local law enforcement block grant Total categorical aid: Virginia Public Assistance Local law enforcement block grant Total categorical aid: Virginia Public Assistance Local law enforcement block grant Total categorical aid: Virginia Public Assistance Salor Sa	Bullet proof vest grant		-		6,238		6,238		
Jail Block Grant	Title IV-E Recoveries		450,000		450,000		14,073		(435,927)
Jail Block Grant	Arts grant		5,000		5,000		5,000		-
DMV/DUI Mini grant 1,500 1,500 1,500 DCJS-Law Ent Terrorism grant 117,964 - (117,964) Local law enforce blk grant 1,130 - (25,000) Tobacco indemnification 25,000 25,000 - (25,000) VSTOP grant 25,000 25,000 - (25,000) Total other categorical aid \$ 2,877,739 \$ 3,330,894 \$ 2,692,518 \$ (638,376) Total revenue from the Commonwealth \$ 8,660,395 \$ 9,171,041 \$ 8,683,480 \$ (517,284) Revenue from the federal government: \$ 23,500 \$ 23,500 \$ 23,566 \$ 66 Payments in lieu of taxes \$ 2,079,633 \$ 2,3500 \$ 23,566 \$ 66 Categorical aid: **** Total revenue from the federal government: * 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 1,130 </td <td></td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>73,288</td> <td></td> <td>73,288</td>			-		-		73,288		73,288
DMV/DUI Mini grant 1,500 - (1,500) DCJS-Law Ent Terrorism grant - 117,964 - (17,964) Local law enforce blk grant - 1,130 - (1,130) Tobacco indemnification 25,000 25,000 25,000 - (25,000) VSTOP grant 25,000 25,000 - (25,000) Total other categorical aid \$ 5,781,645 \$ 6,292,291 \$ 5,775,007 \$ (517,284) Total revenue from the Commonwealth \$ 8,660,395 \$ 9,171,041 \$ 8,683,480 \$ (487,561) Revenue from the federal government: \$ 23,500 \$ 23,500 \$ 23,566 \$ 66 Payments in lieu of taxes \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement preparedness grant \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Emergency management preparedness grant \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 S	DCJS-Edward Byrne IT grant		-		49,797		-		(49,797)
DCJS-Law Enf Terrorism grant 117,964 117,964 (117,964) Local law enforce blk grant 1,130 - (1,130) Tobacco indemnification 250,000 250,000 - (25,000) VSTOP grant 25,000 25,000 - (25,000) Total other categorical aid \$2,877,739 \$3,330,894 \$2,692,518 \$(638,376) Revenue from the Commonwealth \$6,693,955 \$9,171,041 \$8,683,480 \$(487,561) Revenue from the federal government: Payments in lieu of taxes \$23,500 \$23,500 \$3,566 \$6 Categorical aid: Virginia Public Assistance \$2,079,633 \$2,079,633 \$2,128,155 \$48,522 Local law enforcement block grant \$2,079,633 \$2,079,633 \$2,128,155 \$48,522 Local law enforcement preparedness grant \$2,079,633 \$2,079,633 \$2,128,155 \$48,522 Local law enforcement preparedness grant \$2,079,633 \$2,128,155 \$48,522 Emergency management preparedness grant \$6,574 6,574 <			-				-		
Local law enforce blk grant 1,130 1,130 1,130 Tobacco indemnification 250,000 250,000 250,000 VSTOP grant 25,000 25,000 25,000 Total other categorical aid \$ 2,877,739 \$ 3,330,894 \$ 2,692,518 6638,376 Total revenue from the Commonwealth \$ 6,660,395 \$ 9,171,041 \$ 6,883,480 \$ (487,561) Revenue from the federal government: Payments in lieu of taxes \$ 23,500 \$ 23,500 \$ 23,566 \$ 66 Categorical aid: Virginia Public Assistance \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement preparedness grant \$ 2,079,633 \$ 2,128,155 \$ 48,522 Emergency management preparedness grant \$ 6,574 6,574 State and community highway safety funds \$ 16,622 189,323 13,099 State and community highway safety funds \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 9 1,123 </td <td>· ·</td> <td></td> <td>-</td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td></td>	· ·		-				-		
Tobacco indemnification VSTOP grant 250,000			-				-		
VSTOP grant 25,000 25,000 - (25,000) Total other categorical aid \$ 2,877,739 \$ 3,330,894 \$ 2,692,518 \$ (638,376) Total categorical aid \$ 5,781,645 \$ 6,292,291 \$ 5,775,007 \$ (517,284) Total revenue from the Commonwealth \$ 8,660,395 \$ 9,171,041 \$ 8,683,480 \$ (487,561) Revenue from the federal government: Payments in lieu of taxes \$ 23,500 \$ 23,500 \$ 23,566 \$ 66 Categorical aid: Virginia Public Assistance \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant \$ 2,079,633 \$ 2,128,155 \$ 48,522 Emergency management preparedness grant \$ 2,079,633 \$ 2,000,00 16,574 <td< td=""><td></td><td></td><td>-</td><td></td><td></td><td></td><td>250,000</td><td></td><td>-</td></td<>			-				250,000		-
Total other categorical aid \$ 2,877,739 \$ 3,330,894 \$ 2,692,518 \$ (638,376)			25,000						(25,000)
Revenue from the Commonwealth \$ 8,660,395 \$ 9,171,041 \$ 8,683,480 \$ (487,561)		\$		\$		\$	2,692,518	\$	
Revenue from the federal government: Payments in lieu of taxes	Total categorical aid	\$	5,781,645	\$	6,292,291	\$	5,775,007	\$	(517,284)
Payments in lieu of taxes \$ 23,500 \$ 23,500 \$ 23,566 \$ 66 Categorical aid: Virginia Public Assistance \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant - - - 1,130 1,130 Violence against women - - - 6,574 6,574 Emergency management preparedness grant - - - 6,574 6,574 State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - - 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,390,550 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193	Total revenue from the Commonwealth	\$	8,660,395	\$	9,171,041	\$	8,683,480	\$	(487,561)
Payments in lieu of taxes \$ 23,500 \$ 23,500 \$ 23,566 \$ 66 Categorical aid: Virginia Public Assistance \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant - - - 1,130 1,130 Violence against women - - - 6,574 6,574 Emergency management preparedness grant - - - 6,574 6,574 State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - - 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,390,550 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193	Pevenue from the federal government:								
Categorical aid: Virginia Public Assistance \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant - - - 1,130 1,130 Violence against women - - - 16,497 16,497 Emergency management preparedness grant - - - 6,574 6,574 State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - 9,243 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193		¢	23 500	æ	23 500	¢	23 566	¢	66
Virginia Public Assistance \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant - - - 1,130 1,130 Violence against women - - - 16,497 16,497 Emergency management preparedness grant - - - 6,574 6,574 State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - 9,243 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193	rayments in lieu of taxes	Ψ	23,300	Ψ.	23,300	Ψ	25,500	Ψ	
Virginia Public Assistance \$ 2,079,633 \$ 2,079,633 \$ 2,128,155 \$ 48,522 Local law enforcement block grant - - - 1,130 1,130 Violence against women - - - 16,497 16,497 Emergency management preparedness grant - - - 6,574 6,574 State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - 9,243 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193	Categorical aid:								
Local law enforcement block grant - - 1,130 1,130 Violence against women - - - 16,497 16,497 Emergency management preparedness grant - - - 6,574 6,574 State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - 9,243 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193		œ	2 079 633	¢	2 079 633	¢	2 128 155	¢	48 522
Violence against women - - - 16,497 Emergency management preparedness grant - - - 6,574 6,574 State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - - 9,243 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193		Ψ	2,073,000	Ψ	2,073,000	Ψ		Ψ	
Emergency management preparedness grant - - 6,574 6,574 State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - - 9,243 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193	•								
State homeland security grant 176,224 176,224 189,323 13,099 State and community highway safety funds - - 9,243 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 2,275,857 2,366,984 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 91,193	· ·		_		_				
State and community highway safety funds - - 9,243 9,243 Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193			176 224		176 224				
Alcohol safety - 20,000 16,062 (3,938) Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193			170,224		170,224				
Total categorical aid \$ 2,255,857 \$ 2,275,857 \$ 2,366,984 \$ 91,127 Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193			•		20,000				
Total revenue from the federal government \$ 2,279,357 \$ 2,299,357 \$ 2,390,550 \$ 91,193		•	2 255 057	•		œ.		¢	(3,830)
	rotal categorical ald	<u> </u>	2,200,007	Ψ	2,210,001	Ψ	2,300,904	Φ	91,121
Total General Fund \$ 45,601,596 \$ 46,556,265 \$ 49,796,395 \$ 3,240,130	Total revenue from the federal government	\$	2,279,357	\$	2,299,357	\$	2,390,550	\$	91,193
	Total General Fund	\$	45,601,596	\$	46,556,265	\$	49,796,395	\$	3,240,130

Fund, Major and Minor Revenue Source		Original Budget	Final <u>Budget</u>	<u>Actual</u>	Fi	ariance with inal Budget - Positive (Negative)
Capital Projects Fund: County Capital Improvements Fund: Intergovernmental revenues: Revenue from the Commonwealth:						
Categorical aid: VSWAP rehab	_\$_	-	\$ 3,700	\$ 3,700	\$	<u>-</u>
Revenue from the federal government: Categorical aid: CDBG	\$	1,497,439	\$ 1,497,439	\$ 513,840	\$	(983,599)
Total revenue from the federal government	\$	1,497,439	\$ 1,497,439	\$ 513,840	\$	(983,599)
Total County Capital Improvements Fund		1,497,439	\$ 1,501,139	\$ 517,540	\$	(983,599)
Nonmajor Capital Projects Funds: School Capital Improvements Fund: Revenue from local sources: Revenue from use of money and property: Revenue from the use of money	\$		\$ -	\$ 12,701	\$	12,701
Intergovernmental revenues: Revenue from the Commonwealth: Categorical aid:						
Interest rate subsidy	\$	-	\$ 41,448	\$ 93,798	\$	52,350
Total School Capital Improvements Fund	\$	-	\$ 41,448	\$ 106,499	\$	65,051
Total Primary Government	\$	47,099,035	\$ 48,098,852	\$ 50,420,434	\$	2,321,582
Discretely Presented Component Unit - School Board: Special Revenue Funds: School Operating Fund: Revenue from local sources:						
Revenue from use of money and property: Revenue from the use of money Revenue from the use of property	\$	5,100 5,000	5,100 5,000	\$ 26,703 2,556	\$	21,603 (2,444)
Total revenue from use of money and property	\$		10,100	\$ 29,259	\$	19,159
Charges for services: Charges for education Governor's School Transportation of pupils Cafeteria sales	\$	591,825 122,500 36,000 2,782,082	122,500 36,000 2,782,082	 350,335 379,194 41,734 1,642,850		(241,490) 256,694 5,734 (1,139,232)
Total charges for services	\$	3,532,407	3,532,407	\$ 2,414,113	\$	(1,118,294)
Miscellaneous revenue: Other miscellaneous	\$	1,120,000	1,120,000	\$ 1,335,789	\$	215,789
Recovered costs:		45.000		4/0.015	•	07.040
Other recovered costs	_\$	45,200		\$ 113,012	\$	67,812
Total revenue from local sources	\$	4,707,707	4,707,707	\$ 3,892,173	\$	(815,534)

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	Fir	riance with nal Budget - Positive Negative)
Discretely Presented Component Unit - School Board: (Continued) Special Revenue Funds: (Continued) School Operating Fund: (Continued)								
Intergovernmental revenues:								
Revenues from local governments:								
Contribution from County of Washington, Virginia	\$	20,115,157	\$	20,624,132	\$	19,824,550	\$	(799,582)
Revenue from the Commonwealth:								
Categorical aid:								
Share of state sales tax	\$	5,674,088	¢	5,674,088	\$	6,158,228	\$	484,140
	Ψ	18,658,588	Ψ	18,658,588	Ψ	18,212,508	Ψ	(446,080)
Basic school aid								(440,000)
GED funding		23,576		23,576		23,576		(440.055)
Summer remedial		259,294		259,294		116,039		(143,255)
Regular foster care		140,516		140,516		53,884		(86,632)
Adult high school courses		4,200		4,200		-		(4,200)
Gifted and talented		184,657		184,657		183,925		(732)
Remedial education		487,684		487,684		485,752		(1,932)
Student achievement		-		-		89,738		89,738
Compensation supplement		353,703		353,703		353,703		-
Special education		1,562,484		1,562,484		1,556,291		(6, 193)
Textbook payment		297,258		297,258		297,676		418
Vocational education		691,281		691,281		688,541		(2,740)
Vocational adult education		78,533		78,533		5,042		(73,491)
Vocational equipment		70,000		70,000		7,682		7,682
		-		_		94,511		94,511
Vocational educational occupational tech ed		1.016.420		1.016.420				
Social security fringe benefits		1,016,429		1,016,429		938,491		(77,938)
Retirement fringe benefits		944,669		944,669		877,182		(67,487)
Gear up for spring				-		15,000		15,000
State lottery payments		1,136,162		1,136,162		1,136,187		25
Early reading intervention		27,059		27,059		30,441		3,382
Governors school		427,718		652,114		523,265		(128,849)
Jobs for Virginia graduates-lottery proceeds		25,000		25,000		25,000		-
Adult literacy		135,000		135,000		125,380		(9,620)
Homebound		31,152		31,152		62,277		31,125
School food		43,201		43,201		45,354		2,153
Regional programs		135,863		135,863		154,865		19,002
Career and tech		100,000				12,223		12,223
Special education - foster care				_		155,186		155,186
		-		_		328		328
Electronic classroom		202 405		202 105				
At risk payments		392,195		392,195		390,686		(1,509)
At risk four year olds		189,861		189,861		189,861		-
Tobacco settlement		-		-		87,057		87,057
Mentor teacher program		-		-		7,085		7,085
Primary class size		548,799		548,799		538,501		(10,298)
Technology		518,000		518,000		517,721		(279)
Project graduation		-		-		151,211		151,211
Special ed jail program		317		317		644		327
School construction		217,449		217,449		198,137		(19,312)
SOL algebra readiness		59,113		59,113		59,113		-
English as a second language		-				13,537		13,537
GED testing		_		_		15,704		15,704
Other state funds		57,107		57,107		7,688		(49,419)
	•	34,320,956	•	34,545,352	¢	34,605,220	\$	59,868
Total categorical aid	_\$_	34,320,930	Ψ	34,340,302	\$	34,000,220	Ψ	33,000

Fund, Major and Minor Revenue Source	Original <u>Budget</u>	Final <u>Budget</u>		Actual	ariance with inal Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued) Special Revenue Funds: (Continued)					
School Operating Fund: (Continued)					
Intergovernmental revenues: (Continued)					
Revenue from the Commonwealth: (Continued)					
Total revenue from the Commonwealth	\$ 34,320,956	\$ 34,545,352	\$	34,605,220	\$ 59,868
Revenue from the federal government:					
Categorical aid:					
Forest reserve fund	\$ 11,000	\$ 11,000	\$	12,315	\$ 1,315
Adult basic education	400,000	400,000		450,492	50,492
Title I	1,367,059	1,367,059		1,712,304	345,245
Title VI-B, special education flow-through	1,090,760	1,090,760		1,315,947	225,187
Title VI-B, special education preschool	-	-		69,595	69,595
Vocational education	140,290	140,290		42,495	(97,795)
Title II Part A	42,389	42,389		383,604	341,215
Drug free schools	-	-		50,302	50,302
Improving teacher quality grant	-	-		4,992	4,992
Smiles VI grant fund	175,000	175,000		165,317	(9,683)
State assessments and related activities	-	-		5,739	5,739
Emergency impact for displaced students	-	-		21,532	21,532
Literacy challenge grant	-	-		45,460	45,460
School breakfast program	-	-		312,870	312,870
School lunch program	-	-		1,046,911	1,046,911
Reading first	-	-		449,742	449,742
Learn and serve america	-	-		14,000	14,000
Chapter II	379,430	379,430		46,579	(332,851)
Comprehensive school reform demonstration	-	-		4,253	4,253
School to work	-	-		8,077	8,077
Title V	49,103	49,103		-	(49,103)
Other federal funds	2,048,986	2,048,986		-	(2,048,986)
Total categorical aid	\$ 5,704,017	\$ 5,704,017	\$	6,162,526	\$ 458,509
Total revenue from the federal government	\$ 5,704,017	\$ 5,704,017	\$_	6,162,526	\$ 458,509
Total Discretely Presented Component Unit - School Board	\$ 64,847,837	\$ 65,581,208	\$	64,484,469	\$ (1,096,739)

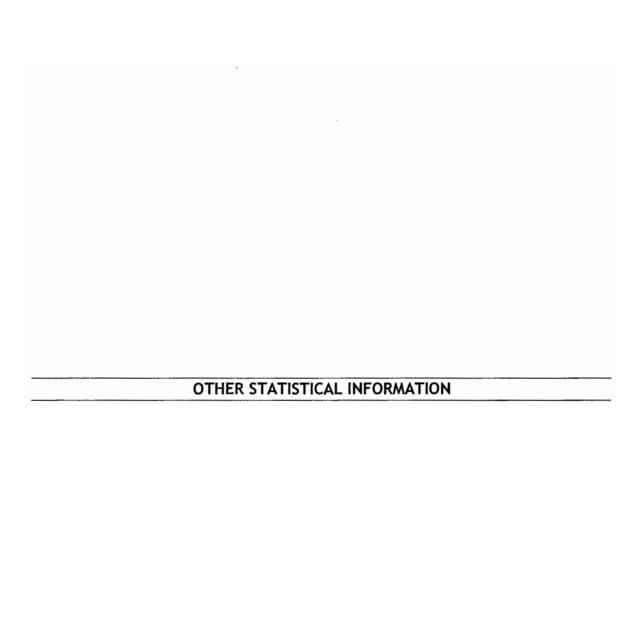
Fund, Function, Activity and Element		Original Budget		Final Budget		<u>Actual</u>		Variance with inal Budget - Positive (Negative)
General Fund: General government administration:								
Legislative:								
Board of supervisors	_\$_	119,180	\$	126,680	\$	125,951	\$	729
General and financial administration:								
County administrator	\$	152,422	\$	155,011	\$	148,217	\$	6,794
Legal services	Ψ	349,450	Ψ.	351,836	Ψ	171,543	۳	180,293
Commissioner of revenue		429,218		429,218		428,237		981
Treasurer		478,402		499,142		476,283		22,859
		180,495		194,019		183,822		10,197
Central accounting and purchasing				-		•		99,994
Information technology		536,405		566,124		466,130		
Assessor		50,000		50,000		24,656		25,344
Auditor	_	34,000		34,000		29,313	_	4,687
Total general and financial administration	\$	2,210,392	\$	2,279,350	\$	1,928,201	\$	351,149
Board of elections:								
Registrar	\$	105,779	\$	110,779	\$	106,887	\$	3,892
Electoral board	*	81,228	•	103,228	•	83,839	•	19,389
Total board of elections	\$	187,007	\$	214,007	\$	190,726	\$	23,281
	<u> </u>		•	···	<u> </u>			
Total general government administration	\$	2,516,579	\$	2,620,037	\$	2,244,878	\$	375,159
Judicial administration:								
Courts:								
Circuit court	\$	63,206	\$	63,206	\$	53,016	\$	10,190
General district court		20,000		20,000		19,003		997
Juvenile and domestic relations court		20,500		20,500		16,342		4,158
Special magistrates		4,700		6,200		4,780		1,420
Clerk of the circuit court		526,258		526,258		447,652		78,606
Law library		8,000		30,661		22,661		8,000
Total courts	\$	642,664	\$	666,825	\$	563,454	\$	103,371
	<u> </u>	012,00		000,020			<u> </u>	100,011
Commonwealth's attorney:								
Commonwealth's attorney	\$	525,728	\$	548,632	\$	510,777	\$	37,855
Total judicial administration	\$	1,168,392	œ	1,215,457	¢	1,074,231	¢	141,226
Total judicial administration	Ψ	1,100,332	Ψ	1,210,407	Ψ	1,074,231	Ψ	141,220
Public safety:								
Law enforcement and traffic control:								
Sheriff	\$	3,383,771	\$	3,488,314	\$	3,447,059	\$	41,255
School resource grant	·	76,234		76,234	·	75,446		788
Victim witness assistance		51,005		51,005		43,590		7,415
Animal control		231,965		232,075		224,451		7,624
Interstate enforcement		20.,000		377,211				377,211
Other Sheriff grants		77,121		303,934		301,714		2,220
Total law enforcement and traffic control	\$	3,820,096	\$	4,528,773	\$	4,092,260	\$	436,513
Fire and recours convince:								-
Fire and rescue services:	œ	000 407	¢	000 640	¢	200 705	œ	2 020
Volunteer fire departments	\$	890,427	Ф	892,643	Φ	888,705	Φ	3,938
Volunteer emergency operations		450,565		464,825		462,825		2,000
E-911		781,120		804,748		785,972		18,776
Other fire and rescue services	•	66,500	•	180,657	•	180,287	•	370
Total fire and rescue services		2,188,612	4	2,342,873	Þ	2,317,789	\$	25,084

Fund, Function, Activity and Element		Original Budget		Final Budget		Actual		/ariance with inal Budget - Positive (Negative)
General Fund: (Continued)								
Public safety: (Continued)								
Correction and detention:	¢		œ	4,173	æ	993	Ф	3,180
County operated institutions Regional jail payments	\$	1,465,344	\$	1,465,344	Þ	1,401,314	Φ	64,030
Juvenile probation and detention		126,000		126,000		126,000		04,030
Total correction and detention	\$	1,591,344	\$	1,595,517	\$	1,528,307	\$	67,210
Total contourd and actorition		1,001,044	<u> </u>	1,000,011	Ψ.	1,020,001	<u> </u>	07,210
Inspections:								
Building	\$	178,331	\$	181,013	\$	171,848	\$	9,165
Other protection:								
Domestic preparedness grant	\$	-	\$	42,993	\$	42,993	\$	-
Medical examiner		2,500		2,500		1,950		550
Homeland security grants		235,735		391,480		391,480		-
Emergency services		69,139		70,095		64,083		6,012
Total other protection	_\$_	307,374	\$	507,068	\$	500,506	\$	6,562
Total public safety	\$	8,085,757	\$	9,155,244	\$	8,610,710	\$	544,534
Public works:								
Maintenance of highways, streets, bridges and sidewalks:								
Highways, streets, bridges and sidewalks	\$	4,400	\$	4,400	\$	3,374	\$	1,026
Road improvements		75,000		219,370		37,348		182,022
Total maintenance of highways, streets, bridges & sidewalks	\$	79,400	\$	223,770	\$	40,722	\$	183,048
Sanitation and waste removal:								
Refuse collection and disposal	\$	1,911,491	\$	1,922,686	\$	1,756,878	\$	165,808
Recycling program		97,730		101,954	_	89,658		12,296
Total sanitation and waste removal	\$	2,009,221	\$	2,024,640	\$	1,846,536	\$	178,104
Maintenance of general buildings and grounds:								
General properties	\$	914,957	\$	948,108	\$	812,316	\$	135,792
Total public works	_\$	3,003,578	\$	3,196,518	\$	2,699,574	\$	496,944
Health and welfare:								
Health:								
Supplement of local health department	_\$_	481,113	\$	481,113	\$	481,113	\$	
Mental health and mental retardation:								
Community services board	_\$_	326,346	\$	326,346	\$	326,346	\$	
Welfare:								
Virginia public assistance	\$	4,389,390	\$	4,519,390	\$	4,370,399	\$	148,991
Speech and hearing		16,000		16,000		16,000		
Parent aide services grant		26,925		26,925				26,925
State and local hospitalization		14,000		16,331		16,325		6
Area agency on aging		41,331		41,331		41,331		-
Senior services		114,685		114,685		114,685		-
Community action agency		169,485		169,485		169,485		450.000
Revenue max. program		450,000		450,000		002.000		450,000
Community services		893,836		893,836		883,629		10,207

Fund, Function, Activity and Element		Original <u>Budget</u>		Final Budget		<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
General Fund: (Continued)								
Welfare: (Continued)	•	500	•	0.500	•	4.000	•	0.500
Indigent care Other welfare	\$	500 83,545	\$	6,500 93,545	\$	4,000 93,545	\$	2,500
Total welfare	\$	6,199,697	\$	6,348,028	\$	5,709,399	\$	638,629
Total health and welfare	\$	7,007,156	\$	7,155,487	\$	6,516,858		638,629
Total fleatiti and wellare	<u> </u>	7,007,100	Ψ	7,100,407	Ψ	0,010,000	Ψ_	030,023
Education:								
Other instructional costs:					_			
Contributions to community college	\$	69,734	\$	69,734	\$	69,734	\$	-
Other educational contributions		49,732		49,732		49,732		700 500
Contribution to County School Board		20,115,157	•	20,624,132	•	19,824,550	<u> </u>	799,582
Total education	_\$	20,234,623	\$	20,743,598	\$	19,944,016	<u>\$</u>	799,582
Parks, recreation, and cultural:								
Parks and recreation:	•	00 700	•	00.744	•	400.040	•	(00.007)
Parks	\$	60,739	\$	63,711	\$	123,918	\$	(60,207)
Recreation		111,112		111,997		22,057 95,012		89,940 1,988
Washington County Park Authority		97,000		97,000		152,846		1,500
Community centers		144,846 74,000		152,846 74,000		74,000		•
Town recreation programs Athletic group activities		64,900		64,900		62,660		2,240
Total parks and recreation	\$		\$	564,454	\$	530,493	\$	33,961
Total parks and recreation	Ψ	002,001	Ψ	504,404	Ψ			00,001
Cultural enrichment:								
Cultural enrichment	\$	241,800	\$	266,800	\$	266,800	\$	-
Library:								
Washington County library	\$	1,029,001	\$	1,123,118	\$	1,051,821	\$	71,297
Branch libraries		178,712		178,712		178,712		-
Total library	\$	1,207,713	\$	1,301,830	\$	1,230,533	\$_	71,297
Total parks, recreation, and cultural	\$	2,002,110	\$_	2,133,084	\$	2,027,826	\$, 105,258
Community development:								
Planning and community development:								
Planning	\$	75,517	\$	76,740	\$	69,879	\$	6,861
Regional planning		34,320		34,320		34,320		•
Planning commission		25,357		25,357		22,877		2,480
Zoning		108,388		109,805		99,717		10,088
Community development		153,340		157,244		160,265		(3,021)
Economic development		164,603		169,603		169,603		-
Contribution to Virginia Highlands Airport		215,253		215,253		215,253		-
Contribution to Smyth/Washington Industrial Facility		96,030		180,646		180,646		66 636
Contribution to Washington County Public Service Authority Contribution to Economic development		35,000 620,000		190,116 1,546,950		123,480 1,295,000		66,636 251,950
Contribution to Economic development Contribution to Industrial Development Authority		95,295		95,295		95,295		201,930
Total planning and community development	-\$	1,623,103	\$	2,801,329	\$	2,466,335	\$	334,994
		1,020,100	*	2,001,020	<u> </u>		<u> </u>	00 1,00 T
Environmental management:	^	00 700	¢	00 700	•	00 700	e	
Contribution to soil and water district	\$	28,700	\$	28,700	Þ	28,700	b	

Fund, Function, Activity and Element		Original <u>Budget</u>		Final <u>Budget</u>		Actual	F	ariance with inal Budget - Positive (Negative)
General Fund: (Continued) Community development: (Continued)								
Cooperative extension program:								
Extension office	\$	98,203	\$	98,203	\$	79,419	\$	18,784
Total community development	\$	1,750,006	\$	2,928,232	\$	2,574,454	\$	353,778
Nondepartmental:								
Revenue refunds	\$		\$		\$	27,607	\$	(27,607)
Other non departmental		369,030		117,465		9,308		108,157
Total nondepartmental	\$	369,030	\$	117,465	\$	36,915	\$	80,550
Debt service:								
Principal retirement	\$	1,021,403	\$	1,021,402	\$	1,046,741	\$	(25,339)
Interest and other fiscal charges		751,685		751,685		744,547	_	7,138
Total debt service	\$	1,773,088	\$	1,773,087	\$	1,791,288	\$	(18,201)
Total General Fund	\$	47,910,319	\$	51,038,209	\$	47,520,750	\$	3,517,459
Capital Projects Fund: County Capital Improvements Fund: Public works: Sanitation and waste removal:								
Capital improvements	\$	198,000	\$	198,000	\$	35,248	\$	162,752
Total public works	\$	198,000	\$	198,000	\$	35,248	\$	162,752
Community development:								
Planning and community development:								
Old mill road project	\$	797,439	\$	801,139	\$	560,420	\$	240,719
Medowview comm facility		700,000		700,000				700,000
Total planning and community development	_\$_	1,497,439	\$	1,501,139	\$	560,420	\$	940,719
Capital projects expenditures: Contingencies	\$	2,016,689	\$	3,201,566	\$		\$	3,201,566
Total Capital Projects Fund	\$	3,712,128	\$	4,900,705	\$	595,668	\$	4,305,037
School Capital Improvements Fund: Education:								
Operating costs: Facilities	\$	518,970	\$	1,240,418	\$	774,598	\$	465,820
	<u> </u>	0.0,070	<u> </u>	1,210,110	*	114,000	-	100,020
Total Primary Government	\$	52,141,417	\$	57,179,332	\$	48,891,016	\$	8,288,316

Fund, Function, Activity and Element Discretely Presented Component Unit - School Board Special revenue funds: School Operating Fund: Education:	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Fi	ariance with nal Budget - Positive (Negative)
Administration, attendance and health	\$ 2,823,832	\$ 2,504,886	\$ 2,337,719	\$_	167,167
Instruction Instructional technology Total instruction costs	\$ 48,221,563 1,533,942 49,755,505	 48,883,573 1,532,294 50,415,867	\$ 46,342,805 1,953,822 48,296,627		2,540,768 (421,528) 2,119,240
Discretely Presented Component Unit - School Board (Continued) Special revenue funds: (Continued) School Operating Fund: (Continued) Education: (Continued) Operating costs: Pupil transportation Operation and maintenance of school plant School food services Other operating costs Total operating costs	\$ 3,966,458 5,912,942 3,631,308 - 13,510,708	\$ 3,970,459 5,944,142 3,631,308 356,754 13,902,663	\$ 4,121,282 5,891,163 2,982,948 647,851 13,643,244	\$	(150,823) 52,979 648,360 (291,097) 259,419
Total Discretely Presented Component Unit - School Board	\$ 66,090,045	\$ 66,823,416	\$ 64,277,590	\$	2,545,826



County of Washington, Virginia Government-Wide Expenses by Function Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Non- departmental	Interest on Long- Term Debt	Total
2005-06 2004-05 2003-04 2002-03	\$ 2,086,597 2,576,583 2,425,661 1,965,513	\$ 1,076,485 955,655 964,271 907,096	7,807,347 \$ 6,504,777 6,014,035 6,199,608	2,768,015 2,773,862 2,901,134 2,636,127	\$ 6,356,765 \$ 6,033,168 5,944,374 5,660,015	20,769,223 18,710,982 18,128,858 18,636,740	\$ 2,230,629 \$ 1,826,571 1,945,075 1,767,870	3,138,763 2,398,560 1,911,480 2,203,361	\$ 36,915 - -	\$ 722,722 \$ 695,607 731,995 764,540	46,993,461 42,475,765 40,966,883 40,740,870

⁽¹⁾ Information has only been available for 4 years.

County of Washington, Virginia Government-Wide Revenues Last Ten Fiscal Years (1)

	PI	ROGRAM REVENUE	S		G	ENERAL REVENU	ES		
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2005-06 2004-05 2003-04 2002-03	\$ 1,430,998 1,103,253 864,568 1,009,977	7,613,600	\$ 558,988 106,713 113,694	\$ 26,006,562 22,923,994 21,794,488 21,394,709	\$ 9,658,574 8,818,508 8,109,926 7,857,865	\$ 677,984 304,809 149,444 160,768	\$ 228,164 283,502 310,098 265,955	2,781,514	49,691,459 43,935,893 42,427,895 41,303,713

⁽¹⁾ Information has only been available for 4 years.

County of Washington, Virginia General Governmental Expenditures by Function (1) Last Ten Fiscal Years

Fiscal Year	Gove	eneral emment nistration	Judicial Administration	Public Safety	 Public Works	ı	lealth and Welfare	 Education (2)	Parks, Recreation, and Cultural	Community evelopment	der	Non- partmental	Capital Projects	Debt Service	Total
2005-06	\$	2,244,878	\$ 1,074,231	\$ 8,610,710	\$ 2,699,574	\$	6,516,858	\$ 65,171,654	\$ 2,027,826	\$ 2,574,454	\$	36,915	\$ - \$	1,791,288	\$ 92,748,388
2004-05		2,694,084	945,152	7,132,070	2,839,772		6,054,137	60,747,665	1,855,139	2,373,141		-	-	1,731,564	86,372,724
2003-04		2,494,880	979,086	6,391,711	3,204,556		5,955,399	55,503,567	1,967,825	1,653,248		-	113,181	1,664,198	79,927,651
2002-03		1,974,159	891,155	6,490,676	2,775,497		5,655,059	52,941,775	1,812,792	1,640,176			-	1,702,725	75,884,014
2001-02		2,004,168	961,544	6,273,257	2,759,583		5,273,000	51,901,352	1,690,285	1,051,687			1,553,224	1,502,666	74,970,766
2000-01		2,268,065	976,013	5,930,692	2,660,547		5,385,486	50,902,417	1,584,677	859,788		-	2,423,183	1,532,211	74,523,079
1999-00		2,011,749	777,107	5,320,931	2,387,785		5,159,122	48,361,851	1,429,880	761,856		-	2,154,008	1,378,573	69,742,862
1998-99		1,724,383	592,760	4,805,894	2,485,969		5,243,083	44,958,386	1,272,929	642,993		-	1,263,930	1,583,980	64,574,307
1997-98		1,401,562	515,225	4,556,265	2,778,609		4,574,200	41,774,156	1,169,864	829,800			1,241,848	2,001,991	60,843,520
1996-97		1,533,300	470,838	4,472,934	2,958,935		4,273,748	40,287,992	1,002,543	531,125		-	1,958,079	1,669,121	59,158,615

⁽¹⁾ Includes General, Special Revenue funds of the Primary Government and its Discretely Presented Component Units. (Excludes County Capital Improvements Fund) (2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

County of Washington, Virginia General Governmental Revenues by Source (1) Last Ten Fiscal Years

Fiscal Year	 General Property Taxes	Other Local Taxes	Ρ	Permits, rivilege Fees, Regulatory Licenses	Fines and Forfeitures	ı	Revenue from the Use of Money and Property	Charges for Services	M	iscellaneous	Recovered Costs	,	Inter- governmental (2)	Total
2005-06 2004-05 2003-04 2002-03 2001-02 2000-01 1999-00 1998-99	\$ 26,054,593 22,978,358 21,736,872 20,954,014 20,367,934 18,597,253 18,379,774 18,189,212	\$ 9,658,574 8,818,508 8,109,926 7,857,865 7,440,430 7,286,725 7,176,753 7,049,230	\$	190,732 189,395 163,692 159,222 190,769 190,798 223,139 222,059	\$ 511,401 203,629 52,500 38,101 46,270 35,350 19,237 19,138	\$	707,243 320,188 156,575 169,320 313,267 859,229 932,442 809,864	\$ 3,142,978 2,888,994 2,930,174 3,005,906 3,089,810 2,594,751 2,717,227 2,421,563	\$	1,563,953 1,260,837 1,401,782 910,321 669,185 592,411 455,381 304,865	\$ 793,956 875,276 796,201 601,200 229,100 201,054 155,087 112,351	\$	51,939,383 48,641,733 45,220,337 42,853,981 42,519,287 42,364,479 38,837,886 37,780,721	\$ 94,562,813 86,176,918 80,568,059 76,549,930 74,866,052 72,722,050 68,896,926 66,909,003
1997-98 1996-97	17,555,601 15,518,792	6,458,798 6,340,208		170,192 171,551	25,102 20,359		1,482,518 493,660	2,664,269 2,622,050		314,489 1,837,572	161,613 98,165		34,545,624 33,387,972	63,378,206 60,490,329

⁽¹⁾ Includes General, Special Revenue funds of the Primary Government and its Discretely Presented Component Units. (Excludes County Capital Improvements Fund) (2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

County of Washington, Virginia Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2)	C	Current Tax Collections (1)	Percent of Levy Collected		Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	[Outstanding Delinquent axes (1,3,4)	Percent of Delinquent Taxes to Tax Levy
2005-06	\$ 28,406,115	\$	27,555,596	97.	.01%	\$ 589,755	\$ 28,145,351	99.08%	\$	707,620	2.49%
2004-05	24,976,439		24,334,405	97.	43%	575,192	24,909,597	99.73%	ŕ	684,019	2.74%
2003-04	23,847,667		23,143,193	97.	.05%	658,030	23,801,223	99.81%		736,482	3.09%
2002-03	23,080,947		22,418,839	97.	13%	489,539	22,908,378	99.25%		715,056	3.10%
2001-02	22,411,076		21,863,723	97.	56%	455,267	22,318,990	99.59%		561,003	2.50%
2000-01	19,727,486		19,328,860	97.	98%	423,687	19,752,547	100.13%		519,036	2.63%
1999-00	19,038,648		18,659,368	98.	.01%	279,594	18,938,962	99.48%		691,388	3.63%
1998-99	17,858,977		17,549,695	98.	27%	390,363	17,940,058	100.45%		660,062	3.70%
1997-98	17,283,712		16,961,269	98.	13%	315,009	17,276,278	99.96%		690,118	3.99%
1996-97	15,275,089		14,965,199	97.	97%	276,009	15,241,208	99.78%		574,915	3.76%

⁽¹⁾ Exclusive of penalties and interest.

^{(2) 1999-00} was the first year for personal property tax relief by the Commonwealth of Virginia.

⁽³⁾ Includes current year taxes receivable only.

⁽⁴⁾ Excludes bills totalling \$128,957 that are before the tax commissioner and are not considered

County of Washington, Virginia Assessed Value of Taxable Property (1) Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property and Mobile Homes (3)		 Machinery and Tools	Public Utility (2) Real Estate and Personal Property		Total	
2005-06 2004-05	\$	3,112,082,500 2,529,993,382	\$	410,332,545 376,789,058	\$ 229,320,270 196,611,365	\$	216,983,390 184,733,489	\$	3,968,718,705 3,288,127,294
2003-04 2002-03		2,464,931,423 2,415,334,275		377,647,003 367,167,603	190,009,524 171,601,551		211,993,150 214,914,064		3,244,581,100 3,169,017,493
2001-02 2000-01		2,376,123,800 1,776,693,700		366,583,026 344,937,707	192,089,250 157,207,670		124,865,310 97,615,143		3,059,661,386 2,376,454,220
1999-00 1998-99		1,725,506,800 1,672,757,100		305,794,713 274,206,455	165,459,215 144,286,376		95,874,153 94,698,192		2,292,634,881 2,185,948,123
1997-98 1996-97		1,618,015,800 1,347,784,456		256,318,223 232,833,107	141,769,955 129,074,495		98,027,475 80,141,813		2,114,131,453 1,789,833,871

⁽¹⁾ Assessed at 100% of fair market value.

⁽²⁾ Assessed values are established by the State Corporation Commission.

⁽³⁾ Includes Volunteer and Air Tax assessments.

County of Washington, Virginia Property Tax Rates (1) Last Ten Fiscal Years

Table 7

Fiscal Year	Rea Estat		Personal Property	Machinery and Tools
	_			
2005-06	\$	0.57	\$ 1.55	\$ 1.55
2004-05		0.60	1.55	1.55
2003-04		0.57	1.55	1.55
2002-03		0.57	1.55	1.55
2001-02		0.57	1.55	1.55
2000-01		0.66	1.55	1.55
1999-00		0.66	1.55	1.55
1998-99		0.66	1.55	1.55
1997-98		0.68	1.55	1.55
1996-97		0.68	1.55	1.55
(1) Per \$100	of assessed va	alue.		

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

Fiscal Y ear	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value		Net Bonded Debt per Capita
2005-06	51,103	\$ 3,968,719	\$ 13,532,193	\$ 13,532,193	0.34%	\$	265
2004-05	51,103	3,288,127	14,549,075	14,549,075	0.44%	·	285
2003-04	51,103	3,244,581	15,520,021	15,520,021	0.48%		304
2002-03	51,103	3,169,017	15,582,385	15,582,385	0.49%		305
2001-02	51,103	3,059,661	15,656,012	15,656,012	0.51%		306
2000-01	51,103	2,376,454	10,573,661	10,573,661	0.44%		207
1999-00	45,887	2,292,635	8,829,559	8,829,559	0.39%		192
1998-99	45,887	2,185,948	8,645,165	8,645,165	0.40%		188
1997-98	45,887	2,114,131	7,318,788	7,318,788	0.35%		159
1996-97	45,887	1,789,834	8,364,542	8,364,542	0.47%		182

⁽¹⁾ Bureau of the Census

⁽²⁾ Assessed at 100% of fair market value.

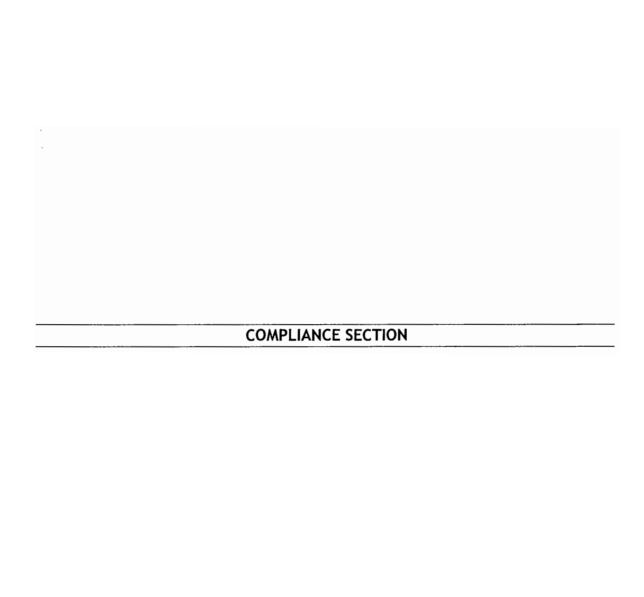
⁽³⁾ Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

County of Washington, Virginia Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures (1) Last Ten Fiscal Years

Fiscal Year	 Principal	Interest		Total Debt Service (2)		Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2005-06	\$ 1,046,741	\$ 744,547	\$	1,791,288	\$	92,748,388	1.93%
2004-05	995,687	735,877	·	1,731,564	•	86,372,724	2.00%
2003-04	934,382	729,816		1,664,198		79,927,651	2.08%
2002-03	940,192	762,533		1,702,725		75,884,014	2.24%
2001-02	619,624	883,042		1,532,211		74,970,766	2.04%
2000-01	-	-		1,378,573		74,523,079	1.85%
1999-00	-	-		1,583,980		69,742,862	2.27%
1998-99	-	-		2,001,991		64,574,307	3.10%
1997-98	-	-		1,669,121		60,843,520	2.74%
1996-97	-	-		1,694,879		59,158,615	2.86%

⁽¹⁾ Includes General fund of the Primary Government and Special Revenue fund of the Discretely Presented Component Unit - School Board.

⁽²⁾ Detail unavailable prior to fiscal year 2002



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 WASHINGTON, VIRGINIA

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2006, which collectively comprise the County of Washington, Virginia's basic financial statements and have issued our report thereon dated October 4, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County of Washington, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE

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

However, we noted certain matters that we reported to management of the County of Washington, Virginia, in a separate letter dated October 4, 2006.

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

Christiansburg, Virginia

Robinson Farmer, Lex associates

October 4, 2006

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

COMPLIANCE

We have audited the compliance of the County of Washington, 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, 2006. The County of Washington, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Washington, Virginia's management. Our responsibility is to express an opinion on the County of Washington, Virginia's compliance based on our audit.

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

In our opinion, the County of Washington, 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, 2006.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County of Washington, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Washington, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Christiansburg, Virginia

Kohinson, James, Cx associates

October 4, 2006

County of Washington, Virginia Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2006

Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Domestic Violence Grant Local law enforcement block grant Total Department of Criminal Justice Service \$ 16.588 \$ 16,497 16.592 \$ 1,130	Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	=	Federal Awards
Pass Through Payments: 21,043 Department of Social Services: 93.556 \$ 21,043 Temporary Assistance to Needy Families (TANF) 93.556 316,363 Refugee and Entrant Assistance - Discretionary Grants 93.556 316 Low Income Home Energy Assistance 93.575 170,820 Child Care Cluster-Payments to States for Child Care Assistance 93.575 170,820 Child Care Cluster-Child Care and Development Fund 93.658 22,798 Foster Care - Title IV-E 93.658 375,546 Adoption Assistance 93.659 30,495 Social Services Block Grant 93.674 2,098 Independent Living 93.674 2,098 Medical Assistance Program (Title XIX) 93.778 226,378 Total Department of Agriculture: ****	Department of Health and Human Services:			
Department of Social Services: Promoting Safe and Stable Families 93.556 \$ 21,043 Temporary Assistance to Needy Families (TANF) 93.558 345,874 Refugee and Entrant Assistance - Discretionary Grants 93.566 316 22,026 316 22,026 23,026 316 24,026 24,0	·			
Promoting Safe and Slable Families 93.556 \$ 21,043 Temporary Assistance to Needy Families (TANF) 93.558 345,874 Refugee and Entrant Assistance – Discretionary Grants 93.668 42,826 Child Care Cluster-Payments to Slates for Child Care Assistance 93.765 170,820 Child Care Cluster-Power to Slates for Child Care Assistance 93.596 217,965 Foster Care - Title IV-E 39.596 217,965 Adoption Assistance 93.657 30,485 Social Services Block Grant 93.677 30,485 Independent Living 93.674 2,088 Medical Assistance Program (Title XIX) 93.778 263,788 Total Department Health and Human Services \$ 1,812,669 Department of Agriculture: \$ 1,812,669 Child Nutrition Cluster-Pod Distribution (Note 2) 10.555 \$ 160,686 Department of Education: Child Nutrition Cluster-National school breakfast program 10.553 312,870 Child Nutrition Cluster-National school breakfast program 10.553 160,686 Department of Social Services: 10.665 12,315 Depart				
Refugee and Entrant Assistance - Discretionary Grants 93,566 316 Low Income Home Energy Assistance 93,568 42,826 Child Care Cluster-Payments to States for Child Care Assistance 93,575 170,820 Child Care Cluster-Child Care and Development Fund 93,565 376,546 Adoption Assistance 93,659 30,495 Social Services Block Grant 93,667 340,888 Independent Living 93,674 2,038 Medical Assistance Program (Title XIX) 93,778 263,798 Total Department Health and Human Services \$ 1,812,669 Department of Agriculture: \$ 1,812,669 Pass Through Payments: Department of Agriculture: Child Nutrition Cluster-Pational school breakfast program 10,555 \$ 160,686 Department of Education: 10,665 12,315 Child Nutrition Cluster-National school breakfast program 10,555 1,046,911 Schools and Roads Cluster-Schools and Roads—Grants to States 10,665 12,315 Department of Social Services: State Admin Matching Grants for Food Stamp Program 10,561 315,486 Total Depar	Promoting Safe and Stable Families	93.556	\$	21,043
Low Income Home Energy Assistance	, ,	93.558		
Child Care Cluster-Payments to States for Child Care Assistance 33.575 170,820 Child Care Cluster-Child Care and Development Fund 93.596 27,965 Foster Care - Title IV-E 93.698 30,694 Adoption Assistance 93.699 30,495 Social Services Block Grant 93.674 2,098 Independent Living 93.674 2,098 Medical Assistance Program (Title XIX) 93.778 263,798 Total Department Health and Human Services \$ 1,812,669 Department of Agriculture: Pass Through Payments: Pass Through Payments: Department of Agriculture: Child Mutrition Cluster-Pood Distribution (Note 2) 10.555 160,686 Department of Education: Child Nutrition Cluster-National school breakfast program 10.553 312,870 Child Mutrition Cluster-National school sund Roads-Grants to States 10.665 12,315 Department of Social Services: State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Agriculture \$ 1,842,268 16,497 Department of Justice: Pass Through Payments: Pass Through Payments: <td></td> <td></td> <td></td> <td></td>				
Child Care Cluster-Child Care and Development Fund 33.596 217,965 Foster Care - Title IV-E 39.658 376,546 Adoption Assistance 39.659 30,495 Social Services Block Grant 33.667 340,888 Independent Living 93.674 2,098 Medical Assistance Program (Title XIX) 93.778 263,798 Total Department Health and Human Services \$ 1,812,669 Department of Agriculture: Pass Through Payments: Department of Agriculture: Child Nutrition Cluster-Rational school breakfast program 10.555 160,686 Department of Education: Child Nutrition Cluster-National school breakfast program 10.555 1,046,911 Schools and Roads Cluster-Schools and Roads-Grants to States 10.665 12.315 Department of Social Services: State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Justice: \$ 1,848,268 Department of Justice: \$ 1,6497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Transportation: Pass Through Payments: \$ 1,627 Department of Transportation: \$ 17,627 Department of Transportation: Pass Through Payments: \$ 1,627 Department of Transportation: \$ 16,682 Department of Transportation: \$ 17,627 Department of Motor Vehicles: Alcohol Safety \$ 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container \$ 25,305				,
Foster Care - Title IV-E	•			
Adoption Assistance \$36.59 \$30,495 \$50cial Services Block Grant 93.657 \$30,888 104,988 104,988 104,988 104,988 104,988 104,988 104,988 104,988 104,988 104,989 104	· ·			
Social Services Block Grant 93.667 340,888 Independent Living 93.674 2,098 Medical Assistance Program (Title XIX) 93.778 263,798				
Independent Living 93.674 2.098 Medical Assistance Program (Title XIX) 93.778 263,79	·			,
Medical Assistance Program (Title XIX) 93.778 263,798				·
Total Department Health and Human Services \$ 1,812,669	·			
Department of Agriculture: Pass Through Payments: Department of Agriculture: Child Nutrition Cluster-Food Distribution (Note 2) 10.555 160,686 Department of Education: Child Nutrition Cluster-National school breakfast program 10.553 312,870 Child Nutrition Cluster-National school lunch program 10.555 1,046,911 Schools and Roads Cluster-Schools and Roads-Grants to States 10.665 12,315 Department of Social Services: State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Agriculture \$ 1,848,268 Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Domestic Violence Grant 16.588 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Motor Vehicles: Alcohol Safety 20,601 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20,600 2,300 Open container 20,607 6,943 Total Department of Transportation \$ 25,305 Total Department	Medical Assistance Program (Title XIX)	93.778		263,798
Pass Through Payments: Department of Agriculture: Child Nutrition Cluster-Food Distribution (Note 2) 10.555 \$ 160,686 Department of Education:	Total Department Health and Human Services		\$	1,812,669
Department of Agriculture: Child Nutrition Cluster-Food Distribution (Note 2) 10.555 160,686	Department of Agriculture:			
Child Nutrition Čluster-Food Distribution (Note 2) 10.555 \$ 160,686 Department of Education:	Pass Through Payments:			
Department of Education: Child Nutrition Cluster-National school breakfast program 10.553 312,870 Child Nutrition Cluster-National school lunch program 10.555 1,046,911 Schools and Roads Cluster-Schools and Roads—Grants to States 10.665 12,315 Department of Social Services: State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Agriculture \$ 1,848,268 Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Domestic Violence Grant 16.588 \$ 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container 20.607 6,943 Total Department of Transportation \$ 25,305 Total	Department of Agriculture:			
Child Nutrition Cluster-National school breakfast program 10.553 312,870 Child Nutrition Cluster-National school lunch program 10.555 1,046,911 Schools and Roads Cluster-Schools and RoadsGrants to States 10.665 12,315 Department of Social Services: State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Agriculture \$ 1,848,268 Department of Justice: Pass Through Payments: Department of Criminal Justice Service: 16.588 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container \$ 25,305	Child Nutrition Cluster-Food Distribution (Note 2)	10.555	\$	160,686
Child Nutrition Cluster-National school breakfast program 10.553 312,870 Child Nutrition Cluster-National school lunch program 10.555 1,046,911 Schools and Roads Cluster-Schools and RoadsGrants to States 10.665 12,315 Department of Social Services: State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Agriculture \$ 1,848,268 Department of Justice: Pass Through Payments: Department of Criminal Justice Service: 16.588 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container \$ 25,305	Department of Education:			
Child Nutrition Cluster-National school lunch program 10.555 1,046,911 Schools and Roads Cluster-Schools and Roads—Grants to States 10.665 12,315 Department of Social Services:	·	10.553		312,870
Department of Social Services: State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Agriculture \$ 1,848,268 Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Domestic Violence Grant 16.588 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container 20.607 6,943 Total Department of Transportation \$ 25,305 Total Department of Transportation	· ·	10.555		1,046,911
State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Agriculture \$ 1,848,268 Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Department of Criminal Justice Service: Domestic Violence Grant 16.588 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container 20.607 6,943	Schools and Roads Cluster-Schools and RoadsGrants to States	10.665		12,315
State Admin Matching Grants for Food Stamp Program 10.561 315,486 Total Department of Agriculture \$ 1,848,268 Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Department of Criminal Justice Service: Domestic Violence Grant 16.588 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container 20.607 6,943	Department of Social Services:			
Department of Justice: Pass Through Payments: Department of Criminal Justice Service: Domestic Violence Grant 16.588 \$ 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container 20.607 6,943 Total Department of Transportation \$ 25,305	·	10.561		315,486
Pass Through Payments: Department of Criminal Justice Service: Domestic Violence Grant 16.588 \$ 16,497 Local law enforcement block grant 16.592 1,130 Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container 20.607 6,943	Total Department of Agriculture		\$	1,848,268
Department of Criminal Justice Service: Domestic Violence Grant Local law enforcement block grant Total Department of Criminal Justice Service Total Department of Criminal Justice Service Total Department of Justice Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety Highway Safety Cluster-State and Community Highway Safety (Section 402) Open container Total Department of Transportation \$ 25,305	Department of Justice:			
Domestic Violence Grant Local law enforcement block grant Total Department of Criminal Justice Service Total Department of Justice Department of Justice Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety Highway Safety Cluster-State and Community Highway Safety (Section 402) Open container Total Department of Transportation \$ 25,305	Pass Through Payments:			
Local law enforcement block grant Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety Highway Safety Cluster-State and Community Highway Safety (Section 402) Open container Total Department of Transportation \$ 25,305	Department of Criminal Justice Service:			
Total Department of Criminal Justice Service \$ 17,627 Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety \$ 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container \$ 25,305	Domestic Violence Grant	16.588	\$	16,497
Total Department of Justice \$ 17,627 Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety 20.601 \$ 16,062 Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container 20.607 6,943 Total Department of Transportation \$ 25,305	Local law enforcement block grant	16.592		1,130
Department of Transportation: Pass Through Payments: Department of Motor Vehicles: Alcohol Safety Highway Safety Cluster-State and Community Highway Safety (Section 402) Open container Total Department of Transportation \$ 25,305	Total Department of Criminal Justice Service		\$	17,627
Pass Through Payments: Department of Motor Vehicles: Alcohol Safety Highway Safety Cluster-State and Community Highway Safety (Section 402) Open container Total Department of Transportation 20.601 \$ 16,062 20.600 20.600 20.607 \$ 25,305	Total Department of Justice		\$	17,627
Pass Through Payments: Department of Motor Vehicles: Alcohol Safety Highway Safety Cluster-State and Community Highway Safety (Section 402) Open container Total Department of Transportation 20.601 \$ 16,062 20.600 20.600 20.607 \$ 25,305	Department of Transportation:			
Department of Motor Vehicles: Alcohol Safety Highway Safety Cluster-State and Community Highway Safety (Section 402) Open container Total Department of Transportation 20.601 \$ 16,062 2,300 2,300 2,300 \$ 6,943				
Alcohol Safety Highway Safety Cluster-State and Community Highway Safety (Section 402) Open container Total Department of Transportation 20.601 \$ 16,062 20.600 2,300 20.607 6,943				
Highway Safety Cluster-State and Community Highway Safety (Section 402) 20.600 2,300 Open container 20.607 6,943 Total Department of Transportation \$ 25,305	·	20.601	\$	16.062
Open container 20.607 6,943 Total Department of Transportation \$ 25,305	•		*	,
	Total Department of Transportation		\$	25 305
			<u> </u>	20,000

County of Washington, Virginia Schedule of Expenditures of Federal Awards (Continued) For the Year Ended June 30, 2006

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Federal Awards
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	\$ 450,492
Title I: Educationally deprived children	84.010	1,712,304
Special Education Cluster-Title VI-B: Handicapped state grants	84.027	1,315,947
Vocational Education: Basic grants to states	84.048	42,495
Special Education Cluster-Title VI-B: Handicapped preschool incentive grant	84.173	69,595
Drug free schools and communities	84.186	50,302
Title VI: Innovative Education Program Strategies	84.298	46,579
Comprehensive School Reform Demonstration	84.332	4,253
Teacher Quality Grant	84.336	170,309
Reading First	84.357	449,742
Title II-Part A	84.367	383,604
State Assessments and Related Activities	84.369	5,739
Literacy Challenge Grant	84.318	45,460
Emergency impact for displaced students	84.938	21,532
Total Department of Education		\$ 4,768,353
Department of National Community Service:		
Pass Through Payments:		
Department of Education:		
National Community Service Act	94.004	\$ 22,077
Annaloshian Bagianal Commission:		
Appalachian Regional Commission: Pass Through Payments:		
Department of Housing and Community Development:		
Community development block grant	14.228	\$ 513,840
Community development block grant	14.220	Ψ 010,040
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Services:		
Emergency Management Preparedness Grant	97.042	\$ 6,574
State Homeland Security Grant Program	97.004	189,323
Total Department of Homeland Security		\$ 195,897
Total Federal Assistance		\$ 9,204,036
		7 0,20 1,000

County of Washington, Virginia Schedule of Expenditures of Federal Awards (Continued) For the Year Ended June 30, 2006

Note 1 -- Basis of Presentation

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

Note 2 -- Food Distribution

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

Note 3 -- Relationship to the 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 Less: Payment in lieu of taxes County Capital Improvements Fund	\$ 2,390,550 (23,566) 513,840
Total primary government:	\$ 2,880,824
Component Unit Schools: School Operating Fund	\$ 6,162,526
Non-cash expenditures - value of donated commodities	\$ 160,686
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 9,204,036

COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2006

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		unqualifie	<u>d</u>
Internal control over financial reporting:			
Material weakness(es) identified?	yes	Χ	no
Reportable condition(s) identified that are			_
not considered to be material weakness(es)?	yes	X	none reported
Noncompliance material to financial statements noted?	yes	X	no

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COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2006

Federal Awards		
Internal control over major programs:		
Material weakness(es) identified?	yes X no	
Reportable condition(s) identified that are		
not considered to be material weakness(es)?	yes X none reported	
Type of auditor's report issued on compliance		
for major programs:	<u>unqualified</u>	
Any findings disclosed that are required to be		
reported in accordance with section 310(a) of		
Circular A-133	yes X no	
Identification of major programs:		
CFDA Numbers	Name of Federal Program or Cluster	
10.561	State Admin Matching Grant for Food Stamps	S
	Community Development Block Grant/State	
14.228	Program	
84.357	Reading First	
84.367	Title II and D & E Projects	
93.558	Temporary Assist to Needy Families	
Dollar threshold used to distinguish between type A		
and type B programs:	\$300,000	
Auditee qualified as low-risk auditee?		
Section II – Financial Statement Findings		
None		
Section III – Federal Award Findings and Questioned Costs		
None		