

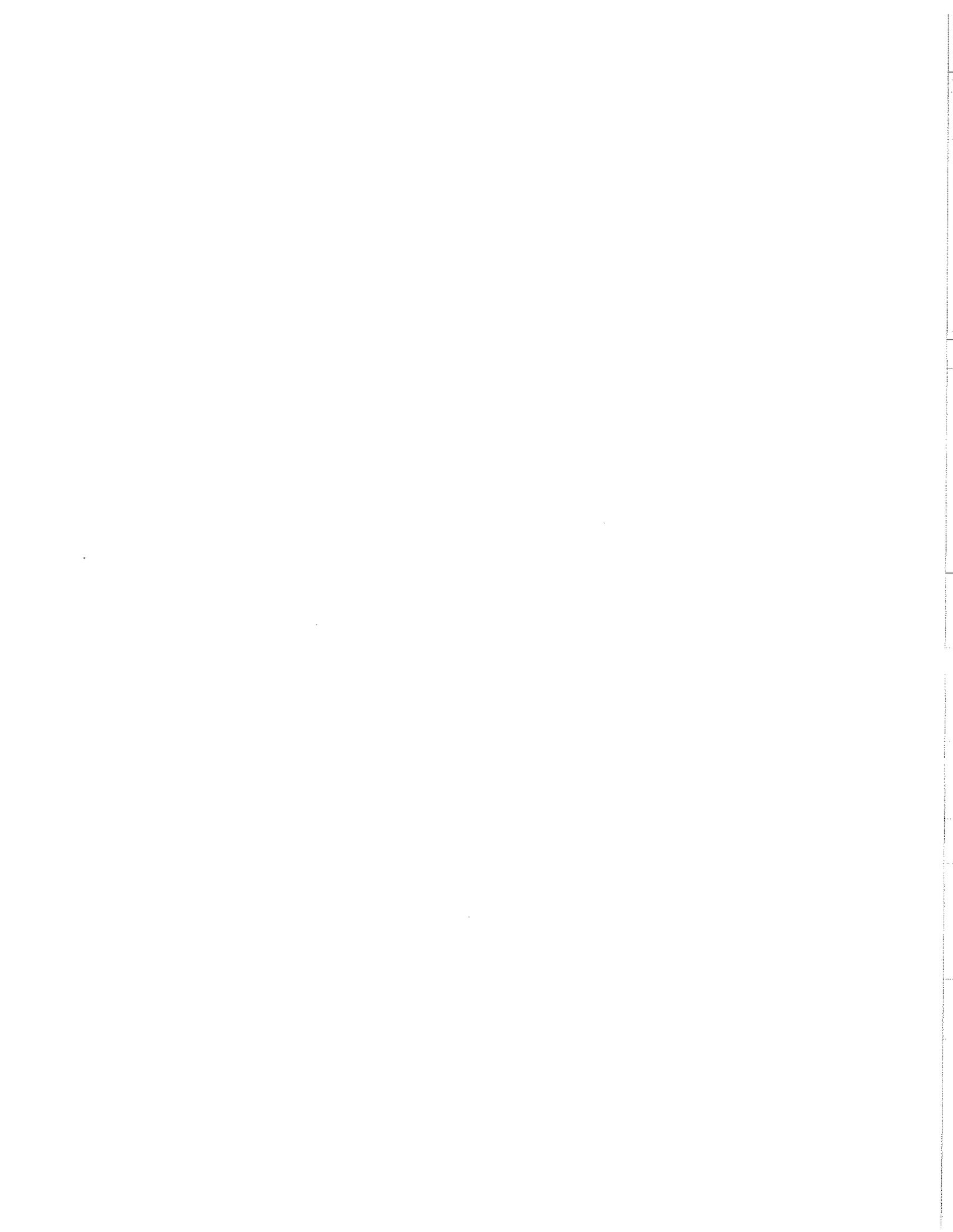
COUNTY OF PAGE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008



COUNTY OF PAGE, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008



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

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COUNTY OF PAGE, VIRGINIA

BOARD OF SUPERVISORS

Tommy R. LaFrance, Chairman
Gerald M. Cabbage, Vice-Chairman

J.D. Cave
Larry Sours

Charles M. Hoke
Carol L. Fisher-Strickler

Mark Belton, County Administrator

OFFICIALS

Judge of the Circuit Court James V. Lane
Judge of the General District Court..... W. Dale Houff
Judge of the Juvenile & Domestic Relations District Court..... William W. Sharp
Clerk of the Circuit Court..... Ron Wilson
Commonwealth's Attorney John T. Hennessy
Commissioner of the Revenue..... Charles L. Campbell
Treasurer C. R. Suddith, Jr.
Sheriff Daniel W. Presgraves
Superintendent of Schools..... Randall W. Thomas
Director of Department of Social Services..... Peter J. Creaturo

SCHOOL BOARD

Larry W. Foltz, Chairman

Randy J. Bailey, Vice Chairman
Melissa S. Deibert

Sharon K. Lucas
C. L. Tomney

Barbara Stombock, Clerk

FINANCE BOARD

Members, Page County Board of Supervisors
C. R. Suddith, Jr.

BOARD OF SOCIAL SERVICES

Louise Kyger, Chairman

Gerald M. Cabbage
Penny Good

Fred Fielding
Jeanette Painter

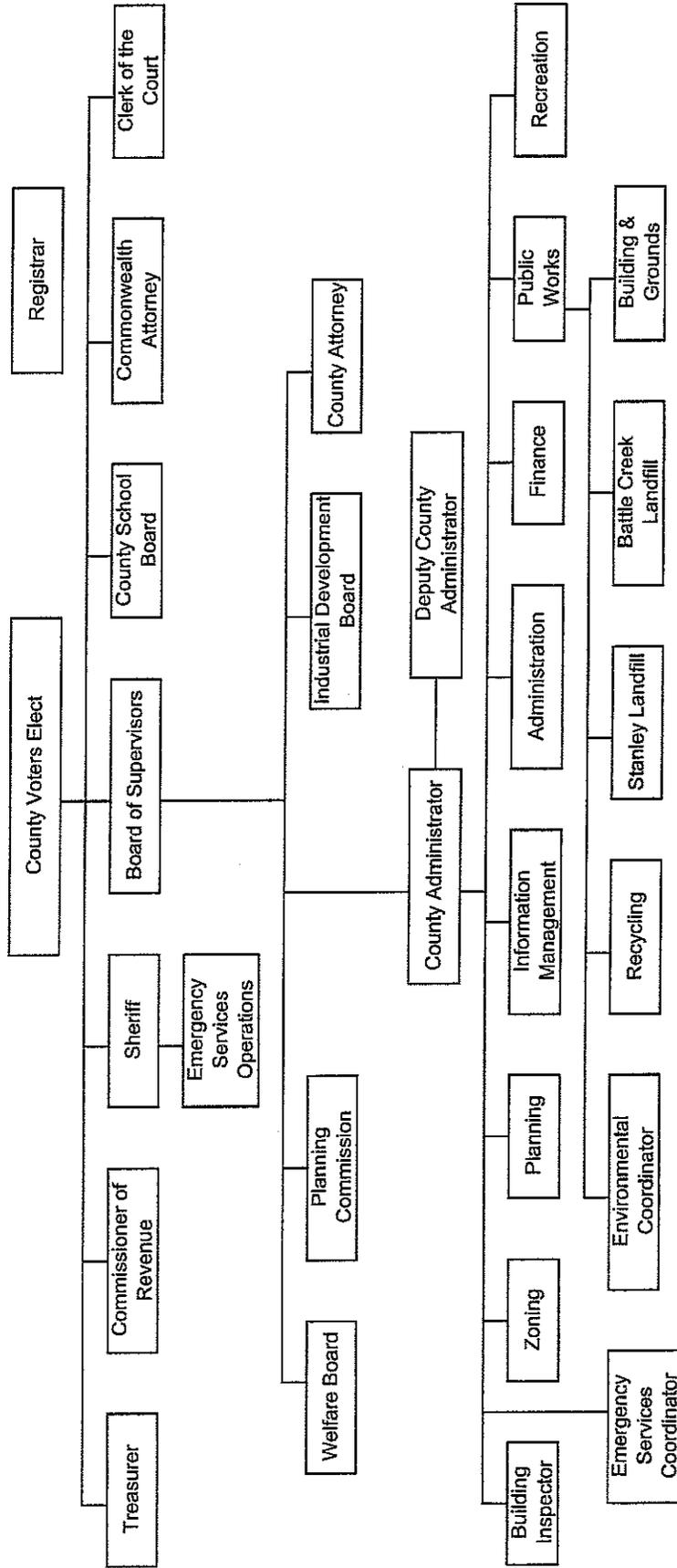
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State Regional Agencies

Health Department
Regional Library
Extension Service
Registrar
Commonwealth Attorney
Clerk of the Court

**County of Page
Organization Chart**

Fiscal Year 2008



ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Page, Virginia, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Page, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Page, Virginia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

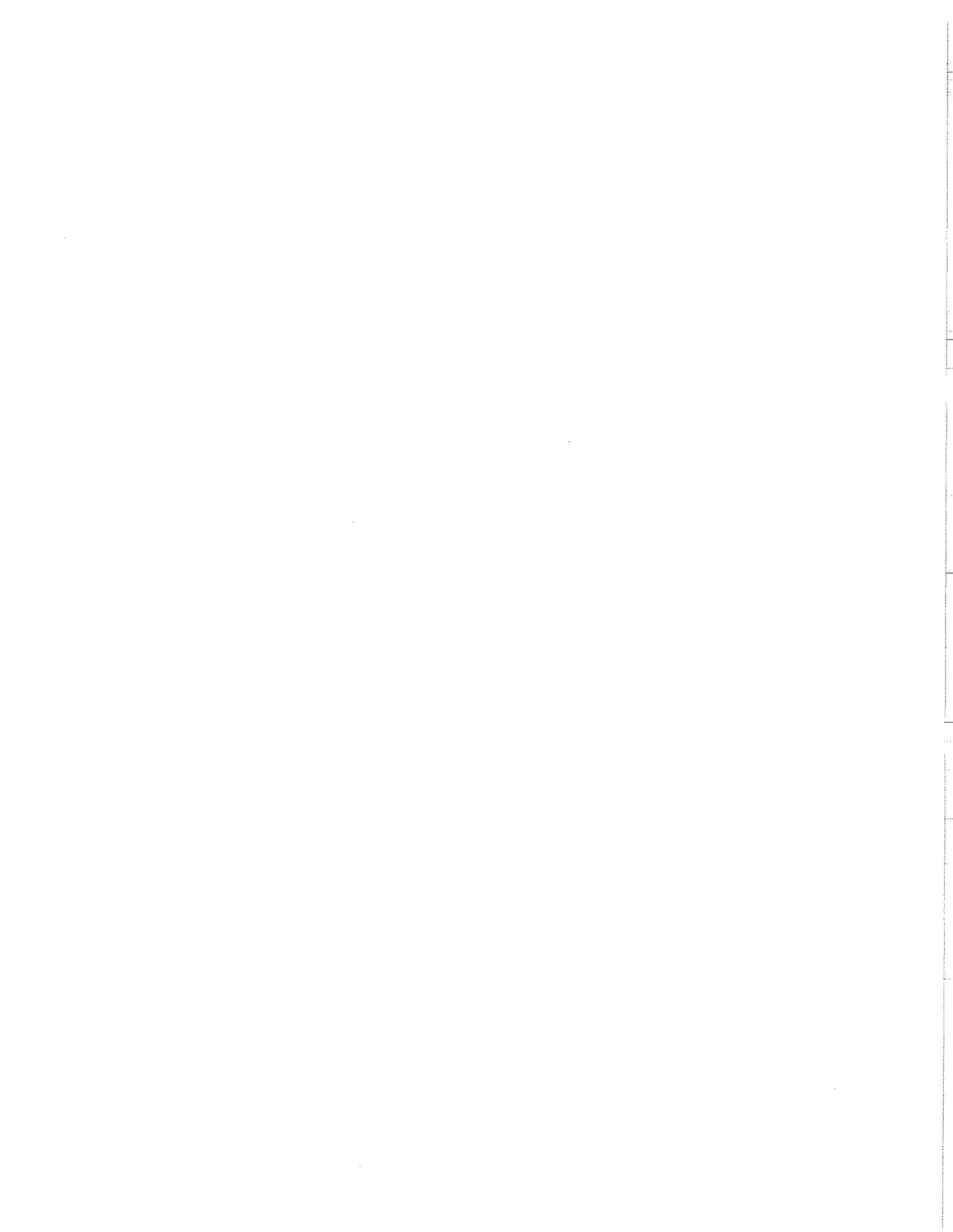
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Page, Virginia's basic financial statements. The introductory section, other supplementary information, supporting schedules and statistical tables as listed in the table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

DRAFT

Verona, Virginia
December 1, 2008

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Page, Virginia for the fiscal year ended June 30, 2008.

Financial Highlights

The assets of the County of Page, Virginia exceeded its liabilities at the close of the most recent fiscal year by \$6,977,527. Of this amount, \$3,068,602 is unrestricted. The School Board's net assets were \$11,110,986 of which \$886,465 is unrestricted.

At the end of the fiscal year, unreserved fund balance for the general fund was \$8,361,698.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$41,167,398 a decrease of \$14,102,142 in comparison with the prior year. \$8,557,719 is available for spending at the government's discretion (unreserved fund balance).

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

The statement of activities presents information showing how the government's net assets changed during the fiscal year. The statement is focused on the gross and net cost of various governmental functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services and not as an end unto itself.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Taxes and intergovernmental revenues principally support governmental activities. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently shows no business-type activities.

The government-wide financial statements include, in addition to the primary government or County, two component units; the Page County School Board and the Page County EDA. Although the component units are legally separate entities, the County is financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuance, rate structure and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation of the two methods is provided in Exhibits 4 & 6 in this report.

Proprietary Funds

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

The County of Page has one internal service fund: Health Insurance Fund. The Health Insurance Fund accounts for insurance premiums paid by the School Board for all departments. Individual fund data for the internal funds is provided in Exhibits 7-9 in this report.

Fiduciary Funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Notes to the Financial Statements

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

Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. The Page County's assets exceeded its liabilities by \$6,977,527 at fiscal year end.

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

COUNTY OF PAGE'S NET ASSETS

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 51,330,522	\$ 60,326,882
Capital assets	<u>\$ 39,705,242</u>	<u>\$ 8,589,271</u>
Total assets	\$ 91,035,764	\$ 68,916,153
Long-term liabilities	\$ 74,473,746	\$ 61,258,012
Other liabilities	<u>\$ 9,584,491</u>	<u>\$ 5,052,671</u>
Total liabilities	\$ 84,058,237	\$ 66,310,683
Net assets:		
Invested in capital assets, net of related debt	\$ 3,760,389	\$ 3,923,675
Restricted	\$ 148,536	\$ 74,268
Unrestricted	<u>\$ 3,068,602</u>	<u>\$ (1,392,473)</u>
Total net assets	\$ 6,977,527	\$ 2,605,470

The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. All \$148,536 of these net assets are reserved for debt service and bond covenants.

The remaining balance of unrestricted net assets, which is \$3,068,602, may be used to meet the ongoing obligations to citizens and creditors.

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

Governmental Activities

Governmental activities have increased the County's net assets by \$4,372,057 due in large part to the increase in personal property tax rates and real estate reassessments. Key elements of this increase are as follows:

**County of Page's Changes in Net Assets
For the Year Ended June 30, 2008**

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,315,729	\$ 1,552,118
Operating grants & contributions	\$ 9,810,934	\$ 6,825,546
Capital grants & contributions	\$	\$
General revenues:		
General property taxes	\$ 17,042,154	\$ 14,274,262
Other local taxes	\$ 3,323,138	\$ 3,439,730
Use of money and property	\$ 2,214,449	\$ 2,054,348
Miscellaneous	\$ 192,889	\$ 113,272
Grants and cont. not restricted	<u>\$ 1,840,840</u>	<u>\$ 1,858,734</u>
Total revenues	\$ 35,740,133	\$ 30,118,010
Expenses		
General government	\$ 2,594,416	\$ 2,721,418
Judicial administration	\$ 1,127,851	\$ 1,031,210
Public safety	\$ 6,465,844	\$ 6,326,121
Health and welfare	\$ 5,124,721	\$ 5,010,637
Education	\$ 9,152,036	\$ 8,012,794
Parks, recreation and cultural	\$ 361,870	\$ 355,263
Community development	\$ 1,167,563	\$ 843,537
Public works	\$ 2,632,231	\$ 2,284,169
Interest on long-term debt	<u>\$ 2,741,544</u>	<u>\$ 2,057,773</u>
Total expenses	\$ 31,368,076	\$ 28,642,922

**COUNTY OF PAGE'S CHANGES IN NET ASSETS
For the Year Ended June 30, 2008 (continued)**

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Changes in net assets	\$ 4,372,057	\$ 1,475,088
Net assets, July 1, 2007	<u>\$ 2,605,470</u>	<u>\$ 1,130,382</u>
Net assets, June 30, 2008	\$ 6,997,527	\$ 2,605,470

Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the year end, the County's governmental funds reported combined ending fund balances of \$41,167,398, a decrease of \$14,102,142 over the prior year. \$148,536 is reserved to indicate that it is not available for new spending because it has already been committed to bond covenant for the USDA loan for improvements to Battlecreek Landfill.

The general fund is the chief operating fund of the County. As of June 30, 2008, the unreserved and total fund balance was \$8,361,698.

General Fund Budgetary Highlights

Differences between the original expenditure budgeted appropriations and the final amended budgeted appropriations totaled \$24,480. The receipt of additional state and federal grants for various operating areas accounted for over much of the budget increase.

Capital Asset and Debt Administration

Capital Assets

Investments in capital assets may be made in five different categories, which include land, buildings, and major subsystems, machinery and equipment, infrastructure or construction in process.

COUNTY OF PAGE, VIRGINIA CAPITAL ASSETS FOR GOV'T ACTIVITIES (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 2,149,464	\$ 1,549,464
Buildings and system	\$ 3,193,348	\$ 4,277,390
Machinery and equip	\$ 1,260,642	\$ 1,519,571
Construction in progress	<u>\$33,101,788</u>	<u>\$ 1,242,846</u>
Totals	\$39,705,242	\$ 8,589,271

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

Long-term debt: At fiscal year end the County had the following outstanding debt:

COUNTY OF PAGE'S OUTSTANDING DEBT For Year Ended June 30, 2008

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
General Obligation Bonds	\$ 71,493,385	\$ 57,017,307
Interest Payable	1,073,833	682,733
Landfill closure/post closure	2,537,004	2,416,429
Premium on bond issue		636,611
Compensated absences	347,959	316,915
Note payable	<u>95,398</u>	<u>188,017</u>
Totals	\$ 75,547,579	\$ 61,258,012

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

Economic Factors and Next Year's Budgets

The December unemployment rate for the County is 6.1 percent, which is greater than the rate a year ago. This is very high in comparison with the state's average of 4.2 percent and similar to the national average of 6.5 percent. These factors will be considered when preparing the County's budget for the 2009 fiscal year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Page's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to: Finance Department, 117 South Court Street, Luray, Virginia, 22835.

Statement of Net Assets
June 30, 2008

	Primary Government	Component Unit	Component Unit
	Governmental Activities	School Board	Economic Development Authority
ASSETS			
Cash and cash equivalents	\$ 47,631,241	\$ 997,402	\$ 113,679
Receivables (net of allowance for uncollectibles):			
Taxes receivable	2,005,468	-	-
Accounts receivable	297,377	58,094	-
Due from primary government	-	1,941,074	-
Due from other governmental units	1,247,900	820,196	-
Inventories	-	42,683	-
Prepaid expenses	-	498,235	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	148,536	-	-
Capital assets (net of accumulated depreciation):			
Land	2,149,464	885,591	-
Buildings and improvements	3,193,349	7,151,100	-
Machinery and equipment	1,260,641	588,610	-
Construction in progress	33,101,788	1,599,220	-
 Total assets	 <u>\$ 91,035,764</u>	 <u>\$ 14,582,205</u>	 <u>\$ 113,679</u>
LIABILITIES			
Accounts payable	\$ 4,388,457	\$ 188,460	\$ -
Accrued liabilities	209,227	3,157,674	-
Customers' deposits	1,505,170	-	-
Accrued interest payable	1,073,833	-	-
Due to component unit	1,941,074	-	-
Unearned revenue	466,730	-	-
Long-term liabilities:			
Due within one year	1,955,386	-	-
Due in more than one year	72,518,360	125,085	-
 Total liabilities	 <u>\$ 84,058,237</u>	 <u>\$ 3,471,219</u>	 <u>\$ -</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 3,760,389	\$ 10,224,521	\$ -
Restricted for:			
Debt service and bond covenants	148,536	-	-
Unrestricted (deficit)	3,068,602	886,465	113,679
 Total net assets	 <u>\$ 6,977,527</u>	 <u>\$ 11,110,986</u>	 <u>\$ 113,679</u>

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

County of Page, Virginia

Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,594,416	\$ 30,982	\$ 3,012,197	\$ -
Judicial administration	1,127,851	89,135	599,486	-
Public safety	6,465,844	194,985	2,797,968	-
Public works	2,632,231	650,984	-	-
Health and welfare	5,124,721	5,627	3,401,283	-
Education	9,152,036	-	-	-
Parks, recreation, and cultural	361,870	43,420	-	-
Community development	1,167,563	300,596	-	-
Interest on long-term debt	2,741,544	-	-	-
Total governmental activities	<u>\$ 31,368,076</u>	<u>\$ 1,315,729</u>	<u>\$ 9,810,934</u>	<u>\$ -</u>
Total primary government	<u>\$ 31,368,076</u>	<u>\$ 1,315,729</u>	<u>\$ 9,810,934</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	\$ 34,640,718	\$ 2,041,502	\$ 23,723,589	\$ 151,763
Industrial Development Authority	156,753	-	254,707	-
Total component units	<u>\$ 34,797,471</u>	<u>\$ 2,041,502</u>	<u>\$ 23,978,296</u>	<u>\$ 151,763</u>

General revenues:
 General property taxes
 Local sales tax
 Motor vehicle licenses
 Transient occupancy taxes
 Meals tax
 Tax on recordation and wills
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Grants and contributions not restricted to specific programs
 Total general revenues
 Change in net assets
 Net assets - beginning, as adjusted
 Net assets - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government		Component Unit	Component Unit	
Governmental Activities	Total	School Board	EDA	
\$ 448,763	\$ 448,763	\$ -	\$ -	
(439,230)	(439,230)	-	-	
(3,472,891)	(3,472,891)	-	-	
(1,981,247)	(1,981,247)	-	-	
(1,717,811)	(1,717,811)	-	-	
(9,152,036)	(9,152,036)	-	-	
(318,450)	(318,450)	-	-	
(866,967)	(866,967)	-	-	
(2,741,544)	(2,741,544)	-	-	
<u>\$ (20,241,413)</u>	<u>\$ (20,241,413)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (20,241,413)</u>	<u>\$ (20,241,413)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ (8,723,864)	\$ -	
-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,723,864)</u>	<u>\$ -</u>	
\$ 17,042,154	\$ 17,042,154	\$ -	\$ -	
1,368,668	1,368,668	-	-	
312,240	312,240	-	-	
400,633	400,633	-	-	
268,268	268,268	-	-	
211,949	211,949	-	-	
761,380	761,380	-	-	
2,214,449	2,214,449	496	-	
192,889	192,889	-	-	
1,840,840	1,840,840	9,135,993	-	
<u>\$ 24,613,470</u>	<u>\$ 24,613,470</u>	<u>\$ 9,136,489</u>	<u>\$ -</u>	
\$ 4,372,057	\$ 4,372,057	\$ 412,625	\$ -	
2,605,470	2,605,470	10,698,361	113,679	
<u>\$ 6,977,527</u>	<u>\$ 6,977,527</u>	<u>\$ 11,110,986</u>	<u>\$ 113,679</u>	

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FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2008

	General	Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 9,767,491	\$ 37,747,953	\$ 115,797	\$ 47,631,241
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,005,468	-	-	2,005,468
Accounts receivable	193,733	-	103,644	297,377
Due from other funds	281,111	-	-	281,111
Due from other governmental units	877,614	-	370,286	1,247,900
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	148,536	-	148,536
Total assets	\$ 13,125,417	\$ 37,896,489	\$ 589,727	\$ 51,611,633
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 404,474	\$ 3,781,640	\$ 202,343	\$ 4,388,457
Accrued liabilities	197,362	-	11,865	209,227
Retainage payable	-	1,505,170	-	1,505,170
Due to other funds	-	-	281,111	281,111
Due to component unit	1,941,074	-	-	1,941,074
Unearned revenue	2,119,196	-	-	2,119,196
Total liabilities	\$ 4,662,106	\$ 5,286,810	\$ 495,319	\$ 10,444,235
Fund balances:				
Reserved for:				
Debt service	\$ -	\$ 148,536	\$ -	\$ 148,536
Unreserved, reported in:				
General fund	8,361,698	-	-	8,361,698
Special revenue funds	-	-	-	-
Designated	101,613	-	94,408	196,021
Capital projects funds	-	32,461,143	-	32,461,143
Total fund balances	\$ 8,463,311	\$ 32,609,679	\$ 94,408	\$ 41,167,398
Total liabilities and fund balances	\$ 13,125,417	\$ 37,896,489	\$ 589,727	\$ 51,611,633

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2008

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 41,167,398
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,705,242
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,652,466
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(75,547,579)</u>
Net assets of governmental activities	<u>\$ 6,977,527</u>

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

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

	General	Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 16,761,743	\$ -	\$ -	\$ 16,761,743
Other local taxes	3,323,138	-	-	3,323,138
Permits, privilege fees, and regulatory licenses	312,018	-	-	312,018
Fines and forfeitures	86,630	-	-	86,630
Revenue from the use of money and property	455,092	1,759,357	-	2,214,449
Charges for services	868,034	-	49,047	917,081
Miscellaneous	192,889	-	-	192,889
Intergovernmental revenues:				
Commonwealth	5,126,069	2,655,955	2,532,554	10,314,578
Federal	221,162	-	1,116,034	1,337,196
Total revenues	<u>\$ 27,346,775</u>	<u>\$ 4,415,312</u>	<u>\$ 3,697,635</u>	<u>\$ 35,459,722</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,261,845	\$ -	\$ -	\$ 2,261,845
Judicial administration	1,117,154	-	-	1,117,154
Public safety	5,798,680	-	649,894	6,448,574
Public works	2,225,291	-	-	2,225,291
Health and welfare	667,042	-	4,454,929	5,121,971
Education	8,122,305	-	-	8,122,305
Parks, recreation, and cultural	316,074	-	43,386	359,460
Community development	1,168,975	-	-	1,168,975
Nondepartmental	121,073	-	-	121,073
Capital projects	-	32,644,236	-	32,644,236
Debt service:				
Principal retirement	1,108,859	-	-	1,108,859
Interest and other fiscal charges	3,035,095	-	-	3,035,095
Total expenditures	<u>\$ 25,942,393</u>	<u>\$ 32,644,236</u>	<u>\$ 5,148,209</u>	<u>\$ 63,734,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,404,382</u>	<u>\$ (28,228,924)</u>	<u>\$ (1,450,574)</u>	<u>\$ (28,275,116)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 74,268	\$ 1,484,484	\$ 1,558,752
Transfers out	(1,558,752)	-	-	(1,558,752)
Issuance of revenue bonds	-	172,260	-	172,260
Issuance of general obligation bonds	-	13,790,000	-	13,790,000
Bond premiums	-	210,714	-	210,714
Total other financing sources (uses)	<u>\$ (1,558,752)</u>	<u>\$ 14,247,242</u>	<u>\$ 1,484,484</u>	<u>\$ 14,172,974</u>
Net change in fund balances	\$ (154,370)	\$ (13,981,682)	\$ 33,910	\$ (14,102,142)
Fund balances - beginning	8,617,681	46,591,361	60,498	55,269,540
Fund balances - ending	<u>\$ 8,463,311</u>	<u>\$ 32,609,679</u>	<u>\$ 94,408</u>	<u>\$ 41,167,398</u>

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

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

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

Net change in fund balances - total governmental funds \$ (14,102,142)

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. 31,115,970

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 280,411

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. (13,184,690)

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. 262,508

Change in net assets of governmental activities \$ 4,372,057

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>102,948</u>
Total assets	\$ <u><u>102,948</u></u>
LIABILITIES	
Amounts held for social services clients	\$ 3,223
Amounts held for others	63,034
Amounts held for inmates	<u>36,691</u>
Total liabilities	\$ <u><u>102,948</u></u>

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2008

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Page, Virginia (government) is a municipal corporation governed by an elected five-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. The County has no blended component units.

Discretely presented component units. The Page County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Board is presented as a governmental fund type.

The Economic Development Authority of Page County, Virginia is included as a component unit because the Authority's primary use of funds is to provide for economic development of the County, thereby benefiting the County even though it does not provide services directly to the County. The Economic Development Authority of Page County, Virginia does prepare separate financial statements. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 1 Cave Street, Luray, Virginia 22835.

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 are reported as separate columns in the fund financial statements.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Related Organizations

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

D. Jointly Governed Organizations

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

Rockingham Library Association — The County of Page, the County of Rockingham, and the City of Harrisonburg participate in the Rockingham County Library Association which provides library services to its participants. The Rockingham Library Association is governed by a Board of Trustees consisting of 19 members, who are elected at the annual meeting each year of the Rockingham Library Association. Each locality's contribution is set by contractual agreement with the Rockingham Library Association. The County of Page contributed \$168,000 to the Association for operating purposes for the year ended June 30, 2008.

Luray-Page County Airport Commission - The Luray-Page County Airport Commission is a jointly governed organization of the Town of Luray and the County of Page, Virginia formed by mutual agreement to build and maintain an airport to serve local needs. The Commission reports separately to the Town Council and the Board of Supervisors of Page County on an annual basis. There are eight members on the Board of the Commission who meet on an as-needed basis. The County of Page, Virginia contributed \$73,936 to the Commission for operations and capital expenditures for the year ended June 30, 2008.

The County, in conjunction with other localities, has created the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$86,954 to the Northwestern Community Services Board.

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

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, other local 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities of Department of Justice VJCCA, Gypsy Moth, Community Development, Virginia State Library Archives, Crime Victim Witness Program, Local DARE, and Water Quality Funds.

The *capital projects fund* accounts for the resources to be used for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. The County Capital Projects Fund is a major fund of the County.

The government reports the following major proprietary funds:

Internal service funds account for the financing of health insurance services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal service funds consist of the health insurance fund.

Additionally, the government reports the following fund types:

Special revenue funds account for the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures. Virginia Public Assistance, Comprehensive Services Act, E-911, Parks and Recreation are non-major special revenue funds of the County.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Agency funds account for assets held by the County as an agent or custodian for individuals, private organizations, other governmental units or other funds. The special welfare, cash bonds fund, neutering/spaying and sheriff funds are the County's agency 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 inter-fund activity has been eliminated from the government-wide financial statements.

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

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

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

F. 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.

State statutes authorize the government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and investments (continued)

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

2. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance was \$311,029 or equal to 13 percent of outstanding property taxes at June 30, 2008.

Property is assessed at its value on January 1. Property taxes attached as an enforceable lien on property as of January 1. Taxes are due and collectible semi-annually on June 5th and December 5th. The County bills and collects its own property taxes.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund where it can be easily measured.

4. Capital assets

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

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2008 (Continued)**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital assets (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

5. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. 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, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. 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.

8. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

G. Investments

Investments are stated at fair value. Certificates of deposit, short-term repurchase agreements, and equity investments are reported in the accompanying financial statements as cash and cash equivalents.

H. 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.

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 differences are as follows:

	Primary Government	Component Unit School Board
Bonds payable, including unamortized premiums	\$ (71,493,385)	\$ -
Accrued interest payable	(1,073,833)	-
Notes payable	(95,398)	-
Landfill closure and post-closure costs	(2,537,004)	-
Compensated absences	(347,959)	(125,085)
Net adjustment to reduce <i>fund balance—total governmental funds</i> to arrive at <i>net assets—governmental activities</i>	<u>\$ (75,547,579)</u>	<u>\$ (125,085)</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of these differences are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 32,623,904	\$ 230,989
Depreciation expense	(762,550)	(150,026)
Primary government capital asset allocation	<u>(745,384)</u>	<u>745,384</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>31,115,970</u>	\$ <u>826,347</u>

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

	Primary Government	Component Unit School Board
Debt issued or incurred:		
Issuance of bonds, including premiums	\$ (14,172,974)	\$ -
Principal repayments:		
General obligation debt	954,173	-
Notes payable	92,619	-
Lease revenue bond	62,067	-
Decrease in landfill closure and post-closure costs	<u>(120,575)</u>	<u>-</u>
Net adjustment to (decrease) increase <i>net changes in balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(13,184,690)</u>	\$ <u>-</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 2—RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

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

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of these differences are as follows:

	Primary Government	Component Unit School Board
Compensated absences	\$ (31,043)	\$ 46
Accrued interest	293,551	-
Net adjustment to (decrease) increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 262,508	\$ 46

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

1. Prior to March 30, 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.
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 activity level within each department. The appropriation for each department or activity can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria 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.
8. All budget data presented in the accompanying financial statements is the revised budget as of June 30.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements June 30, 2008 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS

Deposits

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

Custodial Credit Risk (Investments)

The County of Page sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the County of Page shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

Credit Risk of Debt Securities

The County of Page may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Obligations of Agencies of the Federal Government, including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Student Loan Marketing Association.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Repurchase Agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
5. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2008 (Continued)**

NOTE 4—DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk of Debt Securities: (Continued)

6. U.S. dollar denominated Bankers' Acceptances issued by a domestic bank or a foreign bank with an agency domiciled in the U.S., and rated by Thomson Bankwatch at least B/C (issuing bank) and I (country of origin). Not more than 40% of the total funds available for investment may be invested in banker's acceptances.
7. U.S. dollar denominated Commercial Paper issued by an entity incorporated in the U.S. and rated at least A-1 by Standard & Poor's Corp. and P-1 by Moody's Investors Service. Not more than 35% of the total funds available for investment may be invested in commercial paper, and not more than 5% in the obligations of any one issuer.

The County's rated debt investments as of June 30, 2008 were rated by Moody and/or an equivalent national rating organization and the ratings are presented below using the Moody rating scale.

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Local Government Investment Poc \$	5,367,099	\$ -	\$ -	\$ -	\$ -
SNAP External Investment Pool	41,648,443	-	-	-	-
Total	\$ 47,015,542	\$ -	\$ -	\$ -	\$ -

External Investment Pools

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 Local Government Investment Pool (LGIP) 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.

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD:

Note: All deposits of the health insurance fund were allocated to the component unit school board on the government-wide financial statements — Exhibit 1.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 5—INTERFUND OBLIGATIONS

Fund	Interfund Receivable Primary Government/ Component Unit	Interfund Payable Primary Government/ Component Unit	Interfund Receivable Primary Government/ Component Unit	Interfund Payable Primary Government/ Component Unit
Primary Government:				
General Fund	\$ -	\$ 1,941,074	\$ 370,286	\$ -
Virginia Public Assistance Fund	-	-	-	149,648
Comprehensive Services Act	-	-	-	220,638
Sub-total	\$ -	\$ 1,941,074	\$ 370,286	\$ 370,286
Discretely Presented Component Units:				
School Fund	\$ 1,941,074	\$ -	\$ -	\$ -
Total reporting entity	\$ 1,941,074	\$ 1,941,074	\$ 370,286	\$ 370,286

NOTE 6—INTERFUND TRANSFERS

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 1,558,752
Virginia Public Assistance Fund	374,652	-
Comprehensive Services Act	675,367	-
E-911 Fund	434,465	-
County Capital Projects Fund	74,268	-
Total reporting entity	\$ 1,558,752	\$ 1,558,752

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

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 7—DUE FROM OTHER GOVERNMENTAL UNITS

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 561,461
Local sales taxes	259,895	-
Comprehensive Services Act funds	220,638	-
Public assistance and welfare	58,010	-
Other funds	607,769	71,972
Federal Government:		
Public assistance and welfare	91,639	-
School funds	-	186,763
Other funds	9,949	-
Total	<u>\$ 1,247,900</u>	<u>\$ 820,196</u>

NOTE 8—CAPITAL ASSETS

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,549,464	\$ 600,000	\$ -	\$ 2,149,464
Construction in progress	1,242,846	31,858,942	-	33,101,788
Total capital assets not being depreciated	<u>\$ 2,792,310</u>	<u>\$ 32,458,942</u>	<u>\$ -</u>	<u>\$ 35,251,252</u>
Capital assets being depreciated:				
Buildings	\$ 5,488,091	\$ -	\$ (883,384)	\$ 4,604,707
Machinery and equipment	3,123,482	196,762	(72,461)	3,247,783
Total capital assets being depreciated	<u>\$ 8,611,573</u>	<u>\$ 196,762</u>	<u>\$ (955,845)</u>	<u>\$ 7,852,490</u>
Less accumulated depreciation for:				
Buildings	\$ (1,210,701)	\$ (338,658)	\$ 138,000	\$ (1,411,359)
Machinery and equipment	(1,603,911)	(423,891)	40,661	(1,987,141)
Total accumulated depreciation	<u>\$ (2,814,612)</u>	<u>\$ (762,549)</u>	<u>\$ 178,661</u>	<u>\$ (3,398,500)</u>
Total capital assets being depreciated, net	<u>\$ 5,796,961</u>	<u>\$ (565,787)</u>	<u>\$ (777,184)</u>	<u>\$ 4,453,990</u>
Governmental activities capital assets, net	<u>\$ 8,589,271</u>	<u>\$ 31,893,155</u>	<u>\$ (777,184)</u>	<u>\$ 39,705,242</u>

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 8—CAPITAL ASSETS: (CONTINUED):

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

Governmental activities:	
General government	\$ 12,568
Judicial administration	2,260
Public safety	176,955
Public works	280,261
Health and welfare	1,311
Education	284,347
Community Development	4,847
Total depreciation expense-governmental activities	<u>\$ 762,549</u>

Discretely presented component unit-School Board:

Activity for the School Board for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 885,591	\$ -	\$ -	\$ 885,591
Construction in progress	1,599,220	-	-	1,599,220
Total capital assets not being depreciated	<u>\$ 2,484,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,484,811</u>
Capital assets being depreciated:				
Buildings	\$ 10,433,266	\$ 883,384	\$ (49,803)	\$ 11,266,847
Machinery and equipment	3,889,479	239,288	(276,354)	3,852,413
Total capital assets being depreciated	<u>\$ 14,322,745</u>	<u>\$ 1,122,672</u>	<u>\$ (326,157)</u>	<u>\$ 15,119,260</u>
Less accumulated depreciation for:				
Buildings	\$ (4,071,103)	\$ (86,147)	\$ 41,503	\$ (4,115,747)
Machinery and equipment	(3,338,279)	(201,878)	276,354	(3,263,803)
Total accumulated depreciation	<u>\$ (7,409,382)</u>	<u>\$ (288,025)</u>	<u>\$ 317,857</u>	<u>\$ (7,379,550)</u>
Total capital assets being depreciated, net	<u>\$ 6,913,363</u>	<u>\$ 834,647</u>	<u>\$ (8,300)</u>	<u>\$ 7,739,710</u>
School Board capital assets, net	<u>\$ 9,398,174</u>	<u>\$ 834,647</u>	<u>\$ (8,300)</u>	<u>\$ 10,224,521</u>

Depreciation expense for the year ended June 30, 2008 totaled \$288,025.

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2008 (Continued)**

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION

A. Plan Description

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

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

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

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2008 were 8.38% and 9.24% of the annual covered payroll.

The School Board's contributions for professional employees were \$1,839,620, \$1,573,360, and \$1,057,708, to the teacher cost –sharing pool for the fiscal years ended June 30, 2008, and 2007, respectively and these contributions represented 10.30%, 9.50% and 6.62%, respectively, of current covered payroll.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION: (CONTINUED)

C. Annual Pension Cost

For fiscal year 2008, the County's annual pension cost of \$518,645 was equal to the County's required and actual contributions.

For fiscal year 2008, the County School Board's annual pension cost for the Board's non-professional employees was \$161,927 which was equal to the Board's required and actual contributions.

Three-Year Trend Information				
	Fiscal Year	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
	Ending			
Primary Government:				
County	6/30/06	\$ 52,134	100%	\$ -
	6/30/07	463,546	100%	-
	6/30/08	518,645	100%	-
Discretely Presented Component Unit:				
School Board				
Non-Professional	6/30/06	\$ 97,370	100%	\$ -
	6/30/07	154,111	100%	-
	6/30/08	161,927	100%	-

¹Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2008 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 9—DEFINED PENSION BENEFIT OBLIGATION: (CONTINUED)

D. Funded Status and Funding Progress:

As of June 30, 2007, the most recent actuarial valuation date, the County's plan was 85.95% funded. The actuarial accrued liability for benefits was \$18,054,154, and the actuarial value of assets was \$15,517,007, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,537,147. The covered payroll (annual payroll of active employees covered by the plan) was \$5,918,176, and ratio of the UAAL to the covered payroll was 42.87%.

As of June 30, 2007, the most recent actuarial valuation date, the County School Board's plan was 81.70% funded. The actuarial accrued liability for benefits was \$5,744,972, and the actuarial value of assets was \$4,693,491, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,051,481. The covered payroll (annual payroll of active employees covered by the plan) was \$1,670,109, and ratio of the UAAL to the covered payroll was 62.96%.

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

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COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 10—LONG-TERM INDEBTEDNESS

Primary Government Indebtedness

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

Year Ending June 30,	Governmental Activities			
	Lease Revenue Bond		General Obligation/Revenue Bonds	
	Principal	Interest	Principal	Interest
2009	62,067	24,442	1,769,146	3,029,147
2010	62,067	21,870	1,798,281	3,156,419
2011	62,067	19,297	1,843,338	3,059,829
2012	62,067	16,724	1,689,365	2,968,381
2013	62,067	14,151	1,931,407	2,877,532
2014	62,067	11,578	2,014,513	2,778,995
2015	62,067	9,005	2,083,737	2,676,661
2016	62,067	6,432	2,174,132	2,570,349
2017	62,067	3,859	2,265,756	2,459,493
2018	62,064	1,286	2,350,939	2,351,426
2019	-	-	2,439,949	2,245,316
2020	-	-	2,530,400	2,134,174
2021	-	-	2,619,194	2,018,829
2022	-	-	2,522,334	1,901,491
2023	-	-	2,621,777	1,783,781
2024	-	-	2,731,897	1,662,442
2025	-	-	2,843,401	1,535,279
2026	-	-	2,961,553	1,401,478
2027	-	-	3,086,082	1,260,687
2028	-	-	2,457,716	1,133,394
2029	-	-	2,564,968	1,021,582
2030	-	-	2,682,751	906,245
2031	-	-	2,806,088	784,459
2032	-	-	2,935,004	655,929
2033	-	-	3,069,522	520,248
2034	-	-	1,114,669	425,291
2035	-	-	1,165,473	374,182
2036	-	-	1,221,962	320,663
2037	-	-	1,274,166	264,704
2038	-	-	1,337,115	206,160
2039	-	-	450,841	166,619
2040	-	-	470,380	147,080
2041	-	-	490,765	126,695
2042	-	-	512,034	105,426
2043	-	-	534,224	83,236
2044	-	-	557,376	60,084
2045	-	-	581,532	35,928
2046	-	-	528,696	10,726
Totals	\$ 620,667	\$ 128,644	\$ 71,032,484	\$ 51,220,360

Note: As of June 30, 2008 only \$11,925,061 of Series 2006 bonds have been drawn down. The bond amortization schedule presented will be the schedule when all funds are drawn down. As a result the amortization schedule differs by \$1,007,090 at June 30, 2008.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 10—LONG-TERM INDEBTEDNESS (CONTINUED)

Primary Government Indebtedness (continued)

Year Ending June 30,	Governmental Activities	
	Note Payable	
	Principal	Interest
2009	\$ 95,398	\$ 2,862

Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the Primary Government for the year ended June 30, 2008:

	Balance June 30, 2007	Issuances	Retirements	Balance June 30, 2008
Claims, judgments and compensated absences payable \$	316,915	\$ 31,043	\$ -	\$ 347,958
Landfill closure and post-closure care costs	2,416,429	120,575	-	2,537,004
Lease revenue bond	682,733	-	62,066	620,667
Note payable	188,017	-	92,619	95,398
General obligation bonds	57,017,307	13,962,260	954,173	70,025,394
Premiums on bond issue	636,611	210,714	-	847,325
Total	\$ 61,258,012	\$ 14,324,592	\$ 1,108,858	\$ 74,473,746

(1) Note: Section 15.2-1800.1, Code of Virginia, 1950, as amended, was enacted during the year ended June 30, 2002, which affected the reporting of local school capital assets and related debt for financial statement purposes. All debt historically reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as a result of this legislation.

COUNTY OF PAGE, VIRGINIA

Notes to the Financial Statements
June 30, 2008 (Continued)

NOTE 10—LONG-TERM INDEBTEDNESS (CONTINUED)

Details of Long-Term Liabilities

Governmental Activities:

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:		
<u>Virginia Public School Authority (V.P.S.A.) Bonds:</u>		
\$2,735,000 Virginia Public School Authority Bond issued August 30, 1990, due in annual installments of 80,000 to \$180,000 through July, 2011. Interest payable annually at varying rates of 6.4% to 7.1%	\$ 525,000	\$ 170,000
\$1,000,000 Virginia Public School Authority Bond Series 1993 due in annual installments of \$5,000 to \$95,000 through 2014. Interest payable annually at varying interest rates of 4.475% to 5.0%	100,000	35,000
\$4,175,000 Virginia Public School Authority Bond issued May 19, 1992, due in annual installments of \$80,000 to \$315,000 through December, 2011. Interest payable semi-annually at 6.1% to 6.4%	425,000	130,000
\$1,500,000 Virginia Public School Authority Bond issued November 16, 2000, due in annual installments of \$80,000 to \$85,000 through July 15, 2020. Interest payable semi-annually at varying interest rates of 4.975% to 5.85%	1,075,000	85,000
\$30,695,000 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$305,572 due in annual installments of \$655,000 to \$2,005,000 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%	30,695,000	655,000
\$12,019,506 Virginia Public School Authority Bond issued November 19, 2006, at a premium of \$331,039 due in annual installments of \$458,384 to \$740,470 through November 19, 2032. Interest payable semi-annually at 6.1% to 6.4%	11,561,122	494,026
\$13,790,000 Virginia Public School Authority Bond issued May 2, 2008, at a premium of \$210,714, due in annual installments of \$444,193 to \$925,815 through July 15, 2037. Interest is payable semi-annually at 4.6% to 5.1%	<u>13,790,000</u>	<u>-</u>
Total general obligation bonds	\$ <u>58,171,122</u>	\$ <u>1,569,026</u>
<u>Lease Revenue Bonds:</u>		
\$931,000 lease revenue bonds issued January 15, 2003 due in annual installments of \$62,067 through January 15, 2018. Interest payable annually at 4.11%.	\$ <u>620,667</u>	\$ <u>62,067</u>
<u>Series 2006 Revenue Bonds</u>		
\$13,000,000 bonds issued June 16, 2006, payments vary throughout the life of the loan. Interest on the bonds is 2.76% through June 2046. These bonds were issued in connection with the Battle Creek landfill.	\$ <u>11,854,272</u>	\$ <u>200,120</u>

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2008 (Continued)**

NOTE 10—LONG-TERM INDEBTEDNESS (CONTINUED)

Details of Long-Term Liabilities: (Continued)

Governmental Activities: (Continued)

	<u>Total Amount Outstanding</u>	<u>Amount Due Within One Year</u>
<u>Note Payable</u>		
\$450,000 note payable for the purchase of the Stanley Shopping Plaza dated November 12, 2003 payable in annual installments of \$98,260 including interest at 3% through November 2008.	\$ 95,398	\$ 95,398
Compensated absences	\$ 347,958	\$ -
Estimated cost of landfill closure and post closure monitoring care, payable over the next 16 years	\$ 2,537,004	\$ -
Unamortized premium on bond issues	\$ 847,325	\$ 28,775
Total Long-term liabilities	<u>\$ 74,473,746</u>	<u>\$ 1,955,386</u>

Change in Component Unit-School Board Long-Term Liabilities:

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

	<u>Balance June 30, 2007</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Compensated absences	\$ 125,131	\$ -	\$ 46	\$ 125,085

NOTE 11—RISK MANAGEMENT

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. The County is also a member of the Virginia Association of Counties Risk Pool for general property liability insurance. These programs are administered by servicing contractors that furnish claims review and processing.

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

The Component Unit School Board administers the health insurance program for the Health Insurance Fund (an Internal Service Fund) by charging the various fund types a portion of the premium.

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2008 (Continued)**

NOTE 12—CONTINGENT LIABILITIES

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

NOTE 13—UNEARNED REVENUE

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$466,730 is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2008, but paid in advance by the taxpayers totaled \$466,730 at June 30, 2008.

NOTE 14—HEALTH INSURANCE FUND

The County maintains an internal service fund entitled Health Insurance Fund that has been included in the fund financial statements. The purpose of this fund is to disclose the County's self-insured health insurance transactions for the fiscal year as required by GASB 10. The County was self-insured for health insurance purposes in prior years, but is not longer self-insured and has retained Anthem to administer the program. The School Board uses Anthem as the administrator of their self-insured plan. The Health Insurance fund pays Anthem an administrative fee for these services. This fund serves the School Board component unit and accounts for the health insurance activities of the aforementioned funds but does not constitute a transfer of risk from the County.

Significant losses, over \$50,000 with a maximum of \$60,000, are covered by commercial insurance. There have been no changes in coverage for the last three years, nor have settlement amounts exceeded coverage during this time period.

The County records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported (IBNR) based on historical experience.

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2008 (Continued)**

NOTE 14—HEALTH INSURANCE FUND: (CONTINUED)

The fund established a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2008 the fund liability was \$90,684. The following represents the change in approximate aggregate liabilities for the fund:

	Beginning of Fiscal Year (Surplus) Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End (Surplus) Liability
2007-2008	\$ (122,208)	\$ 3,450,357	\$ 3,237,465	\$ 90,684
2006-2007	(208,970)	3,161,037	3,247,799	(122,208)
2005-2006	(175,273)	2,239,025	2,205,328	(208,970)
2004-2005	(77,144)	2,552,146	2,454,017	(175,273)
2003-2004	(200,114)	2,189,998	2,312,968	(77,144)

NOTE 15—SURETY BONDS

Fidelity and Deposit Company of Maryland - Surety:	
Ron Wilson, Clerk of the Circuit Court	\$ 25,000
C. R. Suddith, Jr., Treasurer	400,000
Charles L. Campbell, Commissioner of the Revenue	3,000
Daniel Presgraves, Sheriff	30,000
All Constitutional Officer's Employees - Blanket Bond	50,000
The Travelers Indemnity Company - Surety:	
Randall Thomas, Superintendent of Schools	100,000
Barbara Stombock, Clerk of the School Board	100,000
All School Board Employees - Blanket Bond	100,000
Fidelity and Deposit Company of Maryland - Surety:	
All County Employees - Blanket Bond	10,000
Fidelity and Deposit Company of Maryland - Surety:	
Tommy R. LaFrances, Chairman	1,000
Charles C. Ballard, Supervisor	1,000
Gerald M. Cabbage, Vice-Chairman	1,000
Carol L. Fisher-Strickler, Supervisor	1,000
Charles M. Hoke, Supervisor	1,000
John T. Rust, Supervisor	1,000
Department of Social Services	1,000

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2008 (Continued)**

NOTE 16—CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require that the County place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts wastes. The recognition of these landfill closure and post-closure care costs are based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care cost is attributable to the Stanley landfill, which was closed in February 1999 and Battle Creek landfill which was acquired in June 2005.

The post-closure and thirty year monitoring costs for the Stanley landfill are estimated at \$2,145,513. The estimated total current cost of the landfill closure and post-closure care of \$2,766,848 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2008. Included in the County's post-closure and thirty year monitoring costs of \$2,145,513 is \$1,280,000 for corrective action costs for exceeding groundwater protection standards. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

During June of 2005, the County acquired Battle Creek landfill. The post-closure and thirty year monitoring costs are estimated at \$4,427,070. The estimated total current cost of the landfill closure and post-closure care of \$332,030 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were performed as of June 30, 2008. The estimated useful life of the Battle Creek landfill is 39 years. However, the actual cost of closure and post-closure may be different due to inflation, changes in technology, or change in landfill laws and regulations.

The County will finance the closure and post-closure care from future revenues earned by the General Fund and charges derived from the use of the landfill. No assets have been restricted at this time to pay these costs. The anticipated future inflation costs and additional costs that might arise from changes in post-closure requirements (due to changes in technology or laws and regulations, for example) may need to be covered from future tax revenue.

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

COUNTY OF PAGE, VIRGINIA

**Notes to the Financial Statements
June 30, 2008 (Continued)**

NOTE 17—GENERAL FUND UNRESERVED DESIGNATED FUND BALANCE

General Fund unreserved designated fund balance consists of the following at June 30, 2008:

Page County Water Quality	\$	14,785
Local Dare		3,421
Crime Victim Witness		1,596
Dept. of Justice VJCAA		408
DHCD		630
Virginia State Library Archives		<u>80,773</u>
Total unreserved designated fund balance	\$	<u>101,613</u>

NOTE 18—CONSTRUCTION CONTRACTS OUSTANDING

The Primary Government had the following material construction contracts outstanding at June 30, 2008:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Amount Spent to Date</u>	<u>Amount of Contract Remaining at Year End</u>
High Schools	\$ <u>62,000,000</u>	\$ <u>32,673,878</u>	\$ <u>29,326,122</u>

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REQUIRED SUPPLEMENTARY INFORMATION



General Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 17,651,554	\$ 17,651,554	\$ 16,761,743	\$ (889,811)
Other local taxes	3,052,824	3,094,824	3,323,138	228,314
Permits, privilege fees, and regulatory licenses	667,066	667,066	312,018	(355,048)
Fines and forfeitures	50,253	54,463	86,630	32,167
Revenue from the use of money and property	285,000	285,000	455,092	170,092
Charges for services	2,222,691	2,222,773	868,034	(1,354,739)
Miscellaneous	39,650	64,700	192,889	128,189
Intergovernmental revenues:				
Commonwealth	5,044,479	5,180,467	5,126,069	(54,398)
Federal	505,524	513,523	221,162	(292,361)
Total revenues	<u>\$ 29,519,041</u>	<u>\$ 29,734,370</u>	<u>\$ 27,346,775</u>	<u>\$ (2,387,595)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,563,896	\$ 2,524,096	\$ 2,261,845	\$ 282,251
Judicial administration	1,079,357	1,173,449	1,117,154	56,295
Public safety	6,293,523	6,479,236	5,798,680	680,556
Public works	2,611,106	2,365,796	2,225,291	140,505
Health and welfare	454,187	454,187	667,042	(212,855)
Education	11,797,494	11,797,494	8,122,305	3,675,189
Parks, recreation, and cultural	319,165	319,165	316,074	3,091
Community development	1,167,984	1,299,534	1,168,975	130,559
Nondepartmental	225,500	123,735	121,073	2,662
Debt service:				
Principal retirement	1,761,189	1,761,189	1,108,859	652,330
Interest and other fiscal charges	2,473,509	2,473,509	3,035,095	(561,586)
Total expenditures	<u>\$ 30,746,910</u>	<u>\$ 30,771,390</u>	<u>\$ 25,942,393</u>	<u>\$ 4,828,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (550,755)</u>	<u>\$ (1,037,020)</u>	<u>\$ 1,404,382</u>	<u>\$ 2,441,402</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ 550,755	\$ 1,037,020	\$ (1,558,752)	\$ (2,595,772)
Total other financing sources and uses	<u>\$ 550,755</u>	<u>\$ 1,037,020</u>	<u>\$ (1,558,752)</u>	<u>\$ (2,595,772)</u>
Net change in fund balances	\$ -	\$ -	\$ (154,370)	\$ (154,370)
Fund balances - beginning	-	-	8,617,681	8,617,681
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,463,311</u>	<u>\$ 8,463,311</u>

COUNTY OF PAGE, VIRGINIA
 Schedule of Pension Funding Progress
 As of June 30, 2008

Exhibit 9

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/07	\$ 15,517,007	18,054,154	2,537,147	85.95%	\$ 5,918,176	42.87%
06/30/06	13,688,634	14,816,000	1,127,366	92.39%	5,460,474	20.65%
06/30/05	12,985,262	14,916,154	1,930,892	87.06%	4,550,723	42.43%
06/30/04	12,721,115	12,951,165	230,050	98.22%	4,091,439	5.62%
06/30/03	12,449,004	9,765,394	(2,683,610)	127.48%	4,094,929	-65.53%

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/07	\$ 4,693,491	\$ 5,744,972	1,051,481	81.70%	\$ 1,670,109	62.96%
06/30/06	4,160,983	4,952,267	791,284	84.02%	1,539,032	51.41%
06/30/05	3,922,698	4,890,283	967,585	80.21%	1,379,572	70.14%
06/30/04	3,818,996	4,442,221	623,225	85.97%	1,234,037	50.50%
06/30/03	3,827,111	3,936,042	108,931	97.23%	1,129,776	9.64%

OTHER SUPPLEMENTARY INFORMATION



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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,759,357	\$ 1,759,357
Intergovernmental revenues:				
Commonwealth	-	-	2,655,955	2,655,955
Total revenues	\$ -	\$ -	\$ 4,415,312	\$ 4,415,312
EXPENDITURES				
Capital projects	\$ 38,627,093	\$ 39,849,320	\$ 32,644,236	\$ 7,205,084
Total expenditures	\$ 38,627,093	\$ 39,849,320	\$ 32,644,236	\$ 7,205,084
Excess (deficiency) of revenues over (under) expenditures	\$ (38,627,093)	\$ (39,849,320)	\$ (28,228,924)	\$ 11,620,396
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 1,222,227	\$ 74,268	\$ (1,147,959)
Issuance of revenue bonds	1,250,000	1,250,000	172,260	(1,077,740)
Issuance of general obligation bonds	-	-	13,790,000	13,790,000
Bond premiums	-	-	210,714	210,714
Total other financing sources and uses	\$ 1,250,000	\$ 2,472,227	\$ 14,247,242	\$ 11,775,015
Net change in fund balances	\$ (37,377,093)	\$ (37,377,093)	\$ (13,981,682)	\$ 23,395,411
Fund balances - beginning	37,377,093	37,377,093	46,591,361	9,214,268
Fund balances - ending	\$ -	\$ -	\$ 32,609,679	\$ 32,609,679

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2008

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	E-911 Fund	Parks and Recreation Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 73,458	\$ (402)	\$ 42,741	\$ 115,797
Receivables (net of allowance for uncollectibles):					
Accounts receivable	-	-	103,644	-	103,644
Due from other governmental units	<u>149,648</u>	<u>220,638</u>	<u>-</u>	<u>-</u>	<u>370,286</u>
Total assets	<u>\$ 149,648</u>	<u>\$ 294,096</u>	<u>\$ 103,242</u>	<u>\$ 42,741</u>	<u>\$ 589,727</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 161,442	\$ 39,843	\$ 1,058	\$ 202,343
Accrued liabilities	-	1,191	10,674	-	11,865
Due to other funds	<u>149,648</u>	<u>131,463</u>	<u>-</u>	<u>-</u>	<u>281,111</u>
Total liabilities	<u>\$ 149,648</u>	<u>\$ 294,096</u>	<u>\$ 50,517</u>	<u>\$ 1,058</u>	<u>\$ 495,319</u>
Fund balances:					
Unreserved:					
Designated for subsequent expenditure	\$ -	\$ -	\$ 52,725	\$ 41,683	\$ 94,408
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,725</u>	<u>\$ 41,683</u>	<u>\$ 94,408</u>
Total liabilities and fund balances	<u>\$ 149,648</u>	<u>\$ 294,096</u>	<u>\$ 103,242</u>	<u>\$ 42,741</u>	<u>\$ 589,727</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	E-911 Fund	Parks and Recreation Fund	Total
REVENUES					
Charges for services	\$ 4,002	\$ 1,625	\$ -	\$ 43,420	\$ 49,047
Intergovernmental revenues:					
Commonwealth	584,417	1,698,832	249,305	-	2,532,554
Federal	1,116,034	-	-	-	1,116,034
Total revenues	\$ 1,704,453	\$ 1,700,457	\$ 249,305	\$ 43,420	\$ 3,697,635
EXPENDITURES					
Current:					
Public safety	\$ -	\$ -	\$ 649,894	\$ -	\$ 649,894
Health and welfare	2,079,105	2,375,824	-	-	4,454,929
Parks, recreation, and cultural	-	-	-	43,386	43,386
Total expenditures	\$ 2,079,105	\$ 2,375,824	\$ 649,894	\$ 43,386	\$ 5,148,209
Excess (deficiency) of revenues over (under) expenditures	\$ (374,652)	\$ (675,367)	\$ (400,589)	\$ 34	\$ (1,450,574)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 374,652	\$ 675,367	\$ 434,465	\$ -	\$ 1,484,484
Total other financing sources and uses	\$ 374,652	\$ 675,367	\$ 434,465	\$ -	\$ 1,484,484
Net change in fund balances	\$ -	\$ -	\$ 33,876	\$ 34	\$ 33,910
Fund balances - beginning	-	-	18,849	41,649	60,498
Fund balances - ending	\$ -	\$ -	\$ 52,725	\$ 41,683	\$ 94,408

County of Page, Virginia

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

	VPA Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 4,002	\$ 4,002
Intergovernmental revenues:				
Commonwealth	-	-	584,417	584,417
Federal	1,953,876	1,953,876	1,116,034	(837,842)
Total revenues	<u>\$ 1,953,876</u>	<u>\$ 1,953,876</u>	<u>\$ 1,704,453</u>	<u>\$ (249,423)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 2,342,082	\$ 2,342,082	\$ 2,079,105	\$ 262,977
Total expenditures	<u>\$ 2,342,082</u>	<u>\$ 2,342,082</u>	<u>\$ 2,079,105</u>	<u>\$ 262,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (388,206)</u>	<u>\$ (388,206)</u>	<u>\$ (374,652)</u>	<u>\$ 13,554</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 353,622	\$ 353,622	\$ 374,652	\$ 21,030
Total other financing sources and uses	<u>\$ 353,622</u>	<u>\$ 353,622</u>	<u>\$ 374,652</u>	<u>\$ 21,030</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 13

Comprehensive Services Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 1,625	\$ 1,625
1,723,523	1,723,523	1,698,832	(24,691)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 1,723,523	\$ 1,723,523	\$ 1,700,457	\$ (23,066)
\$ 2,402,177	\$ 2,632,177	\$ 2,375,824	\$ 256,353
<u>\$ 2,402,177</u>	<u>\$ 2,632,177</u>	<u>\$ 2,375,824</u>	<u>\$ 256,353</u>
\$ (678,654)	\$ (908,654)	\$ (675,367)	\$ 233,287
\$ 989,431	\$ 989,431	\$ 675,367	\$ (314,064)
<u>\$ 989,431</u>	<u>\$ 989,431</u>	<u>\$ 675,367</u>	<u>\$ (314,064)</u>
\$ -	\$ -	\$ -	\$ (80,777)
<u>-</u>	<u>-</u>	<u>-</u>	<u>80,777</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Page, Virginia

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2008 (continued)

	E-911 Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ 425,000	\$ 425,000	\$ -	\$ (425,000)
Charges for services	-	-	-	-
Intergovernmental revenues:				
Commonwealth	183,642	183,642	249,305	65,663
Federal	-	-	-	-
Total revenues	<u>\$ 608,642</u>	<u>\$ 608,642</u>	<u>\$ 249,305</u>	<u>\$ (359,337)</u>
EXPENDITURES				
Current:				
Public safety	\$ 643,591	\$ 848,834	\$ 649,894	\$ 198,940
Parks, recreation, and cultural	-	-	-	-
Total expenditures	<u>\$ 643,591</u>	<u>\$ 848,834</u>	<u>\$ 649,894</u>	<u>\$ 198,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (34,949)</u>	<u>\$ (240,192)</u>	<u>\$ (400,589)</u>	<u>\$ (160,397)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 205,243	\$ 434,465	\$ 229,222
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 205,243</u>	<u>\$ 434,465</u>	<u>\$ 229,222</u>
Net change in fund balances	\$ (34,949)	\$ (34,949)	\$ 33,876	\$ 68,825
Fund balances - beginning	34,949	34,949	18,849	(16,100)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,725</u>	<u>\$ 52,725</u>

Exhibit 13

Parks and Recreation Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
60,000	60,000	43,420	(16,580)
-	-	-	-
-	-	-	-
<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 43,420</u>	<u>\$ (16,580)</u>
\$ -	\$ -	\$ -	\$ -
60,000	60,000	43,386	16,614
<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 43,386</u>	<u>\$ 16,614</u>
\$ -	\$ -	\$ 34	\$ 34
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 34	\$ 34
-	-	41,649	41,649
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,683</u>	<u>\$ 41,683</u>

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

	Agency Funds				Total
	Special Welfare	Cash Bonds Fund	Neutering/ Spaying Fund	Jail Inmate	
ASSETS					
Cash and cash equivalents	\$ 3,223	\$ 49,939	\$ 13,095	\$ 36,691	\$ 102,948
Total assets	<u>\$ 3,223</u>	<u>\$ 49,939</u>	<u>\$ 13,095</u>	<u>\$ 36,691</u>	<u>\$ 102,948</u>
LIABILITIES					
Amounts held for social services clients	\$ 3,223	\$ -	\$ -	\$ -	\$ 3,223
Amounts held for others	-	49,939	13,095	-	63,034
Amounts held for inmates	-	-	-	36,691	36,691
Total liabilities	<u>\$ 3,223</u>	<u>\$ 49,939</u>	<u>\$ 13,095</u>	<u>\$ 36,691</u>	<u>\$ 102,948</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 4,301	\$ 24,871	\$ 25,949	\$ 3,223
LIABILITIES				
Amounts held for social services clients	\$ 4,301	\$ 24,871	\$ 25,949	\$ 3,223
Neutering/Spaying Fund:				
ASSETS				
Cash and cash equivalents	\$ 11,315	\$ 4,800	\$ 3,020	\$ 13,095
LIABILITIES				
Amounts held for neutering/spaying	\$ 11,315	\$ 4,800	\$ 3,020	\$ 13,095
Cash Bonds Fund:				
ASSETS				
Cash and cash equivalents	\$ 67,739	\$ 25,826	\$ 43,626	\$ 49,939
LIABILITIES				
Amounts held for bonds fund	\$ 67,739	\$ 25,826	\$ 43,626	\$ 49,939
Jail Inmate Accounts Fund:				
ASSETS				
Cash in custody of others	\$ 25,007	\$ 571,886	\$ 560,202	\$ 36,691
LIABILITIES				
Amounts held for inmates	\$ 25,007	\$ 571,886	\$ 560,202	\$ 36,691
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 83,355	\$ 55,497	\$ 72,595	\$ 66,257
Cash in custody of others	25,007	571,886	560,202	36,691
Total assets	\$ 108,362	\$ 627,383	\$ 632,797	\$ 102,948
LIABILITIES				
Amounts held for social services clients	\$ 4,301	\$ 24,871	\$ 25,949	\$ 3,223
Amounts held for neutering/spaying	11,315	4,800	3,020	13,095
Amounts held for bonds fund	67,739	25,826	43,626	49,939
Amounts held for inmates	25,007	571,886	560,202	36,691
Total liabilities	\$ 108,362	\$ 627,383	\$ 632,797	\$ 102,948

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 467,809	\$ 467,809
Receivables (net of allowance for uncollectibles):			
Accounts receivable	58,094	-	58,094
Due from other funds		86,722	86,722
Due from primary government	1,941,074	-	1,941,074
Due from other governmental units	820,196	-	820,196
Inventories	-	42,683	42,683
Prepaid items	498,235	-	498,235
Total assets	<u>\$ 3,317,599</u>	<u>\$ 597,214</u>	<u>\$ 3,914,813</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 188,460	\$ -	\$ 188,460
Accrued liabilities	3,042,417	115,257	3,157,674
Due to other funds	86,722		86,722
Total liabilities	<u>\$ 3,317,599</u>	<u>\$ 115,257</u>	<u>\$ 3,432,856</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ 481,957	\$ 481,957
Total fund balances	<u>\$ -</u>	<u>\$ 481,957</u>	<u>\$ 481,957</u>
Total liabilities and fund balances	<u>\$ 3,317,599</u>	<u>\$ 597,214</u>	<u>\$ 3,914,813</u>

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

Total fund balances per above \$ 481,957

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 10,224,521

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 529,593

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. (125,085)

Net assets of governmental activities \$ 11,110,986

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ -	\$ 496	\$ 496
Charges for services	1,296,919	744,583	2,041,502
Intergovernmental revenues:			
Local government	8,106,262	-	8,106,262
Commonwealth	21,117,469	24,187	21,141,656
Federal	1,883,578	850,118	2,733,696
Total revenues	<u>\$ 32,404,228</u>	<u>\$ 1,619,384</u>	<u>\$ 34,023,612</u>
EXPENDITURES			
Current:			
Education	<u>\$ 32,404,228</u>	<u>\$ 1,629,677</u>	<u>\$ 34,033,905</u>
Total expenditures	<u>\$ 32,404,228</u>	<u>\$ 1,629,677</u>	<u>\$ 34,033,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (10,293)</u>	<u>\$ (10,293)</u>
Net change in fund balances	\$ -	\$ (10,293)	\$ (10,293)
Fund balances - beginning	-	492,250	492,250
Fund balances - ending	<u>\$ -</u>	<u>\$ 481,957</u>	<u>\$ 481,957</u>

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

Net change in fund balances - total governmental funds - per above \$ (10,293)

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. 826,347

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. 46

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (403,475)

Change in net assets of governmental activities \$ 412,625

County of Page, Virginia

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,040,812	1,040,812	1,296,919	256,107
Intergovernmental revenues:				
Local government	11,781,447	11,781,447	8,106,262	(3,675,185)
Commonwealth	21,444,870	21,495,392	21,117,469	(377,923)
Federal	1,740,895	1,812,332	1,883,578	71,246
Total revenues	\$ 36,008,024	\$ 36,129,983	\$ 32,404,228	\$ (3,725,755)
EXPENDITURES				
Current:				
Education	\$ 36,736,743	\$ 36,964,691	\$ 32,404,228	\$ 4,560,463
Total expenditures	\$ 36,736,743	\$ 36,964,691	\$ 32,404,228	\$ 4,560,463
Excess (deficiency) of revenues over (under) expenditures	\$ (728,719)	\$ (834,708)	\$ -	\$ 834,708
Net change in fund balances	\$ (728,719)	\$ (834,708)	\$ -	\$ 834,708
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (728,719)	\$ (834,708)	\$ -	\$ 834,708

Exhibit 18

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with
Original	Final		Final Budget
			Positive
			(Negative)
\$ -	\$ -	\$ 496	\$ 496
822,334	822,334	744,583	(77,751)
-	-	-	-
23,715	23,715	24,187	472
675,000	675,000	850,118	175,118
<u>\$ 1,521,049</u>	<u>\$ 1,521,049</u>	<u>\$ 1,619,384</u>	<u>\$ 98,335</u>
<u>\$ 1,521,049</u>	<u>\$ 1,521,049</u>	<u>\$ 1,629,677</u>	<u>\$ (108,628)</u>
<u>\$ 1,521,049</u>	<u>\$ 1,521,049</u>	<u>\$ 1,629,677</u>	<u>\$ (108,628)</u>
\$ -	\$ -	\$ (10,293)	\$ (10,293)
\$ -	\$ -	\$ (10,293)	\$ (10,293)
-	-	492,250	492,250
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481,957</u>	<u>\$ 481,957</u>

Statement of Net Assets
 Proprietary Funds
 Discretely Presented Component Unit - School Board
 June 30, 2008

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 529,593
Total assets	<u>\$ 529,593</u>
 NET ASSETS	
Unrestricted	\$ 529,593
Total net assets	<u><u>\$ 529,593</u></u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ <u>3,450,357</u>
Total operating revenues	\$ <u>3,450,357</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ <u>3,866,447</u>
Total operating expenses	\$ <u>3,866,447</u>
Operating income (loss)	\$ <u>(416,090)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ <u>12,615</u>
Total nonoperating revenues (expenses)	\$ <u>12,615</u>
Change in net assets	\$ (403,475)
Total net assets - beginning	<u>933,068</u>
Total net assets - ending	\$ <u><u>529,593</u></u>

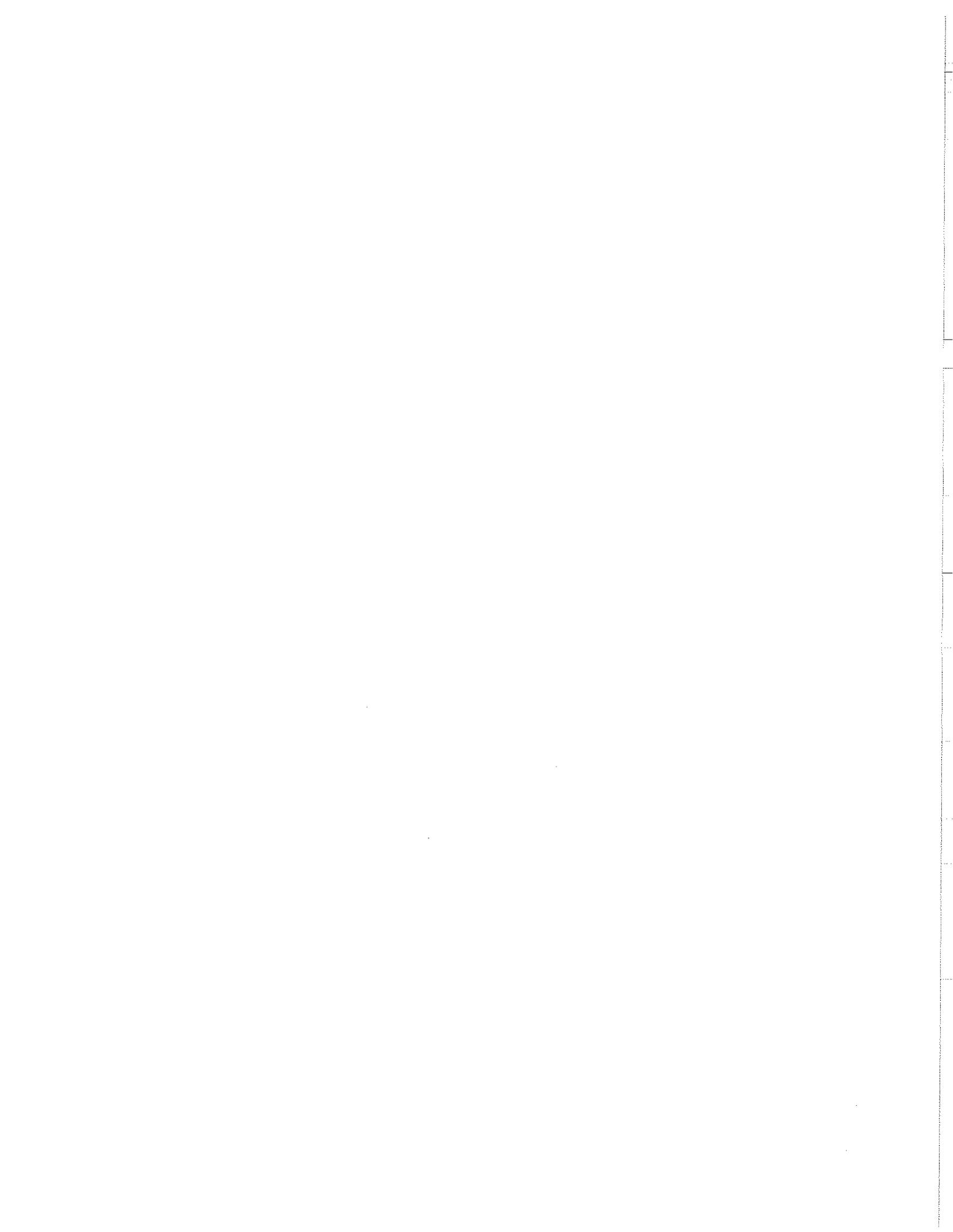
The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
 Proprietary Funds
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 3,450,357
Payments for premiums	<u>(3,866,447)</u>
Net cash provided (used) by operating activities	\$ <u>(416,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 12,615
Net cash provided (used) by investing activities	<u>\$ 12,615</u>
Net increase (decrease) in cash and cash equivalents	\$ (403,475)
Cash and cash equivalents - beginning	933,068
Cash and cash equivalents - ending	<u>\$ 529,593</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u>(416,090)</u>
Net cash provided (used) by operating activities	<u>\$ (416,090)</u>

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

SUPPORTING SCHEDULES AND TABLES



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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,249,964	\$ 12,249,964	\$ 10,750,476	\$ (1,499,488)
Real and personal public service corporation taxes	281,600	281,600	288,824	7,224
Personal property taxes	4,804,725	4,804,725	5,321,188	516,463
Penalties	210,540	210,540	224,954	14,414
Interest	104,725	104,725	176,301	71,576
Total general property taxes	<u>\$ 17,651,554</u>	<u>\$ 17,651,554</u>	<u>\$ 16,761,743</u>	<u>\$ (889,811)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,354,200	\$ 1,354,200	\$ 1,368,668	\$ 14,468
Cellular phone taxes	200,000	200,000	-	(200,000)
Business licenses	157,000	157,000	198,989	41,989
Communication taxes	-	-	514,886	514,886
Consumption taxes	49,700	49,700	47,505	(2,195)
Motor vehicle licenses	353,460	353,460	312,240	(41,220)
Taxes on recordation and wills	303,464	303,464	211,949	(91,515)
Transient occupancy taxes	364,000	406,000	400,633	(5,367)
Meals taxes	271,000	271,000	268,268	(2,732)
Total other local taxes	<u>\$ 3,052,824</u>	<u>\$ 3,094,824</u>	<u>\$ 3,323,138</u>	<u>\$ 228,314</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,000	\$ 7,000	\$ 11,422	\$ 4,422
Land use application fees	3,000	3,000	5,188	2,188
Transfer fees	1,161	1,161	922	(239)
Permits and other licenses	655,905	655,905	294,486	(361,419)
Total permits, privilege fees, and regulatory licenses	<u>\$ 667,066</u>	<u>\$ 667,066</u>	<u>\$ 312,018</u>	<u>\$ (355,048)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 50,253	\$ 54,463	\$ 86,630	\$ 32,167
Revenue from use of money and property:				
Revenue from use of money	\$ 250,000	\$ 250,000	\$ 410,174	\$ 160,174
Revenue from use of property	35,000	35,000	44,918	9,918
Total revenue from use of money and property	<u>\$ 285,000</u>	<u>\$ 285,000</u>	<u>\$ 455,092</u>	<u>\$ 170,092</u>
Charges for services:				
Sheriff's fees	\$ 1,943	\$ 1,943	\$ 1,842	\$ (101)
Charges for Animal Protection	7,500	7,500	10,830	3,330
Charges for Commonwealth's Attorney	2,024	2,024	2,505	481
Work release and other inmate fees	146,500	146,582	170,891	24,309
Charges for sanitation and waste removal	2,040,000	2,040,000	650,984	(1,389,016)
Other charges for services	24,724	24,724	30,982	6,258
Total charges for services	<u>\$ 2,222,691</u>	<u>\$ 2,222,773</u>	<u>\$ 868,034</u>	<u>\$ (1,354,739)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 39,650	\$ 64,700	\$ 192,889	\$ 128,189
Total revenue from local sources	<u>\$ 23,969,038</u>	<u>\$ 24,040,380</u>	<u>\$ 21,999,544</u>	<u>\$ (2,040,836)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 9,000	\$ 9,000	\$ -	\$ (9,000)
Wine taxes	9,000	9,000	-	(9,000)
Mobile home titling tax	-	-	41,259	41,259
State recordation tax	65,002	65,002	40,968	(24,034)
Railroad rolling stock tax	27,000	27,000	31,537	4,537

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund: (Continued)				
County Capital Improvements Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ -	\$ -	\$ 2,655,955	\$ 2,655,955
Total categorical aid	\$ -	\$ -	\$ 2,655,955	\$ 2,655,955
 Total revenue from the Commonwealth	 \$ -	 \$ -	 \$ 2,655,955	 \$ 2,655,955
 Total County Capital Improvements Fund	 \$ -	 \$ -	 \$ 4,415,312	 \$ 4,415,312
 Total Primary Government	 \$ 33,865,082	 \$ 34,080,411	 \$ 35,459,722	 \$ 1,379,311
 Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Charges for services:				
Charges for education	\$ 1,040,812	\$ 1,040,812	\$ 1,296,919	\$ 256,107
 Total revenue from local sources	 \$ 1,040,812	 \$ 1,040,812	 \$ 1,296,919	 \$ 256,107
 Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Page, Virginia	\$ 11,781,447	\$ 11,781,447	\$ 8,106,262	\$ (3,675,185)
Total revenues from local governments	\$ 11,781,447	\$ 11,781,447	\$ 8,106,262	\$ (3,675,185)
 Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,235,933	\$ 3,235,933	\$ 3,095,188	\$ (140,745)
Basic school aid	11,343,541	11,343,541	11,195,519	(148,022)
GED funding	15,717	33,107	45,107	12,000
Remedial summer education	49,441	49,441	51,196	1,755
Gifted and talented	104,799	104,799	102,914	(1,885)
Remedial education	255,607	255,607	170,607	(85,000)
Enrollment loss payments	-	-	12,911	12,911
Special education	1,088,887	1,088,887	1,069,303	(19,584)
Textbook payments	256,323	256,323	251,713	(4,610)
Vocational standards of quality payments	393,635	393,635	388,042	(5,593)
Social security	598,121	598,121	577,471	(20,650)
Retirement fringe benefits	897,182	897,182	878,006	(19,176)
Vocational occupational technical education	39,880	50,679	45,903	(4,776)
Early reading intervention	78,181	78,181	62,545	(15,636)
Group life instructional	30,673	30,673	31,218	545
Adult literacy	2,880	6,536	-	(6,536)
Homebound education	18,416	18,416	13,928	(4,488)
Lottery	564,867	564,867	645,908	81,041
Tobacco Settlement	7,558	7,558	7,507	(51)
Regional program tuition	379,420	379,420	404,245	24,825
Compensation supplement	723,369	723,369	717,889	(5,480)
At risk payments	236,136	236,136	231,893	(4,243)
School construction	152,324	152,324	151,763	(561)
Primary class size	300,636	300,636	308,495	7,859
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	38,091	38,091	36,041	(2,050)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Motor vehicle rental tax	\$ 3,000	\$ 3,000	\$ 3,023	\$ 23
Personal property tax relief funds	1,640,791	1,640,791	1,640,791	-
Total noncategorical aid	<u>\$ 1,753,793</u>	<u>\$ 1,753,793</u>	<u>\$ 1,757,578</u>	<u>\$ 3,785</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 268,285	\$ 268,285	\$ 285,532	\$ 17,247
Sheriff	2,157,576	2,157,576	2,240,656	83,080
Commissioner of revenue	145,696	145,696	155,568	9,872
Treasurer	137,762	137,762	140,881	3,119
Medical examiner	405	405	-	(405)
Registrar/electoral board	71,000	71,000	54,882	(16,118)
Clerk of the Circuit Court	234,098	234,098	236,297	2,199
Total shared expenses	<u>\$ 3,014,822</u>	<u>\$ 3,014,822</u>	<u>\$ 3,113,816</u>	<u>\$ 98,994</u>
Other categorical aid:				
CJS GTS grant	\$ 25,252	\$ 25,252	\$ 6,042	\$ (19,210)
Victim witness assistance	42,031	42,031	40,980	(1,051)
Other	208,581	344,569	207,653	(136,916)
Total other categorical aid	<u>\$ 275,864</u>	<u>\$ 411,852</u>	<u>\$ 254,675</u>	<u>\$ (157,177)</u>
Total categorical aid	<u>\$ 3,290,686</u>	<u>\$ 3,426,674</u>	<u>\$ 3,368,491</u>	<u>\$ (58,183)</u>
Total revenue from the Commonwealth	<u>\$ 5,044,479</u>	<u>\$ 5,180,467</u>	<u>\$ 5,126,069</u>	<u>\$ (54,398)</u>
Revenue from the federal government:				
Payments in lieu of taxes	\$ 85,263	\$ 85,263	\$ 83,262	\$ (2,001)
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 837	\$ 837
Sheriff GTS	37,055	37,055	-	(37,055)
Byrne grant	-	-	36,106	36,106
DMV ground transportation safety grant	1,156	1,156	23,221	22,065
Community oriented police grants	49,361	50,360	13,777	(36,583)
Bullet proof vest grant	28,424	28,424	2,832	(25,592)
Terrorism prevention	53,569	53,569	2,600	(50,969)
FEMA/Homeland security	52,000	52,000	-	(52,000)
Victim witness assistance	53,959	53,959	36,677	(17,282)
BJA sheriff grant	-	-	16,939	16,939
Local in-opt grant	70,695	70,695	-	(70,695)
Technology grant	74,042	74,042	4,911	(69,131)
ABC communication coalition grant	-	7,000	-	(7,000)
Total categorical aid	<u>\$ 420,261</u>	<u>\$ 428,260</u>	<u>\$ 137,900</u>	<u>\$ (290,360)</u>
Total revenue from the federal government	<u>\$ 505,524</u>	<u>\$ 513,523</u>	<u>\$ 221,162</u>	<u>\$ (292,361)</u>
Total General Fund	<u>\$ 29,519,041</u>	<u>\$ 29,734,370</u>	<u>\$ 27,346,775</u>	<u>\$ (2,387,595)</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ -	\$ -	\$ 4,002	\$ 4,002

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Virginia Public Assistance Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ -	\$ -	\$ 584,417	\$ 584,417
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,953,876	\$ 1,953,876	\$ 1,116,034	\$ (837,842)
Total Virginia Public Assistance Fund	<u>\$ 1,953,876</u>	<u>\$ 1,953,876</u>	<u>\$ 1,704,453</u>	<u>\$ (249,423)</u>
Comprehensive Services Act Fund:				
Revenue from local sources:				
Charges for services:				
Comprehensive services	\$ -	\$ -	\$ 1,625	\$ 1,625
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act program	\$ 1,723,523	\$ 1,723,523	\$ 1,685,994	\$ (37,529)
Child support public assistance funds	-	-	12,838	12,838
Total categorical aid	<u>\$ 1,723,523</u>	<u>\$ 1,723,523</u>	<u>\$ 1,698,832</u>	<u>\$ (24,691)</u>
Total revenue from the Commonwealth	<u>\$ 1,723,523</u>	<u>\$ 1,723,523</u>	<u>\$ 1,698,832</u>	<u>\$ (24,691)</u>
Total Comprehensive Services Act Fund	<u>\$ 1,723,523</u>	<u>\$ 1,723,523</u>	<u>\$ 1,700,457</u>	<u>\$ (23,066)</u>
E-911 Fund:				
Revenue from local sources:				
Other local taxes:				
Emergency telephone service taxes	\$ 425,000	\$ 425,000	\$ -	\$ (425,000)
Categorical aid:				
Sheriff	\$ 83,642	\$ 83,642	\$ 63,250	\$ (20,392)
PSAP grant	100,000	100,000	186,055	86,055
Total categorical aid	<u>\$ 183,642</u>	<u>\$ 183,642</u>	<u>\$ 249,305</u>	<u>\$ 65,663</u>
Total revenue from the Commonwealth	<u>\$ 183,642</u>	<u>\$ 183,642</u>	<u>\$ 249,305</u>	<u>\$ 65,663</u>
Total E-911 Fund	<u>\$ 608,642</u>	<u>\$ 608,642</u>	<u>\$ 249,305</u>	<u>\$ (359,337)</u>
Parks and Recreation Fund				
Revenue from local sources:				
Parks and recreation fees	\$ 60,000	\$ 60,000	\$ 43,420	\$ (16,580)
Capital Projects Fund:				
County Capital Improvements Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,759,357	\$ 1,759,357
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,759,357</u>	<u>\$ 1,759,357</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,759,357</u>	<u>\$ 1,759,357</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk four-year olds	\$ 312,409	\$ 312,409	\$ 312,409	\$ -
English as a second language	59,846	59,846	26,128	(33,718)
Other state funds	2,998	21,675	25,620	3,945
Total categorical aid	<u>\$ 21,444,870</u>	<u>\$ 21,495,392</u>	<u>\$ 21,117,469</u>	<u>\$ (377,923)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 16,000	\$ 16,000	\$ 16,082	\$ 82
Adult literacy	65,000	65,000	88,097	23,097
Title I	670,094	670,094	632,121	(37,973)
Title VI-B, special education flow-through	635,733	651,970	730,938	78,968
Vocational education	67,000	67,000	68,255	1,255
Title VI-B, special education pre-school	16,505	16,505	20,301	3,796
Drug free schools	15,368	15,368	20,925	5,557
Title II Part A	185,874	185,874	174,669	(11,205)
Title V	9,321	9,321	14,616	5,295
School improvement grant	-	-	19,973	19,973
State academic achievement	-	-	2,759	2,759
Education technology	-	-	6,981	6,981
Learn and serve grant	-	-	15,276	15,276
21st century grant	60,000	60,000	62,756	2,756
REMS grant	-	-	9,140	9,140
Other federal funds	-	55,200	689	(54,511)
Total categorical aid	<u>\$ 1,740,895</u>	<u>\$ 1,812,332</u>	<u>\$ 1,883,578</u>	<u>\$ 71,246</u>
Total revenue from the federal government	<u>\$ 1,740,895</u>	<u>\$ 1,812,332</u>	<u>\$ 1,883,578</u>	<u>\$ 71,246</u>
Total School Operating Fund	<u>\$ 36,008,024</u>	<u>\$ 36,129,983</u>	<u>\$ 32,404,228</u>	<u>\$ (3,725,755)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 496	\$ 496
Charges for services:				
Cafeteria sales	\$ 822,334	\$ 822,334	\$ 744,583	\$ (77,751)
Total revenue from local sources	<u>\$ 822,334</u>	<u>\$ 822,334</u>	<u>\$ 745,079</u>	<u>\$ (77,255)</u>
Categorical aid:				
School food program grant	\$ 23,715	\$ 23,715	\$ 24,187	\$ 472
Total revenue from the Commonwealth	<u>\$ 23,715</u>	<u>\$ 23,715</u>	<u>\$ 24,187</u>	<u>\$ 472</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 675,000	\$ 675,000	\$ 850,118	\$ 175,118
Total School Cafeteria Fund	<u>\$ 1,521,049</u>	<u>\$ 1,521,049</u>	<u>\$ 1,619,384</u>	<u>\$ 98,335</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 37,529,073</u>	<u>\$ 37,651,032</u>	<u>\$ 34,023,612</u>	<u>\$ (3,627,420)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 210,748	\$ 201,748	\$ 119,905	\$ 81,843
General and financial administration:				
County administrator	\$ 279,482	\$ 279,482	\$ 260,582	\$ 18,900
Accounting	198,559	198,559	177,095	21,464
Legal services	181,850	174,850	132,919	41,931
Commissioner of revenue	653,170	634,170	627,116	7,054
Reassessment	-	-	29	(29)
Geographic information systems	285,048	277,248	210,217	67,031
Treasurer	443,872	446,872	430,484	16,388
Data processing	181,589	181,589	173,921	7,668
Total general and financial administration	<u>\$ 2,223,570</u>	<u>\$ 2,192,770</u>	<u>\$ 2,012,363</u>	<u>\$ 180,407</u>
Board of elections:				
Electoral board and officials	\$ 43,451	\$ 43,451	\$ 43,450	\$ 1
Registrar	86,127	86,127	86,127	-
Total board of elections	<u>\$ 129,578</u>	<u>\$ 129,578</u>	<u>\$ 129,577</u>	<u>\$ 1</u>
Total general government administration	<u>\$ 2,563,896</u>	<u>\$ 2,524,096</u>	<u>\$ 2,261,845</u>	<u>\$ 262,251</u>
Judicial administration:				
Courts:				
Circuit court	\$ 10,529	\$ 11,579	\$ 7,848	\$ 3,731
General district court	12,490	12,490	10,267	2,223
Special magistrates	4,700	4,700	3,180	1,520
Juvenile and domestic relations court	13,880	13,880	12,701	1,179
Sheriff	201,278	201,278	183,552	17,726
Victim witness program	54,336	54,336	51,363	2,973
Clerk of the circuit court	387,208	473,768	446,839	26,929
Total courts	<u>\$ 684,421</u>	<u>\$ 772,031</u>	<u>\$ 715,750</u>	<u>\$ 56,281</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 394,936	\$ 401,418	\$ 401,404	\$ 14
Total judicial administration	<u>\$ 1,079,357</u>	<u>\$ 1,173,449</u>	<u>\$ 1,117,154</u>	<u>\$ 56,295</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,805,393	\$ 2,904,379	\$ 2,504,876	\$ 399,503
Virginia Juvenile Community Crime Control Act	42,031	42,031	40,972	1,059
Total law enforcement and traffic control	<u>\$ 2,847,424</u>	<u>\$ 2,946,410</u>	<u>\$ 2,545,848</u>	<u>\$ 400,562</u>
Fire and rescue services:				
Volunteer fire department	\$ 335,000	\$ 335,000	\$ 324,395	\$ 10,605
Volunteer rescue squads	333,330	411,830	393,342	18,488
Fire extinction	1,898	1,898	1,898	-
Total fire and rescue services	<u>\$ 670,228</u>	<u>\$ 748,728</u>	<u>\$ 719,635</u>	<u>\$ 29,093</u>
Correction and detention:				
Jail	\$ 1,387,431	\$ 1,424,658	\$ 1,424,655	\$ 3
Juvenile detention	157,265	157,265	155,267	1,998
Total correction and detention	<u>\$ 1,544,696</u>	<u>\$ 1,581,923</u>	<u>\$ 1,579,922</u>	<u>\$ 2,001</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 372,055	\$ 349,055	\$ 319,732	\$ 29,323
Zoning	155,670	149,670	142,195	7,475
Total inspections	<u>\$ 527,725</u>	<u>\$ 498,725</u>	<u>\$ 461,927</u>	<u>\$ 36,798</u>
Other protection:				
Animal control	\$ 430,563	\$ 430,563	\$ 367,706	\$ 62,857
Medical examiner	750	750	300	450
Emergency medical services	261,507	261,507	113,412	148,095
Concern hotline	1,800	1,800	1,800	-
Emergency services	8,830	8,830	8,130	700
Total other protection	<u>\$ 703,450</u>	<u>\$ 703,450</u>	<u>\$ 491,348</u>	<u>\$ 212,102</u>
Total public safety	<u>\$ 6,293,523</u>	<u>\$ 6,479,236</u>	<u>\$ 5,798,680</u>	<u>\$ 680,556</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 5,000	\$ 5,000	\$ 3,965	\$ 1,035
Sanitation and waste removal:				
Compactor sites	\$ 157,216	\$ 142,216	\$ 128,262	\$ 13,954
Landfill	1,940,089	1,728,779	1,678,175	50,604
Total sanitation and waste removal	<u>\$ 2,097,305</u>	<u>\$ 1,870,995</u>	<u>\$ 1,806,437</u>	<u>\$ 64,558</u>
Maintenance of general buildings and grounds:				
General properties	\$ 508,801	\$ 489,801	\$ 414,889	\$ 74,912
Total public works	<u>\$ 2,611,106</u>	<u>\$ 2,365,796</u>	<u>\$ 2,225,291</u>	<u>\$ 140,505</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 254,518	\$ 254,518	\$ 254,518	-
Health advisory council	1,420	1,420	-	1,420
Total health	<u>\$ 255,938</u>	<u>\$ 255,938</u>	<u>\$ 254,518</u>	<u>\$ 1,420</u>
Mental health and mental retardation:				
Community services board	\$ 86,954	\$ 86,954	\$ 86,954	-
Choices	5,000	5,000	5,000	-
Total mental health and mental retardation	<u>\$ 91,954</u>	<u>\$ 91,954</u>	<u>\$ 91,954</u>	<u>-</u>
Welfare:				
Welfare administration	\$ 19,867	\$ 19,867	\$ 19,113	\$ 754
Shenandoah Area Agency on Aging	50,898	50,898	50,898	-
Shen-Paco industries	2,250	2,250	2,250	-
Access independence	33,280	33,280	33,280	-
Tax relief for the elderly	-	-	215,029	(215,029)
Total welfare	<u>\$ 106,295</u>	<u>\$ 106,295</u>	<u>\$ 320,570</u>	<u>\$ (214,275)</u>
Total health and welfare	<u>\$ 454,187</u>	<u>\$ 454,187</u>	<u>\$ 667,042</u>	<u>\$ (212,855)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to L.F. Community College	\$ 16,043	\$ 16,043	\$ 16,043	\$ -
Contribution to County School Board	<u>11,781,451</u>	<u>11,781,451</u>	<u>8,106,262</u>	<u>3,675,189</u>
Total education	<u>\$ 11,797,494</u>	<u>\$ 11,797,494</u>	<u>\$ 8,122,305</u>	<u>\$ 3,675,189</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 128,165	\$ 128,165	\$ 128,074	\$ 91
Town recreation programs	<u>18,000</u>	<u>18,000</u>	<u>15,000</u>	<u>3,000</u>
Total parks and recreation	<u>\$ 146,165</u>	<u>\$ 146,165</u>	<u>\$ 143,074</u>	<u>\$ 3,091</u>
Cultural enrichment:				
Bluemont series	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
Library:				
Regional library	<u>\$ 168,000</u>	<u>\$ 168,000</u>	<u>\$ 168,000</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 319,165</u>	<u>\$ 319,165</u>	<u>\$ 316,074</u>	<u>\$ 3,091</u>
Community development:				
Planning and community development:				
Planning	\$ 202,582	\$ 194,582	\$ 134,946	\$ 59,636
Northern Shenandoah Planning Commission	14,650	14,650	11,996	2,654
Zoning	6,984	6,984	621	6,363
Economic development	468,183	559,433	540,287	19,146
Airport Commission	73,936	73,936	73,936	-
Chamber of Commerce	<u>190,000</u>	<u>232,000</u>	<u>221,555</u>	<u>10,445</u>
Total planning and community development	<u>\$ 956,335</u>	<u>\$ 1,081,585</u>	<u>\$ 983,341</u>	<u>\$ 98,244</u>
Environmental management:				
Soil and water conservation district	\$ 5,500	\$ 5,500	\$ 5,500	\$ -
Other environmental management	<u>113,228</u>	<u>123,028</u>	<u>90,713</u>	<u>32,315</u>
Total environmental management	<u>\$ 118,728</u>	<u>\$ 128,528</u>	<u>\$ 96,213</u>	<u>\$ 32,315</u>
Cooperative extension program:				
Administration	\$ 89,421	\$ 85,921	\$ 85,921	\$ -
4-H center	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Total cooperative extension program	<u>\$ 92,921</u>	<u>\$ 89,421</u>	<u>\$ 89,421</u>	<u>\$ -</u>
Total community development	<u>\$ 1,167,984</u>	<u>\$ 1,299,534</u>	<u>\$ 1,168,975</u>	<u>\$ 130,559</u>
Nondepartmental:				
Miscellaneous	<u>\$ 225,500</u>	<u>\$ 123,735</u>	<u>\$ 121,073</u>	<u>\$ 2,662</u>
Debt service:				
Principal retirement	\$ 1,761,189	\$ 1,761,189	\$ 1,108,859	\$ 652,330
Interest and other fiscal charges	<u>2,473,509</u>	<u>2,473,509</u>	<u>3,035,095</u>	<u>(561,586)</u>
Total debt service	<u>\$ 4,234,698</u>	<u>\$ 4,234,698</u>	<u>\$ 4,143,954</u>	<u>\$ 90,744</u>
Total General Fund	<u>\$ 30,746,910</u>	<u>\$ 30,771,390</u>	<u>\$ 25,942,393</u>	<u>\$ 4,828,997</u>

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

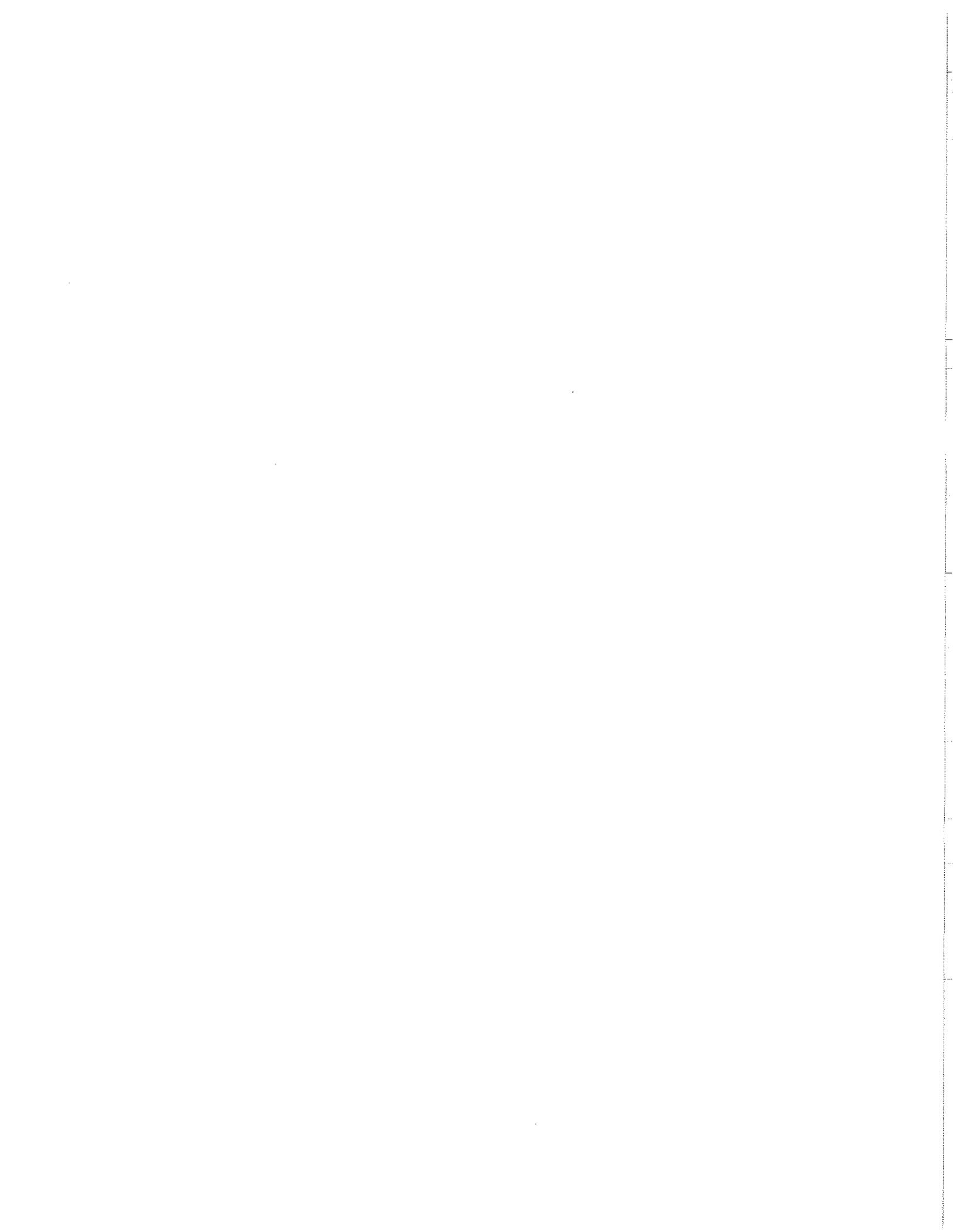
Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,342,082	\$ 2,342,082	\$ 2,079,105	\$ 262,977
Total Virginia Public Assistance Fund	<u>\$ 2,342,082</u>	<u>\$ 2,342,082</u>	<u>\$ 2,079,105</u>	<u>\$ 262,977</u>
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 2,402,177	\$ 2,632,177	\$ 2,375,824	\$ 256,353
Total Comprehensive Services Act Fund	<u>\$ 2,402,177</u>	<u>\$ 2,632,177</u>	<u>\$ 2,375,824</u>	<u>\$ 256,353</u>
E-911 Fund				
Public safety				
Law enforcement and traffic control:				
Emergency services	\$ 643,591	\$ 848,834	\$ 649,894	\$ 198,940
Total E-911 Fund	<u>\$ 643,591</u>	<u>\$ 848,834</u>	<u>\$ 649,894</u>	<u>\$ 198,940</u>
Parks and Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 60,000	\$ 60,000	\$ 43,386	\$ 16,614
Total Parks and Recreation fund	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 43,386</u>	<u>\$ 16,614</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Landfill equipment	\$ -	\$ 620,820	\$ -	\$ 620,820
Office building	-	-	19,365	(19,365)
Battlecreek landfill	1,250,000	1,250,000	-	1,250,000
Capital restricted	1,292,965	1,894,372	765,929	1,128,443
School construction	36,084,128	36,084,128	31,858,942	4,225,186
Total capital projects	<u>\$ 38,627,093</u>	<u>\$ 39,849,320</u>	<u>\$ 32,644,236</u>	<u>\$ 7,205,084</u>
Total Capital Projects Fund	<u>\$ 38,627,093</u>	<u>\$ 39,849,320</u>	<u>\$ 32,644,236</u>	<u>\$ 7,205,084</u>
Total Primary Government	<u>\$ 74,821,853</u>	<u>\$ 76,503,803</u>	<u>\$ 63,734,838</u>	<u>\$ 12,297,058</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special revenue funds:				
School Operating Fund:				
Education:				
Instructional	\$ 25,374,881	\$ 25,602,829	\$ 24,834,211	\$ 768,618
Administration, attendance and health services	1,457,471	1,457,471	1,623,549	(166,078)
Pupil transportation	1,961,840	1,961,840	1,999,574	(37,734)
Operation and maintenance	1,990,800	1,990,800	2,467,496	(476,696)
Facilities	4,161,005	4,161,005	261,943	3,899,062
Technology	1,092,031	1,092,031	1,160,249	(68,218)
School food services	698,715	698,715	57,206	641,509
Total education	<u>\$ 36,736,743</u>	<u>\$ 36,964,691</u>	<u>\$ 32,404,228</u>	<u>\$ 4,560,463</u>
 Total School Fund	 <u>\$ 36,736,743</u>	 <u>\$ 36,964,691</u>	 <u>\$ 32,404,228</u>	 <u>\$ 4,560,463</u>
 Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,521,049	\$ 1,521,049	\$ 1,629,677	\$ (108,628)
Total Cafeteria Fund	<u>\$ 1,521,049</u>	<u>\$ 1,521,049</u>	<u>\$ 1,629,677</u>	<u>\$ (108,628)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 38,257,792</u>	 <u>\$ 38,485,740</u>	 <u>\$ 34,033,905</u>	 <u>\$ 4,451,835</u>

STATISTICAL INFORMATION

COMPLIANCE



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 PAGE, VIRGINIA

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Page, Virginia as of and for the year ended June 30, 2008, which collectively comprise the County of Virginia's basic financial statements and have issued our report thereon dated December 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

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

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

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

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

Compliance and Other Matters:

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

We noted certain matters that we reported to management of the County of Page, Virginia in a separate letter dated December 1, 2008.

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

DRAFT

Verona, Virginia
December 1, 2008

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 PAGE, VIRGINIA

Compliance

We have audited the compliance of the County of Page, Virginia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Page, 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 Page, Virginia's management. Our responsibility is to express an opinion on the County of Page, 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 Page, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Page, Virginia's compliance with those requirements.

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

Internal Control Over Compliance

The management of the County of Page, 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 Page, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Page, Virginia's internal control over compliance.

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

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

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

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

DRAFT

Verona, Virginia
December 1, 2008

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards
 Primary Government and Discretely Presented Component Unit School Board
 Year Ended June 30, 2008

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Expenditures
<u>PRIMARY GOVERNMENT:</u>		
Department of Agriculture:		
Pass Through Payments:		
Virginia Department of Agriculture and Consumer Services:		
State Adm Matching Grants - Food Stamps	10.561	\$ <u>234,888</u>
Total Department of Agriculture		\$ <u>234,888</u>
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Sevcies:		
Temporary Assistance to Needy Families	93.558	\$ 156,748
Refugee & Entrant Assistance - State Adm	93.566	832
Low-Income Home Energy Assistance	93.568	3,916
Foster Care - Title IV-E	93.658	109,787
Adoption Assistance	93.659	32,138
Child Welfare Services	93.845	1,107
Social Services Block Grant	93.667	194,056
Independent Living	93.674	4,314
Family Preservation and Support	93.556	32,569
Medical Assistance program (Title XIX)	93.778	161,528
Payments to States for Child Care Assistance	93.575	100,185
Admin FAMIS	93.767	8,752
CHAFEE Education and Training Vouchers Program	93.599	2,073
Child Care and Development Fund	93.596	<u>73,141</u>
Total Department of Health and Human Services		\$ <u>881,146</u>
Department of the Interior:		
Direct Payments:		
Bureau of Land Management:		
Payment in Lieu of Taxes	12.112	\$ <u>83,262</u>

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 Primary Government and Discretely Presented Component Unit School Board
 Year Ended June 30, 2008

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Expenditures
U.S. Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Bullet proof vest grant	16.607 \$	2,832
Local law enforcement block grant	16.592	4,911
Terrorism prevention	16.000	2,600
Victim witness assistance grant	16.575	36,677
Asset seizure proceeds	16.000	837
Byrne grant	16.580	36,106
BJA Sheriff grant	16.738	16,939
Community oriented police grant	16.000	13,777
Total Department of Criminal Justice Services		\$ 114,679
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600 \$	23,221
Total Primary Government		\$ 1,337,196
<u>COMPONENT UNIT SCHOOL BOARD:</u>		
Department of Agriculture:		
Pass Through Payments:		
Department of Education:		
School breakfast program	10.553 \$	149,704
National school lunch program	10.555	583,543
Department of Agriculture:		
Food distribution-school lunch	10.555	116,871
Forest Reserve Funds	10.665	16,082
Total Department of Agriculture		\$ 866,200

COUNTY OF PAGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)

Primary Government and Discretely Presented Component Unit School Board

Year Ended June 30, 2007

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Expenditures
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002 \$	88,097
Title I	84.010	634,880
School improvement	84.000	19,973
AP grant	84.330	689
Education technology	84.318	6,981
Title VI-B:		
Handicapped - state grants	84.027	730,938
Preschool Incentive grant	84.173	20,301
Vocational Education:		
Basic grants to states	84.048	68,255
Title II Part A	84.367	174,669
Title V	84.298	14,616
Drug free schools and communities	84.186	20,925
REMS grant	84.184	9,140
Literacy Challenge Grant	84.318	62,756
Total Department of Education		\$ <u>1,852,220</u>
Corporation for National and Community Services:		
Pass Through Payments:		
Department of Education:		
Learn and serve-National Community Services Act	94.004 \$	15,276
Total Department of Labor		\$ <u>15,276</u>
Total Component Unit School Board		\$ <u><u>2,733,696</u></u>

NOTE A-BASIS OF PRESENTATION

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

NOTE B-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2008, the County had food commodities totaling \$116,871 in inventory.

COUNTY OF PAGE, VIRGINIA

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no

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

Non compliance material to financial statements noted?

Federal Awards

Internal control over major programs: unqualified

- Material weaknesses identified? yes x no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.551	Food Stamps
84.027	Title VI-B Handicapped Grants
84.173	Title VI-B Preschool Incentive Grant
93.658	Foster Care Title IV-E
Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Food Distribution

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None