

K. Government Structure and Finance

1. Government Structure

Legislative Leadership

The activities of the county are overseen by a seven member Board of Supervisors elected for four-year terms. The responsibilities of the Board of Supervisors (BOS) are to provide public services, adopt an annual budget based on anticipated revenues, set policies by which the county is run, and appoint a County Administrator and County Attorney.

Administrative Management

The County Administrator serves at the pleasure of the BOS. The County Administrator's responsibilities are to implement the policies of the BOS, manage the affairs of the county, and hire staff.

County Departments

The Augusta County government is made up of numerous departments including Community Development, Finance, Building Inspection, Personnel, County Attorney, Information Services, Registrar, Parks and Recreation, Fire and Rescue, and Public Library. The Augusta County Service Authority is an independent agency responsible for providing public water and sewer services to the county. The Augusta County Public School system is also an independent agency with an elected School Board. In addition to these departments the county government is made up of several elected positions such as the Commissioner of Revenue, Treasurer, Sheriff, Commonwealth's Attorney, and Clerk of Court.

Regional and Interlocal Activities

Augusta County currently participates in many regional and interlocal programs and activities. Cooperation between the county and regional or local entities includes formal and informal mutual assistance agreements, joint authorities and boards, joint contracts for provision of services such as water or sewer, and contributions of money, equipment, and personnel. Examples of current interlocal coordination include:

- Health Department
- Social Services
- Landfill
- Public Library—shared technology and library card
- Fire and Rescue Services
- Office on Youth

Coordination at a regional level is conducted on issues of regional significance such as travel and tourism, transportation, economic development, and planning. Augusta County is actively involved with many regional organizations, such as:

- Shenandoah Valley Partnership
- Central Shenandoah Planning District Commission
- Greater Augusta Regional Tourism Board
- Shenandoah Valley Regional Airport Commission
- Upper Valley Regional Park Authority
- Governance for the 21st Century
- Shenandoah Summit

2. Finances

Government-wide Financial Statements

According to the Augusta County Comprehensive Annual Financial Report for the fiscal year that ended June 30, 2004, the assets of the county exceeded the liabilities by \$44,450,946. Of that amount, approximately \$8.8 million is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and citizens.³⁶

Fund Financial Statements

At the end of the last fiscal year (2004), the county's governmental fund reported a combined ending balance of \$39,987,435.³⁷ Approximately 32 percent of this total amount is unreserved and available for spending at the county's discretion. The remainder of the fund balance is reserved as it has already been committed to various county capital projects.

The Augusta County governmental fund is comprised of several accounts, the most important of which are the general fund, special revenue funds, and capital projects funds. The general fund covers all revenues and expenditures applicable to the general operation of the county. The special revenue funds are legally restricted to expenditures for specified purposes. Capital project funds are financial resources to be used for acquisition or construction of major capital facilities.

The general fund is the chief operating fund of the county. As of June 30, 2004, the total fund balance was \$12,800,893, of which \$3,675,609 was unreserved after receivables were subtracted. The county's general fund balance decreased by \$1,105,544 during the 2004 fiscal year. This was due largely to the increase in public safety expenditures and low interest rates.³⁸

³⁶ These figures were extracted from the government-wide financial statements presented on the accrual basis of accounting to satisfy GASB 34 reporting.

³⁷ This figure includes all budgeted items in the County except for the school operating budget.

³⁸ These figures were extracted from the fund financial statements.

Revenues

County revenues come from local, state, and federal sources. The primary types of revenue are taxes, fees, fines, service charges, and grants. The primary local revenue sources are property taxes and public service corporation taxes. Recent growth in the county has brought increased revenue from new construction, local sales taxes, business licenses, machinery and tools taxes, and personal property taxes. For Fiscal Year 2005-2006, the Director of Finance and the County Administrator project an increase in new net revenue growth totaling \$2,214,600 from new construction, tangible personal property taxes, and sales taxes. **Table 48** shows the revenues collected by the county over the last five fiscal years.

Table 48. Government-Wide Revenues for Augusta County, FY2000–FY2004

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
General Property Taxes	\$26,683,398	\$27,856,151	\$29,215,101	\$30,153,447	\$31,292,004
Other Local Taxes	\$12,301,808	\$13,418,872	\$14,233,702	\$14,541,480	\$15,384,053
Permits and Fees	\$529,345	\$612,099	\$561,732	\$684,422	\$819,021
Fines and Forfeitures	\$62,423	\$87,139	\$109,321	\$113,485	\$173,891
Revenue from Money and Property	\$1,749,155	\$2,282,057	\$1,506,691	\$1,391,333	\$632,641
Charges for Services	\$5,342,145	\$5,468,058	\$5,358,093	\$5,400,290	\$5,153,230
Miscellaneous	\$351,516	\$456,820	\$538,597	\$511,489	\$744,498
Recovered Costs	\$816,087	\$1,152,309	\$932,737	\$1,235,052	\$1,968,868
Intergovernmental	\$54,102,568	\$58,144,417	\$61,754,938	\$65,026,304	\$67,556,232
Total	\$101,938,445	\$109,477,922	\$114,200,912	\$119,057,302	\$123,724,438

Source: County of Augusta, Virginia Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2004.

Intergovernmental revenue, such as state and local grants, account for the majority of the revenue received by the county during the past five fiscal years. Of that revenue, 70 percent is dedicated for schools and 10 percent is dedicated for social services. General property taxes contribute the second highest amount of revenue, with 25 percent of the FY2004 and FY2005 revenues generated from that source.

The recent property value reassessment showed that the overall assessed value of land within the county has increased by 22 percent over a four-year period.³⁹ The rate of assessment has remained constant at 0.58 cents per \$100 valuation since 1983.

³⁹ Assessments in Augusta County are conducted every four years instead of annually or biannually.

Impacts to Revenues

There are two current programs in the county that create impacts to revenue from property taxes, the elderly and disabled tax credit and the land use deferral.

Elderly and Disabled Tax Exemption

The county currently has a tax exemption for the elderly and disabled. To qualify, a person must be a property owner, 65 years or older or permanently disabled, with a gross income of less than \$30,000 and a net worth of less than \$75,000. Qualifying individuals are issued a tax exemption ranging anywhere from 2 to 90 percent of their total tax burden, depending on their income and net worth amounts. In 2005, 449 residents of the county qualified for this exemption, an increase of 74 people or 20 percent from 2004.⁴⁰ The elderly and disabled tax exemption equated to approximately \$175,000 of lost revenue in 2005.

Land Use Deferral

Another program that impacts revenues from property taxes in the county is the land-use deferral program. Parcels that qualify for this program are taxed at a rate that is different from the rates based on the market value of the land. In order to qualify for this program the land must be zoned for agriculture and must be in production for sale for at least five years. Once a parcel has been accepted into the program, an annual revalidation is required. Revalidation is based on filing federal taxes as a farm, gross sales of \$1,000 annually, or meeting the specified acreage and yield requirements for the type of agricultural activity being conducted.

This program currently contributes significantly to lost real estate tax revenue for the county each year. It is estimated that 70 percent of the taxable land within the county is registered for the land-use deferral program. Based on the current program standards these combined properties produce only an estimated \$400,000 per year in total real estate tax revenues. In the event that agricultural land is converted to another land use category the county would be able to recoup a portion of lost property tax revenue under a provision in the tax code.

Expenditures

Total general government administration expenditures in the county for FY2004 were \$117,051,731. The greatest amount of expenditures was in the Education category which accounted for 68 percent of the total expenditures, or \$79,318,505. Education has historically been the highest expenditure category, which is consistent with spending trends in other localities. The County Board of Supervisors has traditionally earmarked 50 percent of annual growth revenues for schools; leaving the remaining 50 percent of growth revenues for all other public facilities and services. In addition, the county adheres to a “pay-as-you-go” system for balancing annual revenues and expenditures. The only exception is new school construction, which is partially funded through borrowed monies.

⁴⁰ This increase was due to changes in the qualification criteria which allowed higher incomes to qualify for the credit.

Non-Departmental expenditures are the lowest category with the Community Development line items being the lowest expenditures in the past two fiscal years. Community Development expenditures were higher in prior years due to larger payments to the Industrial Development Authority. All of the categories have shown increases from FY2003 to FY2004 with the exception of Debt Service. The largest percentage increase was in the Health and Public Welfare category which increased by almost 25 percent between FY2003 and FY2004.⁴¹

Table 49 shows the general government expenditures for the county over the last five fiscal years.

**Table 49. General Government Expenditures in Augusta County,
FY2000 – FY2004**

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
General Government Administration	\$2,772,205	\$2,812,242	\$2,735,805	\$2,862,360	\$3,126,493
Judicial Administration	\$929,525	\$1,056,485	\$1,016,319	\$981,550	\$1,034,224
Public Safety	\$8,863,349	\$10,095,931	\$11,205,461	\$11,660,505	\$12,863,042
Public Works	\$1,718,170	\$1,932,275	\$2,061,756	\$2,281,420	\$2,296,943
Health and Welfare	\$5,877,529	\$6,319,605	\$7,444,922	\$8,003,424	\$10,003,750
Education	\$68,066,408	\$71,252,231	\$73,350,112	\$76,489,115	\$79,318,505
Parks, Recreation, and Cultural	\$1,643,246	\$1,758,797	\$1,962,575	\$2,045,094	\$2,084,593
Community Development	\$1,021,737	\$1,217,540	\$1,184,650	\$891,545	\$948,143
Non-Departmental	\$63,620	\$180,741	\$159,358	\$108,265	\$120,378
Debt Service	\$5,541,334	\$5,882,585	\$5,662,496	\$5,470,376	\$5,255,660
Total	\$96,497,123	\$102,508,432	\$106,743,454	\$110,793,654	\$117,051,731

Source: County of Augusta, Virginia Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2004.

Capital Improvements

The proposed capital improvements budget for FY2005-2006 identifies needs totaling \$11.8 million. The amount of funds represented by the five-year Capital Improvements Program (CIP) is \$82.2 million. The funding for these identified projects is typically earmarked from General Fund revenues, General Fund balances, borrowing, or other funding sources. Because the CIP is a multiyear planning document, the Board of Supervisors has the flexibility to modify its five-year priorities as circumstances dictate.

⁴¹ This increase was due to the inclusion of Waynesboro in the Department of Social Services in 2003.

The current CIP identifies projects to address stormwater management, roadway improvements, school construction/expansion/renovation, public safety, and solid waste management. In addition to these projects there are many other major initiatives underway in the county, such as the GIS/MIS system and improvement of parks and recreation facilities, to name a few.

3. Planning Issues

Based on the available data regarding government structures and county finances, the following planning issues have been identified:

- Augusta County currently participates in many interlocal agreements and regional programs. What other coordination opportunities are available, which make sense for the county to participate in? How could the county better coordinate with local governments and regional entities?
- Revenues have been increasing due to growth and are projected to continue to do so in the near term. How should the county balance increasing revenues from growth with increasing costs of providing public services to growth areas?
- The current real estate tax rate has been stable during the last 12 years but may need to be reevaluated in the future as a way to fund additional services to support existing populations and new growth. Should the county consider increasing property taxes as a way to help pay for the increasing costs of public services?
- Programmed capital improvements over the next five years will require a significant financial investment. How should the county plan for and prioritize funding for capital improvements projects?

L. Land Use

1. Existing Land Use

The land in Augusta County is currently being used for a variety of purposes such as residential, commercial, industrial, and agricultural developments. This section identifies the land uses that exist in the county as well as the amounts of land that are dedicated to particular uses.

According to the data made available from the county GIS office, and presented in Table 44, 35 percent of the land in Augusta County is classified as public land. This includes the National Forest and National Park as well as areas used for private timbering activities. These areas are public lands and are therefore not under the control of the county in terms of regulation and they are also not available for future development.