



County of Augusta, Virginia

Comprehensive Annual Financial Report: June 30, 2019

Photo courtesy of Zak Suhar Photography

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019



Prepared by

Misty Cook, Director of Finance

Lora Swortzel, Accountant

Augusta County, Virginia

COUNTY OF AUGUSTA, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION



COUNTY OF AUGUSTA

Finance Department

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Verona, VA 24482-0590

Phone: 540-245-5741 * Fax 540-245-5742

November 26, 2019

To the Honorable Board of Supervisors of the County of Augusta, Virginia:

The comprehensive annual financial report of the County of Augusta for the year ended June 30, 2019, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the County of Augusta issue annually a report on its financial position and activity, and this report be audited by an independent firm of certified public accountants.

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

The accounting firm of PBMares, LLP, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This audit was conducted using guidelines set forth by *Government Auditing Standards* and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Based upon this audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine the government has complied with applicable laws and regulations. The auditor's report related specifically to the single audit is included in the Compliance Section of this report.

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

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

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

□ The Reporting Entity and Economic Outlook □

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

Although primarily a rural county, Augusta County's 2019 population was 75,457. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 21% of the jobs in the County. Manufacturing employs approximately 5,900 of 36,000 workers in the County's labor force and makes up approximately 3.3% of the total local property taxes. Agriculture is a large portion of the overall economy of the County. Augusta County is one of the top producers of many commodities in the state and this wealth of production overflows into many other industries of the County; including farm equipment manufacturers and dealers, transportation, energy, retail, and the ever growing agritourism business. The unemployment rate for the County decreased from 3.0% in 2018 to 2.6% in 2019. The County's rate remains lower than that of the State's unemployment rate of 2.9% and compares favorably to the national unemployment rate of 3.8%.

In fiscal year 2019, local revenues increased by 6.1%. The main contributor to this increase was sales and use tax, which were up by 10% over the prior year. This is a good indicator that consumer spending may be gaining from the previous recession. The previous high collection for sales tax was in fiscal year 2008. The County has exceeded this previous high by \$1,200,000. This trend is in line with the total taxable sales for Augusta County as reported by the Virginia Department of Taxation, which increased by approximately 1.97% over the prior year. Business License tax also contributed, with an increase of 6.6% over last year.

□ Major Initiatives and Goals □

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

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

During Fiscal Year 2019, the County completed significant infrastructure and facility improvements to Natural Chimneys Park and Campground. The completion of these improvements were largely due to aging and deteriorated existing infrastructure. The largest improvement at the park was the drilling of a new Alpha Well. This project was a necessity when one of the two existing wells began to fail. The remaining well was not capable of producing a large enough yield to supply the park on its own. The addition of this well will ensure that the park and campground has a sufficient water supply for years to come. The total cost of this project was \$175,000, funding through the County's Capital account.

During Fiscal Year 2019, Natural Chimneys Park stage was completely renovated using donated supplies, materials and labor. This renovation greatly improved the aesthetic appeal and improved acoustics for performances at the park. This project would have cost the County over \$40,000 but thanks to the park's partnership with Black Bear Productions who provides the annual Red Wing Roots Music Festival, the County incurred no cost for this improvement.

During Fiscal Year 2019, the IT Department's core network infrastructure underwent a major reorganization and upgrade this past fiscal year. The old network equipment had been in place for nearly 10 years. It was incapable of providing the high speed connectivity needed by modern servers housed in the IT Department, and in ECC. In order to address these shortcomings and to capitalize on advances in switching technology such as multi-gigabit copper port speeds, the latest PoE (Power over Ethernet) standards, and to take full advantage of the county's recent switchover to Comcast 400 Mbps internet service, key network infrastructure components were replaced. As a result of those upgrades, the core network infrastructure switching closet is now capable of supporting the services and data transmission speeds needed by modern servers, backup appliances, and internet service providers. The UPS backup was purchased in the 90's and was considered end of life. The UPS battery backup is imperative to ensure IT and ECC remain functional in case of a power outage. Modern equipment brings with it longer MTBF (mean time before failure) rates, and as a result annual maintenance costs are lower.

During Fiscal Year 2019, County Finance successfully transitioned the EMS Transport billing from a third party billing company to local in house billing. This required the addition of a Certified Ambulance Coder in the Finance department. This change came at no additional cost to the County as the third party billing fees saved were used to offset the new salary. Since the change, patients can now come the Government Center to pay bills directly, when they call they speak to someone local who can help them, versus speaking to a large call center with a large volume of clients.

□ Financial Information □

Financial Planning

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. The County has established a Fund Balance policy to maintain an unassigned General Fund balance of no less than two months of General Fund expenditures. Unassigned General Fund balance would provide the County with financial resources to address unforeseen revenue fluctuations, unanticipated expenditures and emergencies, which result in unanticipated budgetary shortfalls. As of June 30, 2019, the County has less than two months of General Fund operating expenditures by \$2,595,659. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements the County has less than the required two months of General Fund operating expenditures by \$1,451,929. The County will consider this requirement as it reviews the fund balance policy and prepares for the fiscal year 2020 revised budget.

Capital Improvement Plan

The Capital Improvement Plan provides a systematic approach to planning and financing capital improvements including future capital facility needs, correlating projects to community goals and growth, eliminating poorly planned expenditures, encouraging cooperation with other governmental units, and facilitation of private sector improvements consistent with the County Comprehensive Plan. As part of the budget process each year the County Administrator proposes a capital improvements plan. Each year, based on the availability of funds and specific general operating revenues, amounts are budgeted as a transfer from the general operating budget to the Capital Improvement Fund. These transfers may vary year to year depending on the anticipation or demand of new projects, the availability of revenues in the General Fund, and year end fund balance surpluses. The County Capital Improvements Fund includes balances assigned to depreciation accounts for future capital replacement costs for fire apparatus, emergency communications equipment, information technology, vehicle replacements, and building capital improvements. It also includes balances assigned to develop and maintain County parks and recreational facilities, infrastructure improvements and economic development initiatives, renovations and improvements to County buildings, and fund support for local organizations capital improvements, such as Blue Ridge Community College and Shenandoah Valley Regional Airport Commission. The Capital Improvement Plan is based on a five-year outlook of replacement costs and needs. It anticipates future replacement costs by incorporating an inflationary factor into the original purchase cost and allocating that amount over the life of the capital asset. The Capital Improvement Plan has enabled the County to afford needed projects without bonding the cost. At June 30, 2019, the County had a number of debt issues outstanding related to school construction. These issues totaled \$69,656,703 in general obligation bonds. At June 30, 2019, the County also had revenue bonds for construction of a gravity sewage system, a roadway and bridge construction, and Mill Place water tank outstanding. These issues totaled \$5,759,402.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, money market funds, U.S. Agency Securities, Corporate Debt, and municipal bonds. The yield on investments ranged from 1.08% to 2.59%. LGIP interest rates have risen with a range of rates of 1.75% to 2.45% in 2019. The County continues to invest in money market accounts and checking with respective rates of 1.49% to 2.30% and LGIP funds which offer higher yields than what may be earned on the standard checking accounts. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

□ Awards and Acknowledgements □

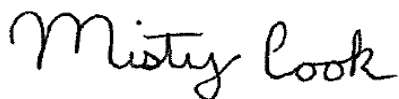
The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This is the twenty-first consecutive year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Budget Presentation to the County of Augusta, Virginia for its Budget preparation document for the 2019 Fiscal Year Budget. This is the second year the government has achieved this prestigious award. The County submitted the 2020 Fiscal Year budget for this award as well but have not received the results to date. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Budget document. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this is an important goal to strive for yearly and we will continue to make it a goal for our budget documents.

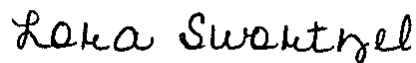
The preparation of this annual financial report could not have been accomplished without the dedicated effort of Mr. Timothy K. Fitzgerald, County Administrator, Mrs. Jennifer Whetzel, Deputy County Administrator, Mr. Richard T. Homes, Treasurer, Mr. Mark Lotts, School Board Director of Business and Finance, Ms. Anita Harris, Executive Director, Shenandoah Valley Department of Social Services, and the members of their staffs. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

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

Sincerely,



Misty Cook
Director of Finance



Lora Swortzel
Accountant



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

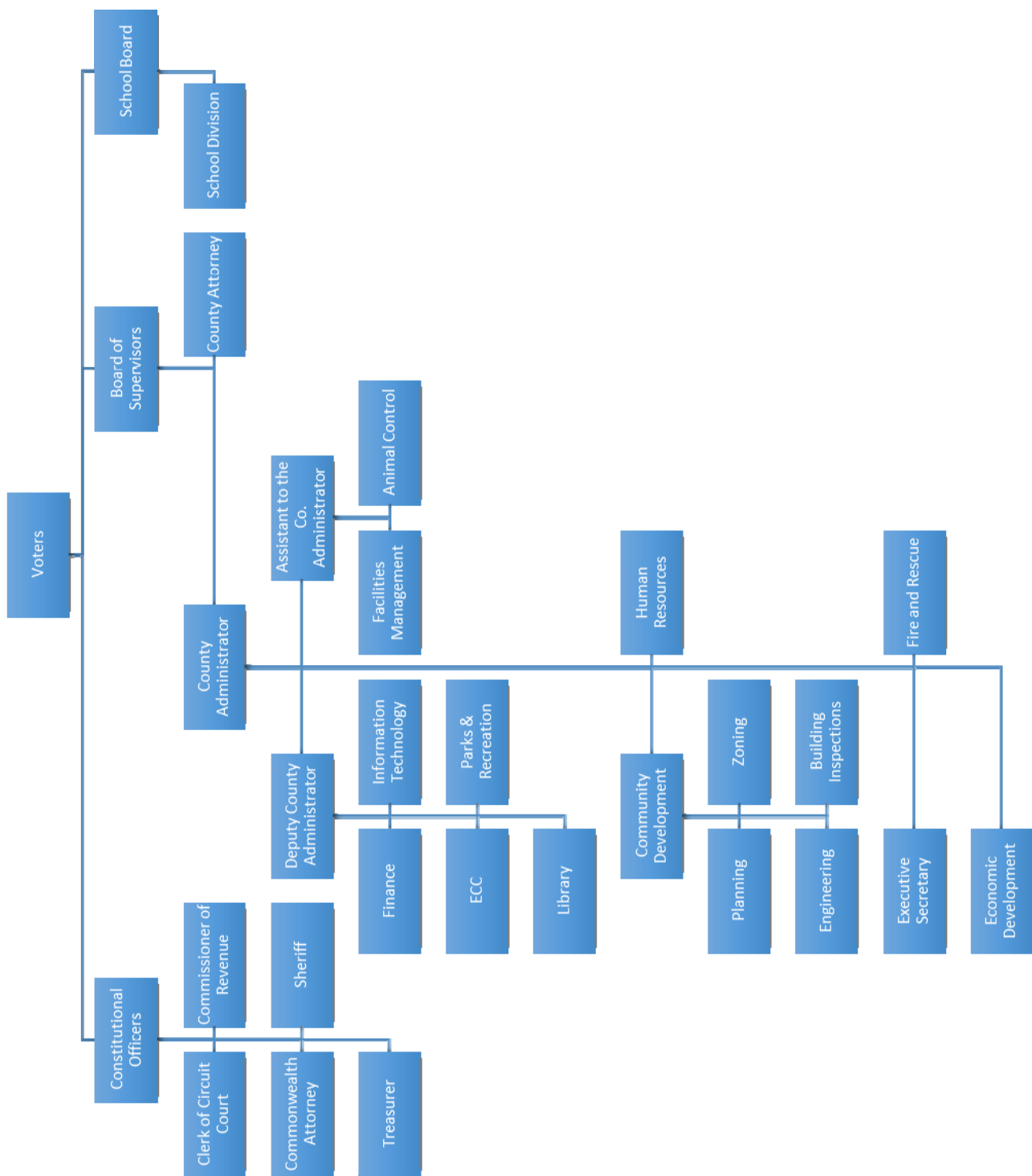
**County of Augusta
Virginia**

For its Comprehensive Annual Financial
Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



COUNTY OF AUGUSTA, VIRGINIA

LIST OF ELECTED AND APPOINTED OFFICIALS

Board of Supervisors

Gerald W. Garber, Chairman
Carolyn S. Bragg, Vice-Chairman

Wendell L. Coleman
G.L. "Butch" Wells
Pamela L. Carter

Marshall W. Pattie
Michael L. Shull
Timothy K. Fitzgerald, Clerk

County School Board

Timothy Z. Swortzel, Chairman
Nicholas T. Collins, Vice-Chairman

John L. Ocheltree, Jr.
David R. Shiflett
Donna H. Wells

Timothy R. Quillen
John M. Ward
Marsha K. Buehner, Clerk

Other Officials

Judges of the Circuit Court	Hon. W. Chapman Goodwin, Hon. Paul A. Dryer
Judges of the General District Court	Hon. Christopher B Russell, Hon. William Cleaveland, Hon. Christopher M. Billias, and Hon. Rupen Shah
Judges of the Juvenile & Domestic Court	Hon. Linda S. Jones, Hon. Laura L. Dascher, Hon. Susan B. Read, Hon. Correy R. Smith and Hon. Paul A. Tucker
Clerk of the General District Court	Christy Hostetter
Clerk of the Juvenile & Domestic Court	Teresa L. Smith
Clerk of the Circuit Court	Gina R. Coffey, Interim
Commonwealth Attorney	Timothy Martin
Commissioner of the Revenue	W. Jean Shrewsbury
Treasurer	Richard T. Homes
Sheriff	Donald Smith
Superintendent of Schools	Dr. Eric Bond
Director of Augusta County Service Authority	Phil Martin
Director of Social Services	Anita Harris
General Registrar	Constance Evans
Chief Building Inspector	G.W. Wiseman
Director of Community Development	John Wilkinson
Director of Economic Development	Amanda N. Glover
Director of Information Technology	Jacquelyn A. Zetwick
Director of Parks and Recreation	Andy Wells
Director of Emergency Operation Center	Donna J. Good
Chief of Fire and Rescue	David Nichols
Facilities Management	Rusty Sprouse
Library Director	Diantha McCauley
Human Resources Director	Faith H. Duncan
County Attorney	James R. Benkahla
County Administrator	Timothy K. Fitzgerald
Deputy County Administrator	Jennifer M. Whetzel
Assistant to the County Administrator	Candy Hensley
Director of Finance	Misty D. Cook

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Supervisors
County of Augusta, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, Virginia (County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 12-21 and 110-133, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financials. The accompanying schedules listed in the table of contents as other supplementary information, supporting schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, other supplementary information, and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, other supplementary information and supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the County'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 solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

YBMares, LLP

Harrisonburg, Virginia
November 26, 2019

COUNTY OF AUGUSTA, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the County of Augusta, Virginia for the fiscal year ended June 30, 2019. This narrative is to be read in conjunction with the additional information we have furnished in our letter of transmittal which can be found earlier in this report.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$63,558,293 (net position). Of this amount, \$43,746,455 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$(34,465,503) of which \$(112,884,090) is unrestricted. (See Exhibit 1.)
- The County's total net position increased by \$8,212,547. The School Board's total net position increased by 3,022,200 (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$121,388,911 and \$116,124,226, respectively, for fiscal year 2019. (See Exhibit 2.)
- Expenses were \$113,176,364 for governmental activities and \$113,102,026 for School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,172,482, or 15.9 percent of the total General Fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2019 budget as well as funding for future operating and capital expenditures as appropriated.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$50,736,210, an increase of \$4,571,234 in comparison with the prior year. Approximately 25 percent of this total amount, or \$13,172,482 is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

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

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 Position and 2) the Statement of Activities.

The Statement of Net Position presents all of the County's permanent accounts, or assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County includes future pension and other postemployment benefits (OPEB) expenses as deferred outflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County includes property taxes receivable, and items related to pension and OPEB plans as deferred inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or declining. 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 position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The Statement of Activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

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

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

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

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

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Augusta, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,558,293 at the end of the fiscal year.

The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

County of Augusta, Virginia
Summary Statement of Net Position
June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Current and other assets	\$ 99,550,398	\$ 94,502,995
Capital assets, net	94,038,326	98,354,972
Total assets	\$ 193,588,724	\$ 192,857,967
Deferred outflows of resources	\$ 2,424,072	\$ 2,427,436
Long-term liabilities	\$ 94,604,188	\$ 102,581,978
Other liabilities	10,807,936	11,546,796
Total liabilities	\$ 105,412,124	\$ 114,128,774
Deferred inflows of resources	\$ 27,042,379	\$ 25,810,883
Net position:		
Net investment in capital assets	\$ 16,861,519	\$ 14,587,191
Restricted	2,950,319	3,800,220
Unrestricted	43,746,455	36,958,335
Total net position	\$ 63,558,293	\$ 55,345,746

The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt used to acquire those assets, 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 position represents 4.6 percent of total net position and are resources that are subject to external restrictions on how they may be used. The majority of restricted net position is used for capital projects, fire service, education and training, as well as, law enforcement operations to support drug education, awareness, and enforcement. The balance of unrestricted net position, which is \$43,746,455 or 68.8 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

During the current fiscal year, the government's net position increased by \$8,212,547.

Legislation requires debt issued for projects by the School Board to be assumed by the Primary Government. Therefore, the School Board is not recognizing the debt for these renovations and only recognizes a portion of the building renovations in its current capital assets.

Governmental Activities

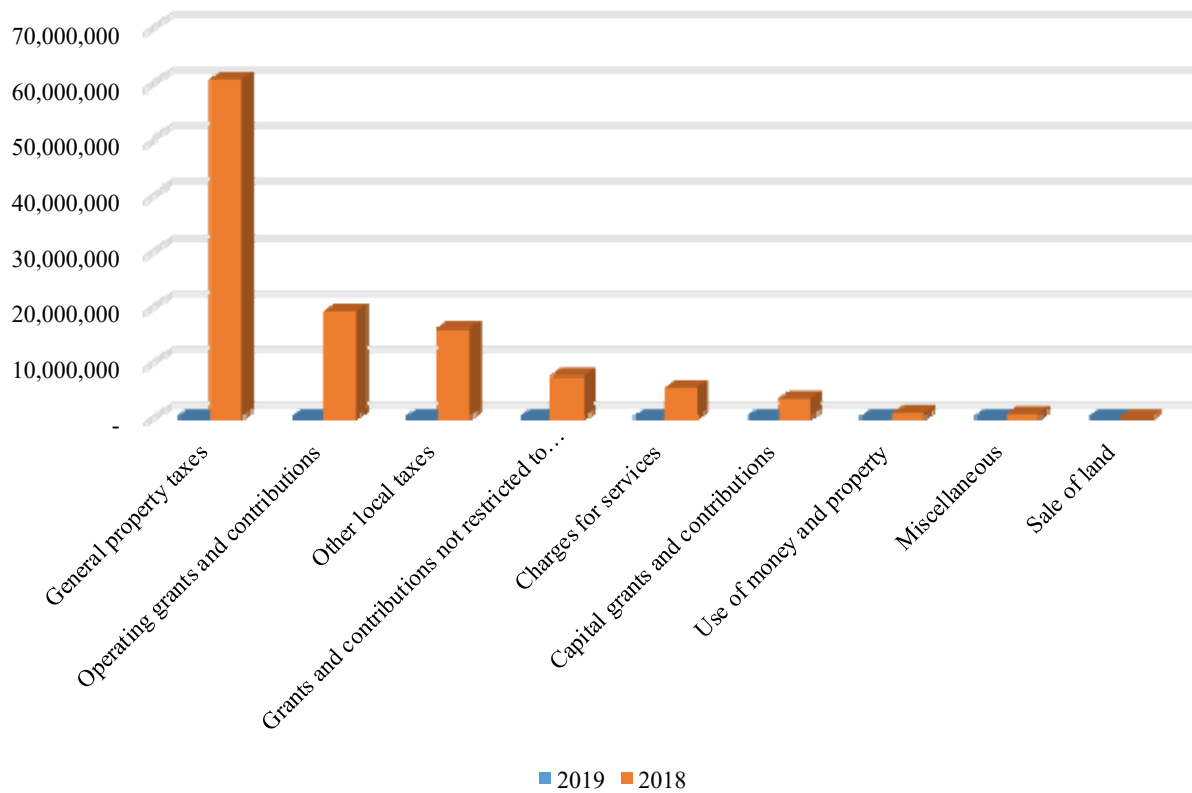
Governmental activities increased the County's net position by \$8,212,547. Key elements of this increase are as follows:

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 8,693,832	\$ 5,456,198
Operating grants and contributions	18,868,004	19,057,643
Capital grants and contributions	1,204,916	3,423,147
General revenues:		
General property taxes	66,259,967	60,545,183
Other local taxes	16,840,497	15,890,441
Use of money and property	1,510,344	795,317
Miscellaneous	470,448	563,523
Grants and contributions not restricted to specific programs	7,540,903	7,382,817
Total revenues	121,388,911	113,114,269
Expenses:		
General government	6,515,263	6,503,063
Judicial administration	2,108,041	2,017,262
Public safety	24,101,613	23,846,222
Public works	6,901,669	7,281,618
Health and welfare	18,370,628	16,186,578
Education	48,420,490	10,657,884
Parks, recreation and cultural	2,449,762	3,316,542
Community development	1,905,013	2,184,255
Interest on long-term debt	2,403,885	2,710,519
Total expenses	113,176,364	74,703,943
Increase in net position	8,212,547	38,410,326
Net position, beginning	55,345,746	16,935,420
Net position, ending	\$ 63,558,293	\$ 55,345,746

Governmental Activities – Revenues

- General property taxes increased by approximately \$5.7 million. The County realized an increase in general property taxes due to an increase in the 2019 tax rate as a result of the reassessment.
- Charges for Services increased by 59.3% due to an increase in Treasurer's collection fees and landfill tipping fees.
- Use of money and property increased by 89.9%, due higher interest rates.

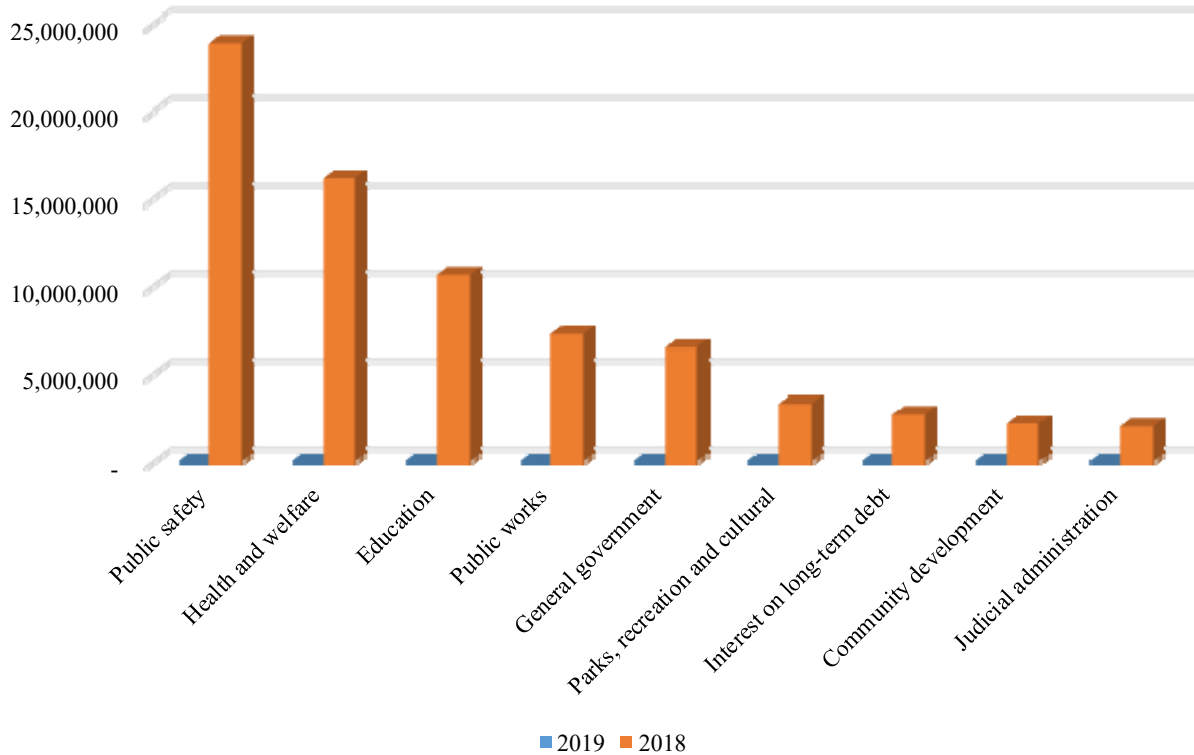
**Governmental Activities – Revenues by Source
Years Ended June 30, 2019 and 2018**



Governmental Activities – Expenses

- Expenses allocated to education were \$37.8 million or 354% higher in fiscal year 2019 than the prior year due to recognition of capital assets related to school debt being allocated to education as debt service is paid over the life of the bonds.
- Health and Welfare expenses increased 13.5% over the prior year due to increased costs associated with Social Services.

Governmental Activities – Expenses by Function Years Ended June 30, 2019 and 2018



Financial Analysis of the Government's Funds

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

Governmental Funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$50,736,210 approximately 25.9% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance falls within the categories of nonspendable, restricted, committed, or assigned. Nonspendable fund balance totals \$1,209,984 which is inventories and prepaid items reported in the governmental funds, as well as land held for sale and long-term loans receivable. Restricted fund balance includes funds that have been constrained for specific purposes by sources outside the government. Restricted fund balance includes funds received from the state for fire programs, state and federal asset forfeiture funds, and funds recently received from a bond issuance for school construction. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision-making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The General Fund is the chief operating fund of the County. As of June 30, 2019, total fund balance of the General Fund was \$19,170,312, of which \$13,172,482 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15.9 percent of total General Fund expenditures, which includes transfers to the School Board component unit of \$42,124,975.

The fund balance of the County's General Fund increased by \$1,480,843 during the current fiscal year.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, Debt Service Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2019, total fund balances of these funds were \$0, \$0, \$31,371,591, and \$194,307, respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The Debt Service Fund accounts for debt service payments made by the County. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management's Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$684,088 increase. Budgeted revenues increased by \$3,759,343. The increase in budgeted revenues can be attributed to an increase in real estate tax rates. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2019, is \$98,038,326 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, land improvements, and construction in progress.

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

- Completion of the new Mill Place Walking Path, including parking lot paving and a new shelter (\$224,631).
- Replacement of the Switch and UPS backup system in IT (\$166,940).
- Purchase of new Self-contained breathing apparatus for various volunteer agencies (\$213,291).
- Replacement of the roofs on the Government Center and Extension office (\$281,646).
- Completion of Motorola UHF Radio equipment upgrade (\$3,195,062).
- Construction in progress includes the rehabilitation of the Hearthstone Lake Dam (\$1,040,270).

County of Augusta, Virginia
Capital Assets for Governmental Activities (net of depreciation)
June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Land	\$ 5,440,703	\$ 5,440,703
Buildings and system	71,057,752	78,042,683
Machinery and equipment	11,416,555	8,080,484
Land improvements	3,776,785	3,087,768
Construction in progress	2,346,531	3,703,334
Total assets	\$ 94,038,326	\$ 98,354,972

Additional information on the County's capital assets can be found in Note 16 to the financial statements.

Long-Term Debt

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

	Governmental Activities	
	2019	2018
General obligation bonds	\$ 69,656,702	\$ 75,603,371
Premium on general obligation bonds	4,816,943	5,165,611
Revenue bonds	5,759,402	6,277,078
Premium on revenue bonds	664,607	743,452
Compensated absences	2,123,103	1,930,648
Total assets	\$ 83,020,757	\$ 89,720,160

Legislation enacted in fiscal year ended June 30, 2002 required that debt historically reported by the School Board be assumed by the Primary Government. The legislation affected the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Augusta County in 2019 was 2.6 percent. The County's rate is slightly better than the state's unemployment rate of 2.9 percent and still compares favorably to the national average rate of 3.9 percent.
- The County depends on financial resources flowing from, or associated with, both the federal government and the Commonwealth of Virginia. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. Revenues from the Commonwealth of Virginia represent approximately 11.6 percent, 43.5 percent, and 54.5 percent of total revenues for the General Fund, Virginia Public Assistance, and the School Operating Fund, respectively. Revenues from the federal government represent .74 percent, 47.5 percent, and 4.1 percent of total revenues for the General Fund, Virginia Public Assistance, and the School Operating Fund, respectively.

- Investment earnings are subject to changes associated with the U.S. treasury securities because of actions by the Federal Reserve.
- Real Estate tax rates for fiscal year 2019 are \$0.63 per \$100 of assessed value. Personal Property tax rates for autos and motorcycles are \$2.50 per \$100 of assessed value. Other Personal Property tax rates are \$2.50 per \$100 of assessed value for campers, boats, and airplanes and \$2.00 per \$100 assessed valued value for business personal property, large trucks and machinery and tools.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund expenditures at the close of the fiscal year. As of June 30, 2019, the County has more than the required two months of General Fund operating expenditures by \$1,472,917. The County also recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$2,574,674. The County will consider this requirement as it reviews its fund balance policy and prepares for the fiscal year 2020 revised budget.

Appropriations for County funds lapse at fiscal year-end, with the exception of the County Capital Improvements Fund. It is anticipated that fund balance will not be used to finance daily operations for the 2020 budget year, although as in some previous fiscal years, it is a possibility.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Augusta's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, P.O. Box 590, Verona, Virginia 24482. Also, please visit the County's website at www.co.augusta.va.us.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

STATEMENT OF NET POSITION
June 30, 2019

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 30,192,730	\$ 2,990,307
Cash in custody of others	528,760	3,000
Investments	22,796,781	-
Investments - land held for sale	1,122,748	-
Receivables, net:		
Taxes receivable	27,585,680	-
Accounts receivable	1,743,378	237,518
Notes receivable	5,554,680	-
Due from primary government	-	3,995,746
Due from component unit	471,312	-
Due from other governmental units	3,913,089	5,458,257
Inventories	44,578	-
Prepaid expenses	42,658	-
Net pension asset	-	82,521
Equity interest in joint venture	5,554,004	-
Capital assets, net of accumulated depreciation and amortization:		
Land	5,440,703	1,551,430
Buildings and system	71,057,752	74,427,561
Machinery and equipment	11,416,555	2,418,952
Land improvement	3,776,785	-
Construction in progress	2,346,531	20,644
Total assets	193,588,724	91,185,936
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	1,995,126	10,415,970
Other postemployment benefits	428,946	2,004,797
Total deferred outflows of resources	2,424,072	12,420,767

STATEMENT OF NET POSITION (Continued)
June 30, 2019

	Primary Government Governmental Activities	Component Unit School Board
LIABILITIES		
Reconciled overdraft	\$ -	\$ 195,785
Accounts payable	1,524,932	3,424,535
Accrued liabilities	832,785	3,085,464
Accrued interest payable	1,275,853	-
Due to primary government	-	471,312
Due to component unit	3,995,746	-
Unearned revenue	1,512,652	69,549
Deposits held in escrow	1,665,968	-
Long-term liabilities:		
Due within one year	6,660,626	372,343
Due in more than one year	76,360,131	1,575,145
Net pension liability	7,696,431	83,908,000
Other postemployment benefits	3,887,000	28,543,000
Total liabilities	105,412,124	121,645,133
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	22,468,150	-
Deferred revenue - other	1,738,024	-
Pension plan	1,824,205	12,916,073
Other postemployment benefits	1,012,000	3,511,000
Total deferred inflows of resources	27,042,379	16,427,073
NET POSITION		
Net investment in capital assets	16,861,519	78,418,587
Restricted:		
Fire revolving loans	2,736,460	-
Drug enforcement	19,552	-
Capital projects	194,307	-
Unrestricted (deficit)	43,746,455	(112,884,090)
Total net position	\$ 63,558,293	\$ (34,465,503)

Fund Financial Statements

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Government Governmental Activities	School Board
Primary Government:						
Governmental activities:						
General government administration	\$ 6,515,263	\$ 696,917	\$ 433,684	\$ 41,132	\$ (5,343,530)	\$ -
Judicial administration	2,108,041	281,445	1,262,232	-	(564,364)	-
Public safety	24,101,613	3,155,549	3,510,643	110,085	(17,325,336)	-
Public works	6,901,669	2,221,686	-	331,963	(4,348,020)	-
Health and welfare	18,370,628	1,342,228	13,492,913	-	(3,535,487)	-
Education	48,420,490	-	-	-	(48,420,490)	-
Parks, recreation and cultural	2,449,762	996,007	168,532	-	(1,285,223)	-
Community development	1,905,013	-	-	721,736	(1,183,277)	-
Interest on long-term debt	2,403,885	-	-	-	(2,403,885)	-
Total governmental activities	113,176,364	8,693,832	18,868,004	1,204,916	(84,409,612)	-
Total primary government	\$ 113,176,364	\$ 8,693,832	\$ 18,868,004	\$ 1,204,916	(84,409,612)	-
Component Unit:						
School Board	\$ 113,102,026	\$ 4,147,506	\$ 69,424,386	\$ -	-	(39,530,134)
Total component units	\$ 113,102,026	\$ 4,147,506	\$ 69,424,386	\$ -	-	(39,530,134)
General revenues:						
Taxes:						
General property taxes					66,259,967	-
Local sales tax					6,240,415	-
Consumers' utility tax					1,804,213	-
Business license taxes					4,065,916	-
Restaurant food taxes					2,558,254	-
Other local taxes					2,171,699	-
Unrestricted revenues from use of money and property					1,510,344	116,756
Miscellaneous					470,448	310,603
Grants and contributions not restricted to specific programs					7,540,903	42,124,975
Total general revenues					92,622,159	42,552,334
Change in net position					8,212,547	3,022,200
Net position, beginning					55,345,746	(37,487,703)
Net position, ending					\$ 63,558,293	\$ (34,465,503)

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2019**

	General	Virginia Public Assistance	County Capital Improvements	School Capital Improvements	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 21,434,043	\$ -	\$ 8,535,875	\$ 222,812	\$ 30,192,730
Cash in custody of others	524,460	4,300	-	-	528,760
Investments	154,041	-	22,642,740	-	22,796,781
Receivables, net:					
Taxes receivable	27,585,680	-	-	-	27,585,680
Accounts receivable	1,742,178	-	1,200	-	1,743,378
Notes receivable	601,903	-	-	-	601,903
Due from other funds	1,010,956	-	-	-	1,010,956
Due from component unit	471,312	-	-	-	471,312
Due from other governmental units	1,841,633	1,385,265	686,191	-	3,913,089
Inventories	44,578	-	-	-	44,578
Prepaid items	42,658	-	-	-	42,658
Land held for sale	1,122,748	-	-	-	1,122,748
Total assets	\$ 56,576,190	\$ 1,389,565	\$ 31,866,006	\$ 222,812	\$ 90,054,573
LIABILITIES					
Accounts payable	\$ 927,178	\$ 74,834	\$ 494,415	\$ 28,505	\$ 1,524,932
Accrued liabilities	529,010	303,775	-	-	832,785
Due to other funds	-	1,010,956	-	-	1,010,956
Due to component unit	3,995,746	-	-	-	3,995,746
Unearned revenue	1,512,652	-	-	-	1,512,652
Deposits held in escrow	1,665,968	-	-	-	1,665,968
Total liabilities	8,630,554	1,389,565	494,415	28,505	10,543,039
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	27,037,300	-	-	-	27,037,300
Unavailable revenue - other	1,738,024	-	-	-	1,738,024
Total deferred inflows of resources	28,775,324	-	-	-	28,775,324
FUND BALANCES					
Nonspendable	1,209,984	-	-	-	1,209,984
Restricted	2,756,012	-	-	194,307	2,950,319
Committed	1,714,591	-	-	-	1,714,591
Assigned	317,243	-	31,371,591	-	31,688,834
Unassigned	13,172,482	-	-	-	13,172,482
Total fund balances	19,170,312	-	31,371,591	194,307	50,736,210
Total liabilities, deferred inflows of resources and fund balances	\$ 56,576,190	\$ 1,389,565	\$ 31,866,006	\$ 222,812	\$ 90,054,573

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2019**

Governmental Funds

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	50,736,210
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Governmental capital assets, net of accumulated depreciation and amortization			94,038,326
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds			4,569,150
Notes receivable - EDA loan			240,000
Notes receivable - Middle River Regional Jail Buy-In			4,712,777
Equity interest in joint venture not reported in the funds.			5,554,004
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds, including unamortized premiums	\$	(80,897,654)	
Compensated absences		(2,123,103)	
Interest payable		(1,275,853)	
Other postemployment benefits		(3,887,000)	
Net pension liability		(7,696,431)	
			(95,880,041)
Deferred outflows of resources represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.			
Pension plan		1,995,126	
Other postemployment benefits		428,946	
			2,424,072
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.			
Pension plan		(1,824,205)	
Other postemployment benefits		(1,012,000)	
			(2,836,205)
Net position of governmental activities		\$	63,558,293

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	School Capital Improvements	Total Governmental Funds
Revenues:						
General property taxes	\$ 66,330,173	\$ -	\$ -	\$ -	\$ -	\$ 66,330,173
Other local taxes	16,840,497	-	-	-	-	16,840,497
Permits, privilege fees and regulatory licenses	608,943	-	-	-	-	608,943
Fines and forfeitures	347,877	-	-	-	-	347,877
Revenue from the use of money and property	1,473,330	-	-	21,798	15,216	1,510,344
Charges for services	5,136,709	184,487	19,234	-	-	5,340,430
Miscellaneous	422,165	-	-	22,763	25,520	470,448
Recovered costs	213,221	1,157,741	-	1,025,620	-	2,396,582
Intergovernmental:						
Commonwealth	12,143,034	6,451,731	-	377,577	-	18,972,342
Federal	772,960	7,041,182	-	827,339	-	8,641,481
Total revenues	104,288,909	14,835,141	19,234	2,275,097	40,736	121,459,117
Expenditures:						
Current:						
General government administration	5,466,486	-	-	-	-	5,466,486
Judicial administration	2,178,024	-	-	-	-	2,178,024
Public safety	23,021,681	-	-	-	-	23,021,681
Public works	4,415,893	-	-	-	-	4,415,893
Health and welfare	1,296,699	17,522,708	-	-	-	18,819,407
Education	41,447,524	-	-	-	603,533	42,051,057
Parks, recreation and cultural	2,489,020	-	-	-	-	2,489,020
Community development	1,859,303	-	-	-	-	1,859,303
Nondepartmental	213,767	-	-	-	-	213,767
Capital projects	-	-	-	6,831,211	115,831	6,947,042
Debt service:						
Principal retirement	-	-	6,464,345	-	-	6,464,345
Interest and other fiscal charges	-	-	2,961,858	-	-	2,961,858
Total expenditures	82,388,397	17,522,708	9,426,203	6,831,211	719,364	116,887,883
Excess (deficiency) of revenues over (under) expenses	21,900,512	(2,687,567)	(9,406,969)	(4,556,114)	(678,628)	4,571,234
Other financing sources (uses):						
Transfers in	-	2,687,567	9,406,969	10,396,512	4,800	22,495,848
Transfers out	(20,419,669)	-	-	(2,076,179)	-	(22,495,848)
Other financing sources (uses), net	(20,419,669)	2,687,567	9,406,969	8,320,333	4,800	-
Net change in fund balances	1,480,843	-	-	3,764,219	(673,828)	4,571,234
Fund balances, beginning	17,689,469	-	-	27,607,372	868,135	46,164,976
Fund balances, ending	\$ 19,170,312	\$ -	\$ -	\$ 31,371,591	\$ 194,307	\$ 50,736,210

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	4,571,234
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$	4,733,121
Less depreciation and amortization expense		(2,562,791)
Excess of capital outlays over depreciation and amortization		2,170,330
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(6,486,976)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		(70,206)
Notes receivable - EDA loan		(60,000)
Notes receivable - Middle River Regional Jail Buy-In		(728,118)
Revenues related to the equity interest in joint venture not reported as revenues in the funds.		140,664
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 position. Also, governmental funds report the effect of 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.		
Principal repayments:		
General obligation debt		6,464,345
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.		
Accrued interest		130,460
Compensated absences		(192,455)
Other postemployment benefits expense		(377,300)
Amortization of premium		427,513
Pension expense		(49,016)
		(60,798)
Deferred outflows of resources subsequent to measurement date:		
Pension plan		1,995,126
Other postemployment benefits		276,946
		2,272,072
Change in net position of governmental activities	\$	8,212,547

**STATEMENT OF NET POSITION –
FIDUCIARY FUNDS
June 30, 2019**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 13,501,002
Accounts receivable	331,762
	<hr/>
Total assets	\$ 13,832,764
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 2,976,638
Accrued liabilities	272,859
Other liabilities	3,936,249
Amounts held for social services clients	206,108
Amounts held for Shenandoah Valley Regional Program for Special Education	248,520
Amounts held for Valley Alcohol Safety Action Program	12,041
Amounts held for Valley Career and Technical Education Center	153,965
Amounts held for Valley Children's Advocacy Center	232,799
Amounts held for Insurance Trust	5,793,585
	<hr/>
Total liabilities	\$ 13,832,764
	<hr/> <hr/>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

Blended Component Units

There are no blended component units for the year ended June 30, 2019.

Discretely Presented Component Unit

The County has one discretely presented component unit, the Augusta County School Board.

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

Related Organizations

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

Undivided Interests

The Augusta Regional Landfill is an undivided interest contractually formed by the Cities of Staunton and Waynesboro and the County of Augusta, Virginia. The purposes for which the Landfill is formed are to develop regional garbage and refuse disposal, including development of systems and facilities for recycling, waste reduction, and disposal alternatives with the ultimate goal of acquiring, financing, construction, and/or operating and maintaining regional solid waste disposal areas, systems and facilities. The Landfill began operations on December 11, 1970.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Ventures

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of revenues for the Augusta Regional Landfill for the year ended June 30, 2019 is as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Revenues	\$ 1,994,367	\$ 616,794	\$ 783,360
% of total revenues	58.75%	18.17%	23.08%

The County's net investment is recorded on the Statement of Net Position. The County's equity interest as of June 30, 2019 was \$5,554,004.

Complete financial statements for the Landfill can be obtained at the Augusta County Service Authority in Verona, Virginia.

The County School Board and the Cities of Staunton and Waynesboro participate in supporting the Valley Career and Technical Center (Center) for local residents. The Center provides vocational training to secondary and adult students. The Center is governed by a six member board of trustees of which two are appointed by the Augusta County School Board, two by City of Staunton School Board and two by City of Waynesboro School Board. Funding for the Center was provided by the County of Augusta, City of Staunton and City of Waynesboro for the year ended June 30, 2019 as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Operations	\$ 3,133,427	\$ 839,362	\$ 580,961
% of total revenues	68.81%	18.43%	12.76%

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

Jointly Governed Organizations

The County, in conjunction with other localities, has created the Shenandoah Valley Airport Commission, the Shenandoah Valley Juvenile Detention Home Commission, the Valley Alcohol Safety Action Program, the Valley Community Services Board, and the Middle River Regional Jail Authority. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$191,555 for operations to the Valley Community Services Board, \$134,080 to the Shenandoah Valley Airport, \$191,696 to the Shenandoah Valley Juvenile Detention Home and \$2,683,992 to the Middle River Regional Jail Authority. The School Board contributed \$1,446,224 to the Shenandoah Valley Regional Program for operations.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental 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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities of the Fire Revolving Loan, Drug Enforcement, Revenue Recovery, Economic Development, and Central Stores.

The *special revenue fund* accounts for and reports the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue fund consists of the Virginia Public Assistance Fund. Revenue sources include reimbursements from the Commonwealth and Federal government for program expenditures. Local match is also provided by the County.

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

The *capital project funds* account for and report financial resources to be used for the acquisition or construction of major capital facilities. Capital project funds consist of the County Capital Improvements Fund and the School Capital Improvements Fund.

Additionally, the government reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Fiduciary funds include Special Welfare, Shenandoah Valley Regional Program for Special Education, Valley Alcohol Safety Action Program, Valley Career and Technical Center, Valley Children's Advocacy Center, Self-Insurance Trust, School Endowments and Augusta County School Activity Funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance

Deposits and Investments

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

Investments for the government, as well as for its component units, are reported at fair value. The government and corporate securities are stated at fair value based on quoted market prices (level 1 inputs). The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The external local government investment pool is reported at amortized cost and classified as cash and cash equivalents.

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.

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

Inventory and Prepaid Items

Inventory is valued using the first in, first out method. Inventory in the General Fund consists of expendable supplies held for consumption and are accounted for under the consumption method. Cost is recorded as an expense at the time the individual inventory items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenditures in the General Fund of expendable services held for consumption and are accounted for under the consumption method. Cost is recorded as an expense at the time the individual inventory items are used.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

Property Taxes

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

Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2019, the General Fund had allowances of \$1,437,713 for property taxes and \$12,572 for EMS transport fees. The allowance for property taxes represents .38 percent of the total levies for the previous six years.

Use of Estimates

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

Capital Assets

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

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

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

Property, buildings, improvements, 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	40
Building Improvements	40
Land Improvements	15-20
Machinery and equipment	5-10

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts 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.

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.

Fund Equity

The County reports fund balance in accordance with Reporting and Governmental Fund Type Definitions. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself by the Board of Supervisors. To be reported as committed, amounts cannot be used for any other purpose unless the Board of Supervisors takes the action to remove or change the constraint;
- Assigned fund balance – amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has by resolution authorized the Director of Finance to assign fund balance. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the General Fund.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

Fund Equity (Continued)

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

The Board of Supervisors, as the highest level of authority within the County, establishes the commitment of fund balance to purposes through the approval of the annual budget plan by resolution, in conjunction with the resolutions associated with the establishment of fee and tax rates, and acceptance or appropriation of funds. All subsequent commitments taken by the Board of Supervisors must occur prior to year-end; however, the amount can be determined in the subsequent period. The Board has authorized the County Administrator, or the County Administrator's designee, as the official authorized to assign resources and ending fund balance to a specific purpose within fund balance policy guidelines.

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund operating expenditures at the close of the fiscal year, as adjusted for temporary funding of unanticipated budgetary shortfalls, if applicable. In the event the unassigned General Fund balance is used to provide for temporary funding of unanticipated budgetary shortfalls, the County shall restore the unrestricted General Fund balance to the minimum level of two months of General Fund operating expenditures within three to five fiscal years following the fiscal year in which the event occurred. The plan to restore the unrestricted General Fund balance shall be included and highlighted in the County's adopted budget. At June 30, 2019, the County has more than two months of operating expenditures by \$2,595,659. The County also recognizes its obligation to the Debt Service Fund and Virginia Public Assistance Fund. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$1,451,929. See Note 21 for more information on fund balance designations.

Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation and amortization, less any outstanding debt and deferred inflows and deferred outflows related to the acquisition, construction or improvement of those assets.

Restricted Assets

The primary government did not have restricted assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County and discretely presented component unit, the School Board, have several items that qualify for reporting in this category related to the pension plan and other postemployment benefits (OPEB) plans. See Notes 9 through 13 for details regarding these items.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Several types of items qualify for reporting in this category related to the pension plan and OPEB plans. See Notes 9 through 13 for details regarding these items. Accordingly, two other items, unavailable revenue representing property taxes receivable and other unavailable revenues, which arise under the modified accrual basis of accounting, are reported only as unavailable revenues in the governmental funds Balance Sheet. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. Under the accrual basis, the second half installment of property taxes are reported as deferred inflows of resources on the Statement of Net Position. Other deferred revenues are also reported as deferred inflows of resources on the Statement of Net Position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the County of Augusta and its component unit, the Augusta County School Board, retirement plans and the additions to/deductions from the County, and the Augusta County School Board's retirement plan's net fiduciary positions have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Medical Insurance Programs

The Medical Insurance Programs are single-employer plans. Differences between expected and actual experience and actuarial assumptions are amortized over the average of the expected remaining service lives of all employees that are covered through the plans, which is 7.14 years. Plan amendments are recognized immediately.

Group Life Insurance

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the total GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

Health Insurance Credit Program

The School Board non-professional Health Insurance Credit (HIC) Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The School Board professional HIC Program is a multiple-employer, cost-sharing plan. Both HIC Programs were established pursuant to Section 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provide the authority under which benefit terms are established or may be amended. For purposes of measuring both HIC Programs' total OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the HIC Programs' OPEB, and the HIC Programs' OPEB expense, information about the fiduciary net position of the HIC Programs; and the additions to/deductions from both of the HIC Programs net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Line of Duty Act Program

The VRS Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. LODA was established pursuant to Section 9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. LODA provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. The County purchases from VACORP full coverage for LODA claims, therefore, the County has no OPEB liability for LODA.

Virginia Local Disability Program

The VRS Political Subdivision Employee Virginia Local Disability Program (VLDP) is a multiple-employer, cost-sharing plan. For purposes of measuring the net VLDP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB, and the VLDP OPEB expense, information about the fiduciary net position of the VLDP; and the additions to/deductions from the VLDP's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. Subsequent Events

The County has evaluated subsequent events through November 26, 2019, the date on which the financial statements were available to be issued.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 Position

The governmental fund balance sheet includes a reconciliation between *fund balance total governmental funds* and *net position of governmental activities* as reported in the government-wide Statements of Net Position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The details of these (\$95,880,040) and (\$114,398,488) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Bonds payable	\$ (75,416,104)	\$ -
Unamortized premium on bonds	(5,481,550)	-
Accrued interest payable	(1,275,852)	-
Net OPEB obligation	(3,887,000)	(28,543,000)
Net pension liability	(7,696,431)	(83,908,000)
Compensated absences	(2,123,103)	(1,947,488)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (95,880,040)	\$ (114,398,488)

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 reconciliation between *net changes in fund balances total governmental funds* and *changes in net position 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 \$2,170,330 and (\$6,313,480) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Capital outlay	\$ 4,733,121	\$ 346,406
Depreciation and amortization expense	(2,562,791)	(6,659,886)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 2,170,330	\$ (6,313,480)

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 explains the net effect of various miscellaneous transactions involving capital assets (i.e. disposals, trade-ins, transfers, and donations). The details of these (\$6,486,976) and \$6,258,289 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Disposals of capital assets, net	\$ (228,687)	\$ -
Allocation of debt-financed school assets based on current year repayments, net	(6,258,289)	6,258,289
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (6,486,976)	\$ 6,258,289

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 position. Also, governmental funds report the effect of 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 the differences are as follows:

	Primary Government	Component Unit - School Board
Compensated absences	\$ (192,455)	\$ 81,026
Pension expense (benefit)	(49,016)	(3,743,040)
OPEB expense (benefit)	(377,300)	(2,252,364)
Accrued interest	130,460	-
Amortization of bond premium	427,513	-
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (60,798)	\$ (5,914,378)

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 the difference for the primary government are as follows:

	Primary Government
Principal repayments:	
General obligation debt	\$ 6,464,345
<i>Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ 6,464,345</u></u>

Note 3. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Information (Continued)

6. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate capital projects by project.
7. All budget data presented in the accompanying financial statements is the original and revised budget as of June 30.
8. Encumbrances, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, lapse at year end.
9. Annual budgets are adopted on a basis consistent with GAAP for all governmental funds.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2019, the School Cafeteria Fund, School Capital Fund, and Head Start Fund, had expenditures exceeding appropriations.

Note 4. Deposits and Investments

Deposits

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

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. The County requires all deposits to comply with the Virginia Security for Public Deposits Act.

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, bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The County's investment policy provides that securities purchased for the County shall be held by the County Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the County's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County. Further, if held by a custodian, the custodian must be a third-party, not a counterparty (buyer or seller) to the transaction. At June 30, 2019, all of the County's investments were held in accordance with this policy.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Deposits and Investments (Continued)

Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

The County's rated debt investments as of June 30, 2019 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

	Fair Quality Ratings			
	AAAm	AA+	AA-	A-1+
U.S. Agencies	\$ -	\$ 18,761,190	\$ -	\$ 1,685,227
Corporate Debt	-	-	2,096,449	-
Municipal/Public Bonds	-	99,874	-	-
Local Government Investment Pool	154,041	-	-	-
Total	\$ 154,041	\$ 18,861,064	\$ 2,096,449	\$ 1,685,227

Concentration of Credit Risk

The County's investment policy limits the investment in corporate notes or bonds and obligations of other state, local government or districts within in the United States, but outside Virginia, to not more than 5% in the obligations of any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and external investment pools are excluded from this requirement.

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1 Year	1-5 Years
Corporate Debt	\$ 2,096,449	\$ 2,096,449	\$ -
Municipal/Public Bonds	99,874	99,874	-
U.S. Agencies	20,446,417	13,644,040	6,802,377
Total	\$ 22,642,740	\$ 15,840,363	\$ 6,802,377

External Investment Pools

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia Statutes pursuant to Section 2.2-4605 *Code of Virginia*. The Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The County's investment in the LGIP, totaling \$154,041, is stated at amortized cost and classified as cash and cash equivalents. The maturity of the LGIP is less than one year. There are no limitations or restrictions on withdrawals.

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

The County has the following recurring fair value measurements as of June 30, 2019:

- U.S. agency securities of \$20,446,417 are valued using quoted market prices (Level 1 inputs).
- Corporate debt of \$2,096,449 is valued using quoted market prices (Level 1 inputs).
- Municipal/Public bonds of \$99,874 are valued using quoted market price (Level 1 inputs).

Note 5. Due from Other Governmental Units

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

	Primary Government	Component Unit - School Board
Shenandoah Valley Regional Program for Special Education:		
Net pension and other post employment benefits liability	\$ -	\$ 3,184,586
Commonwealth of Virginia:		
Local sales tax	1,091,024	-
State sales tax	-	1,389,625
Motor vehicle carrier's tax	79,871	-
State recordation tax	53,071	-
Titling tax	34,086	-
Reimbursement of shared services	348,096	-
Auto rental tax	17,665	-
Criminal Justice	24,979	-
Wireless PSAP	41,135	-
Fees-Circuit Court Clerk	22,824	-
Library	42,493	-
Timber tax	10,304	-
Other	1,949	-
Children's services act	464,362	-
Virginia public assistance	305,483	-
Federal Government:		
Hearthstone dam rehabilitation	640,878	-
Virginia public assistance	615,420	-
Criminal justice	64,140	-
Transportation	9,415	-
Scholastic Way	45,313	-
School grants	-	544,393
Head Start	-	339,653
Totals	\$ 3,913,089	\$ 5,458,257

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Interfund/Entity Obligations

The interfund/Entity receivables and payables are due to the fact the General Fund aided in funding the operations of the various funds and Entities.

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 1,010,956	\$ -	\$ 3,995,746	\$ 471,312
VPA Fund	-	1,010,956	-	-
Total	\$ 1,010,956	\$ 1,010,956	\$ 3,995,746	\$ 471,312
Component Unit - School Board:				
School Operating Fund	\$ -	\$ -	\$ -	\$ 3,995,746
Head Start Fund	-	-	12,832	-
Governor's School Fund	-	-	458,480	-
Total	\$ -	\$ -	\$ 471,312	\$ 3,995,746

Note 7. Interfund Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 20,419,669
Virginia Public Assistance Fund	2,687,567	-
School Capital Improvements Fund	4,800	-
Debt Service Fund	9,406,969	-
County Capital Improvements Fund	10,396,512	2,076,179
Total	\$ 22,495,848	\$ 22,495,848

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations

Primary Government – Governmental Activity Indebtedness

The following is a summary of long-term debt transactions for the County for the year ended June 30, 2019:

	Balance June 30, 2018	Issuances	Retirements	Balance June 30, 2019
General obligation bonds	\$ 75,603,371	\$ -	\$ 5,946,669	\$ 69,656,702
Revenue bonds	6,277,078	-	517,676	5,759,402
Premiums on bond issues	5,909,063	-	427,513	5,481,550
Compensated absences	1,930,648	1,092,041	899,586	2,123,103
Total long-term liabilities	\$ 89,720,160	\$ 1,092,041	\$ 7,791,444	\$ 83,020,757

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

Years Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 5,311,804	\$ 2,579,998	\$ 537,677	\$ 193,759
2021	4,948,003	2,352,572	557,676	171,866
2022	5,057,781	2,133,915	582,677	151,944
2023	5,176,611	1,910,823	602,676	130,269
2024	5,291,822	1,682,002	627,677	104,416
2025-2029	21,350,681	5,228,674	2,498,382	204,447
2030-2034	14,180,000	2,376,348	352,637	8,844
2035-2037	8,340,000	395,309	-	-
Total	\$ 69,656,702	\$ 18,659,641	\$ 5,759,402	\$ 965,545

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction):</u>		
\$2,000,000 1999A Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments of \$100,000 through July 15, 2019, plus semi-annual interest at 6.1%.	\$ 100,000	\$ 100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$348,113 to \$369,360 through July 15, 2019, plus semi-annual interest at 6.1%.	369,360	369,360
\$5,875,000 2004A Series, issued May 13, 2004, Virginia Public School Authority Bonds, due in annual installments from \$290,000 to \$295,000 through July 2025, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$425,392 which will be amortized over the life of the bond.	1,745,000	295,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$335,570 to \$372,067 through July 15, 2024, plus semi-annual interest at 4.1% to 5.1%. The bond was issued at a premium of \$474,102 which will be amortized over the life of the bond.	\$ 2,156,237	\$ 347,920
\$26,610,000 2006A Series, issued November 9, 2006, Virginia Public School Authority Bonds, due in annual installments of \$1,330,000 through July 2026, plus semi-annual interest at 4.225% to 5.1%. The bond was issued at a premium of \$791,524 which will be amortized over the life of the bond.	10,640,000	1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$625,930 to \$742,320 through July 15, 2027, plus semi-annual interest at 4.35% to 5.1%. The bond was issued at a premium of \$686,698 which will be amortized over the life of the bond.	6,216,105	645,774
\$7,500,000 2011A Series, issued June 28, 2011, Virginia Public School Authority Bonds as Qualified School Construction Bonds, due in annual installments of \$468,750 through June 1, 2027, plus semi-annual interest which will be reimbursed to VPSA as a federal tax credit and then transferred to the County.	3,750,000	468,750
\$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$245,000 to \$490,000 through July 15, 2032, plus semi-annual interest at 3.05% to 5.05%. The bond was issued at a premium of \$966,694 which will be amortized over the life of the bond.	5,225,000	270,000
\$27,825,000 2016A Series, issued April 26, 2016, Virginia Public School Authority Bonds due in annual installments from \$890,000 to \$1,875,000 through July 15, 2035 plus semi-annual interest at 2.05% to 5.05%. The bond was issued at a premium of \$2,381,661 which will be amortized over the life of the bond.	25,995,000	985,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$14,285,000 2016B Series, issued October 25, 2016, Virginia Public School Authority Bonds due in annual installments from \$345,000 to \$990,000 through July 15, 2036 plus semi-annual interest at 3.05% to 5.05%. The bond was issued at a premium of \$1,247,288.70 which will be amortized over the life of the bond.	\$ 13,460,000	\$ 500,000
Sub-total general obligation bonds payable	69,656,702	5,311,804
Unamortized premium on general obligation bonds	4,816,943	348,668
<u>Revenue bonds:</u>		
\$1,789,123 2012B Series, issued August 23, 2012, Virginia Resources Authority Bonds due in annual installments of \$92,677 through December 1, 2033. The loan is interest free.	1,279,402	92,677
\$4,415,000 2013A Series, issued June 5, 2013, Virginia Resources Authority Bonds due in annual installments from \$240,000 to \$390,000 through October 1, 2028, plus semi-annual interest at 2.02% to 4.84%. The bond was issued at a premium of \$718,271 which will be amortized over the life of the bond.	3,245,000	265,000
\$1,890,000 2014C Series, issued November 19, 2014, Virginia Resources Authority Bonds due in annual installments from \$165,000 to \$235,000 through October 1, 2024, plus semi-annual interest at 2.969% to 5.125%. The bond was issued at a premium of \$309,600 which will be amortized over the life of the bond.	1,235,000	180,000
Sub-total revenue bonds payable	5,759,402	537,677
Unamortized premium on revenue bonds	664,607	78,845
Compensated absences (payable from the General Fund)	2,123,103	383,632
Total	\$ 83,020,757	\$ 6,660,626

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government-Governmental Activity Indebtedness (Continued)

Arbitrage Rebate Compliance:

As of June 30, 2019 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Certain debt agreements contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the County is unable to make payment.

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the School Board Component Unit for the year ended June 30, 2019:

	Balance June 30, 2018	Issuances	Retirements	Balance June 30, 2019
Compensated absences	\$ 2,028,514	\$ 871,708	\$ 952,734	\$ 1,947,488
Total long-term liabilities	\$ 2,028,514	\$ 871,708	\$ 952,734	\$ 1,947,488

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Operating Fund)	\$ 1,947,488	\$ 372,343
Total long-term obligations	\$ 1,947,488	\$ 372,343

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent employees of the County of Augusta and its component unit, the Augusta County School Board (School Board), are automatically covered by the VRS Retirement Plan or the VRS Teacher Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. <u>Hybrid Opt-In Election</u> Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. <u>Hybrid Opt-In Election</u> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none">• Political subdivision employees*• School division employees (teachers)• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <u>*Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: <ul style="list-style-type: none">• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as Plan 1.	Creditable Service <u>Defined Benefit Component</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contribution Component</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contribution Component</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70 1/2.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>
<p><i>Sheriffs and regional jail superintendents:</i> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p>	<p><i>Sheriffs and regional jail superintendents:</i> Same as Plan 1.</p>	<p><i>Sheriffs and regional jail superintendents:</i> Not applicable.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Service Retirement Multiplier (Continued) The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier (Continued) Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier (Continued) <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
<i>Sheriffs and regional jail superintendents:</i> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	<i>Sheriffs and regional jail superintendents:</i> Same as Plan 1.	<i>Sheriffs and regional jail superintendents:</i> Not applicable.
<i>Political subdivision hazardous duty employees:</i> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	<i>Political subdivision hazardous duty employees:</i> Same as Plan 1.	<i>Political subdivision hazardous duty employees:</i> Not applicable. <u>Defined Contribution Component</u> Not applicable.
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2.
<i>Political subdivisions hazardous duty employees:</i> Age 60.	<i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.	<i>Political subdivisions hazardous duty employees:</i> Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. <i>Political subdivision hazardous duty employees:</i> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service. <i>Political subdivision hazardous duty employees:</i> Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> VRS: Age 60 with at least five years (60 months) of creditable service. <i>Political subdivision hazardous duty employees:</i> Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. <i>Political subdivisions hazardous duty employees:</i> Age 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service. <i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component</u> Age 60 with at least five years (60 months) of creditable service. <i>Political subdivisions hazardous duty employees:</i> Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2. <u>Defined Contribution Component</u> Not applicable.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Continued) <i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Cost-of-Living Adjustment (COLA) in Retirement (Continued) <i>Eligibility:</i> Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement (Continued) <i>Eligibility:</i> Same as Plan 1 and Plan 2.
<u>Exceptions to COLA Effective Dates</u> <i>School Division (Teachers) and Political Subdivision Employees:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. 	<u>Exceptions to COLA Effective Dates</u> <i>School Division (Teachers) and Political Subdivision Employees:</i> Same as Plan 1.	<u>Exceptions to COLA Effective Dates</u> <i>School Division (Teachers) and Political Subdivision Employees:</i> Same as Plan 1 and Plan 2.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates (Continued)</u></p> <p><i>School Division (Teachers) and Political Subdivision Employees (Continued):</i></p> <ul style="list-style-type: none"> • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. • <i>Political subdivision employees:</i> The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p>
<p>Disability Coverage</p> <p><i>Political subdivision employees:</i> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p><i>Political subdivision employees:</i> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage</p> <p>Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component</u> Not applicable.

B. Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

County Plan (Agent Plan)

	Number
Inactive members or their beneficiaries currently receiving benefits	319
Inactive members:	
Vested inactive members	63
Non-vested inactive members	120
Inactive members active elsewhere in VRS	294
Total inactive members	477
Active members	465
Total covered employees	1,261

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

B. Employees Covered by Benefit Terms (Continued)

School Board Non-Professional Plan (Agent Plan)

	Number
Inactive members or their beneficiaries currently receiving benefits	56
Inactive members:	
Vested inactive members	10
Non-vested inactive members	44
Inactive members active elsewhere in VRS	23
Total inactive members	77
Active members	88
Total covered employees	221

C. Contributions

County Plan (Agent Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2019 was 9.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,995,126 and \$2,107,494 for the years ended June 30, 2019 and 2018, respectively.

School Board Non-Professional Plan (Agent Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

C. Contributions (Continued)

School Board Non-Professional Plan (Agent Plan) (Continued)

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2019 was 4.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$106,147 and \$141,368 for the years ended June 30, 2019 and 2018, respectively.

School Board Professional Plan (Cost-Sharing Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board Professional's contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the Code of Virginia, as amended, the contributions were funded at 89.94% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board for the professional plan were \$8,209,823 and \$8,632,394 for the years ended June 30, 2019 and 2018, respectively.

D. Net Pension Liability

County and School Board Non-Professional Plans (Agent Plans)

The County and the School Board's non-professional plans' net pension liabilities are calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the County and School Board's non-professional plans, the net pension liability was measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

D. Net Pension Liability (Continued)

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2019, the School Board reported a liability for the professional plan of \$83,908,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion was 0.71350% as compared to 0.73384% at June 30, 2017.

The School Board's net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Teacher Employee Retirement Plan
Total pension liability	\$ 46,679,555,000
Plan fiduciary net position	34,919,563,000
Employers' net pension liability	\$ 11,759,992,000

Plan fiduciary net position as a percentage of the total pension liability	74.81%
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The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net position liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

E. Actuarial Assumptions

County and School Board Non-Professional Plans (Agent Plans)

General Employees

The total pension liability for General Employee's in the County's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans (Agent Plans) (Continued)

General Employees (Continued)

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality Rates:	15% of deaths are assumed to be service related.
- Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BBG to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.
- Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans (Agent Plans) (Continued)

Public Safety Employees

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality Rates:	45% of deaths are assumed to be service related.
- Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.
- Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year, 1.0% increase compounded from ages 70 to 90; females set forward three years.
- Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality Rates:

- Pre-retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

F. Long-Term Expected Rate of Return

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public equity	40.00%	4.54%	1.82%
Fixed income	15.00%	0.69%	0.10%
Credit strategies	15.00%	3.96%	0.59%
Real assets	15.00%	5.76%	0.86%
Private equity	15.00%	9.53%	1.43%
	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	*Expected arithmetic nominal return		<u><u>7.30%</u></u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

G. Discount Rate

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The discount rate used to measure the total pension liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liabilities.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset)

County Plan (Agent Plan)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2017	\$ 90,134,112	\$ 81,776,294	\$ 8,357,818
Changes for the year:			
Service cost	2,280,199	-	2,280,199
Interest	6,143,689	-	6,143,689
Differences between expected and actual experience	(3,104)	-	(3,104)
Contributions - employer	-	2,107,494	(2,107,494)
Contributions - employee	-	1,023,897	(1,023,897)
Net investment income	-	6,008,267	(6,008,267)
Benefit payments, including refunds of employee contributions	(4,734,253)	(4,734,253)	-
Administrative expense	-	(52,142)	52,142
Other changes	-	(5,345)	5,345
Net changes	3,686,531	4,347,918	(661,387)
Balances at June 30, 2018	\$ 93,820,643	\$ 86,124,212	\$ 7,696,431

School Board Non-Professional Plan (Agent Plan)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2017	\$ 11,728,929	\$ 11,619,851	\$ 109,078
Changes for the year:			
Service cost	211,874	-	211,874
Interest	798,893	-	798,893
Differences between expected and actual experience	(98,224)	-	(98,224)
Contributions - employer	-	141,368	(141,368)
Contributions - employee	-	119,026	(119,026)
Net investment income	-	852,020	(852,020)
Benefit payments, including refunds of employee contributions	(632,344)	(632,344)	-
Administrative expense	-	(7,521)	7,521
Other changes	-	(751)	751
Net changes	280,199	471,798	(191,599)
Balances at June 30, 2018	\$ 12,009,128	\$ 12,091,649	\$ (82,521)

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The following presents the net pension liabilities of the County, the School Board non-professional plan, and the School Board professional plan, using the discount rate of 7.00%, as well as what the County, the School Board non-professional plan, and the School Board professional plan's net pension liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County net pension liability (asset)	\$ 20,120,438	\$ 7,696,431	\$ (2,545,465)
School Board non-professional net pension liability (asset)	1,356,260	(82,521)	(1,283,172)
School Board professional net pension liability	128,171,000	83,908,000	47,270,000

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

County Plan (Agent Plan)

For the year ended June 30, 2019, the County recognized pension expense of \$46,374. The County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,030,190)
Changes of assumptions	-	(121,868)
Net difference between projected and actual earnings on pension plan investments	-	(672,147)
Employer contributions subsequent to the measurement date	1,995,126	-
	<u>\$ 1,995,126</u>	<u>\$ (1,824,205)</u>

The \$1,995,126 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (576,369)
2021	(343,577)
2022	(835,853)
2023	(68,406)
	<u>\$ (1,824,205)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School Board Non-Professional Plan (Agent Plan)

For the year ended June 30, 2019, the School Board recognized pension expense (benefit) related to its non-professional plan of \$(281,524). The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (181,727)
Changes of assumptions	-	(82,361)
Net difference between projected and actual earnings on pension plan investments	-	(98,985)
Employer contributions subsequent to the measurement date	106,147	-
	<u>\$ 106,147</u>	<u>\$ (363,073)</u>

The \$106,147 reported as deferred outflows of resources related pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (180,519)
2021	(47,772)
2022	(124,396)
2023	(10,386)
	<u>\$ (363,073)</u>

School Board Professional Plan (Cost-Sharing Plan)

For the year ended June 30, 2019, the School Board recognized pension expense related to the professional plan of \$4,623,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

The School Board professional plan includes employees of the Shenandoah Valley Regional Program for the purpose of determining the actuarial valuation for postemployment retirement liability. The actuarial valuation cannot be determined for the Program's employees separately from the School Board's employees, but a portion of the pension expense totaling \$624,709 has been allocated and reported as due from the Program.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan (Continued)

J. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School Board Professional Plan (Cost-Sharing Plan) (Continued)

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (7,175,000)
Changes of assumptions	1,001,000	-
Net difference between projected and actual earnings on pension plan investments	-	(1,779,000)
Changes in proportionate share	1,099,000	(3,599,000)
Employer contributions subsequent to the measurement date	8,209,823	-
	<u>\$ 10,309,823</u>	<u>\$ (12,553,000)</u>

The \$8,209,823 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (1,596,000)
2021	(2,609,000)
2022	(4,235,000)
2023	(1,439,000)
2024	(574,000)
	<u>\$ (10,453,000)</u>

K. Pension Plan Data

Information about the retirement plan is also available in the separately issued VRS 2018 comprehensive annual financial report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://varetire.org/Pdf/Publications/2018-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – Medical Insurance Program

A. Plan Description

The County's and the School Board's defined benefit other postemployment benefit (OPEB) – medical insurance plans provide OPEB for all permanent full-time general and public safety employees of the County and the School Board. The County and the School Board have separate plans. The plans were established by their respective Boards and any amendments to the plans must be approved by the respective Boards. These plans are single-employer defined benefit OPEB plans. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. These plans do not issue stand-alone financial reports.

The specific information for Medical Insurance Program's OPEB, including eligibility, is set out in the tables below:

County

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligibility Conditions</i></p> <p>A retired employee, who is participating in the employer's medical program is eligible to elect post-retirement coverage if:</p> <ul style="list-style-type: none">• Is at least age 55 with 10 years of service, and is eligible for immediate retirement benefits under VRS, or• Has at least 10 years of service and is eligible for immediate disability retirement benefits under VRS. <p>Coverage ceases if the retiree is employed and that employer offers to pay 50% or more of the monthly premium for individual coverage as a benefit of that job. Coverage ceases when retiree turns 65 and is eligible for Medicare.</p>
<p><i>Covered Employees</i></p> <p>All full time employees (must be covered by the active plan at time of retirement or disability).</p>
<p><i>Medical Coverage</i></p> <p>Pre-Medicare coverage is provided under the same plan as provided to active employees under the employer's group health coverage. Several post-65 retirees are grandfathered and will continue for life. Disabled retirees are covered until the attainment of age 65. If they become eligible for Medicare benefits due to their disability prior to the attainment of age 65, their coverage ceases upon their date of eligibility for Medicare.</p>
<p><i>Spousal Coverage</i></p> <p>Offer COBRA insurance after death of retiree.</p>
<p><i>Retiree Cost Sharing</i></p> <p>Retirees will be responsible for paying 100% of the medical premium rates. Spouses – Pay 100% of reported medical rates.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – Medical Insurance Program (Continued)

A. Plan Description (Continued)

School Board

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS	
<p><i>Eligibility Conditions</i> A retiring employee, who is participating in the employer's medical program at the time of retirement, is eligible to elect post retirement coverage:</p> <ul style="list-style-type: none"> • If the employee is eligible to retire under the Virginia Retirement System (VRS), or • If not eligible for VRS, the employee is at least 55 years of age, and has worked for the School Board for at least five years. • An employee who is participating in the employer's medical program at the time of retirement and who is disabled is eligible to elect post-retirement coverage. • If covered by VRS, must have at least 10 years of service and be eligible for VRS disability benefits, or • If not covered by VRS, the employee is a least 55 years of age, and has worked for the School Board for at least five years and to be disabled under Social Security. <p>Coverage ceases at the earlier eligibility for Medicare or for any other health coverage.</p>	
<p><i>Covered Employees</i> All full time employees (must be covered by the active plan at time or retirement or disability).</p>	
<p><i>Medical Coverage</i> Employee Cost Sharing</p> <ul style="list-style-type: none"> • Employee pays 100% of individual premium. • Spouse – Employee pays 100% of spousal premium. <p>Coverage ceases upon eligibility for any other health coverage, including Medicare.</p>	

B. Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

County

	Number
Inactive employees or beneficiaries currently receiving benefit payments	22
Active employees	445
Total	467

School Board

	Number
Inactive employees or beneficiaries currently receiving benefit payments	66
Active employees	1,348
Total	1,414

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – Medical Insurance Program (Continued)

C. Total Medical Insurance Program OPEB Liability

County and School Board

The County's total Medical Insurance OPEB liability of \$2,198,000 was measured as of July 1, 2018 and was determined by an actuarial valuation as of July 1, 2017. The School Board's total Medical Insurance OPEB liability of \$14,652,000 was measured as of July 1, 2018 and was determined by an actuarial valuation as of July 1, 2017.

D. Actuarial Assumptions and Other Inputs

County and School Board

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2018, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	N/A
Salary increases	2.50%
Discount rate	3.62%
Healthcare cost trend rates	6.30% for fiscal year end 2018(to reflect actual experience), then 6.75% for fiscal year end 2019, decreasing 0.25% per year to an ultimate rate of 4.50%

The discount rate was based on Municipal GO AA 20-year yield curve rate as of June 30, 2018.

Mortality Rates

RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2018.

E. Changes in the Total Medical Insurance OPEB Liability

County

	Total Medical Insurance OPEB Liability
Balance at July 1, 2017	<u>\$ 2,858,000</u>
Changes for the year:	
Service cost	137,000
Interest	108,000
Contributions - employer	(633,000)
Benefit Payments	91,000
Other changes	(363,000)
Net changes	<u>(660,000)</u>
Balance at June 30, 2018	<u>\$ 2,198,000</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – Medical Insurance Program (Continued)

E. Changes in the Total Medical Insurance OPEB Liability (Continued)

School Board

	Total Medical Insurance OPEB Liability
Balance at July 1, 2017	\$ 16,313,000
Changes for the year:	
Service cost	642,000
Interest	604,000
Difference between expected and actual experience	(1,681,000)
Contributions - employer	31,000
Other Changes	(1,257,000)
Net changes	(1,661,000)
Balance at June 30, 2018	\$ 14,652,000

F. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the Discount Rate

The following presents the total OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County and the School Board's total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
County	\$ 2,413,000	\$ 2,198,000	\$ 2,008,000
School Board	16,079,000	14,652,000	13,352,000

G. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the Discount Rate

The following represents the total Medical Insurance OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County and the School Board's total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County	\$ 1,957,000	\$ 2,198,000	\$ 2,486,000
School Board	12,823,000	14,652,000	16,829,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – Medical Insurance Program (Continued)

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB

County

For the year ended June 30, 2019, the County recognized Medical OPEB plan expense of \$110,000. The County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (544,000)
Changes of assumptions	-	(312,000)
Employer contributions after measurement date but prior to fiscal year end	166,679	-
	<u>\$ 166,679</u>	<u>\$ (856,000)</u>

The \$166,679 reported as deferred outflows of resources to the Medical OPEB plan resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to the Medical OPEB plan will be recognized in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (140,000)
2021	(140,000)
2022	(140,000)
2023	(140,000)
2024	(296,000)
	<u>\$ (856,000)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits – Medical Insurance Program (Continued)

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB (Continued)

School Board

For the year ended June 30, 2019, the School Board recognized Medical OPEB plan expense of \$853,000. The School Board also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,456,000)
Changes of assumptions	-	(1,089,000)
Employer contributions after measurement date but prior to fiscal year end	505,656	-
	<u>\$ 505,656</u>	<u>\$ (2,545,000)</u>

The \$505,656 reported as deferred outflows of resources related to the Medical OPEB plan resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to the Medical OPEB plan will be recognized in future reporting periods as follows:

	Amount
2020	\$ (393,000)
2021	(393,000)
2022	(393,000)
2023	(393,000)
2024	(393,000)
Thereafter	<u>(580,000)</u>
	<u>\$ (2,545,000)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the County, and the School Board non-professional and the School Board professional employees are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligibility Conditions</i></p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><i>Benefit Amounts</i></p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none">• <u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.• <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option
<p><i>Reduction in Benefit Amounts</i></p> <p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and was increased to \$8,279 effective July 1, 2018.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the participating employers for the years ended June 30, 2019 and June 30, 2018 were as follows:

	2019	2018
County	\$ 110,267	\$ 107,117
School Board Non-Professional	14,657	3,132
School Board Professional	344,130	331,929

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB

At June 30, 2019, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

County	\$ 1,689,000
School Board Non-Professional	205,000
School Board Professional	4,609,000

The net GLI OPEB liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2018, comparisons of the participating employers' proportions to June 30, 2017 are as follows:

	2018	2017
County	0.11123%	0.10938%
School Board Non-Professional	0.01345%	0.01426%
School Board Professional	0.30348%	0.31403%

For the year ended June 30, 2019, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense (benefit) of \$27,000, (\$2,000), and \$21,000, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB (Continued)

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,000	\$ (31,000)
Net difference between projected and actual earnings on GLI OPEB investments	-	(55,000)
Changes of assumptions	-	(70,000)
Changes in proportionate share	69,000	-
Employer contributions subsequent to the measurement date	110,267	-
	<u>\$ 262,267</u>	<u>\$ (156,000)</u>

The \$110,267 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (10,000)
2021	(10,000)
2022	(10,000)
2023	6,000
2024	13,000
Thereafter	7,000
	<u>\$ (4,000)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB (Continued)

School Board Non-Professional Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,000	\$ (3,000)
Net difference between projected and actual earnings on GLI OPEB investments	-	(7,000)
Changes of assumptions	-	(9,000)
Changes in proportionate share	-	(17,000)
Employer contributions subsequent to the measurement date	14,657	-
	<u>\$ 24,657</u>	<u>\$ (36,000)</u>

The \$14,657 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (6,000)
2021	(6,000)
2022	(6,000)
2023	(4,000)
2024	(4,000)
	<u>\$ (26,000)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB (Continued)

School Board Professional Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 225,000	\$ (83,000)
Net difference between projected and actual earnings on GLI OPEB investments	-	(150,000)
Changes of assumptions	-	(192,000)
Changes in proportionate share	73,000	(149,000)
Employer contributions subsequent to the measurement date	344,130	-
	<u>\$ 642,130</u>	<u>\$ (574,000)</u>

The \$344,130 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (79,000)
2021	(79,000)
2022	(79,000)
2023	(36,000)
2024	(9,000)
Thereafter	6,000
	<u>\$ (276,000)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions

County, School Board Non-Professional, and School Board Professional Plans

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation 2.5

Salary increases, including inflation:

Teachers 3.5% – 5.95%

Locality – general employees 3.5% – 5.35%

Locality – hazardous duty employees 3.5% – 4.75%

Investment rate of return 7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

School Board Professional Plan

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disability: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans

Mortality Rates – General Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates – Hazardous Duty Employees

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward one year.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

Post-Disablement: RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward two years; unisex using 100% male.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans (Continued)

Mortality Rates – Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

E. Net GLI OPEB Liability

School Board Professional Plan

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI are as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$3,113,508,000
Plan fiduciary net position	<u>(1,594,773,000)</u>
Employers' net GLI OPEB liability	<u>\$1,518,735,000</u>
Plan fiduciary net position as a percentage of the total GLI OPEB liability	51.22%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return

County, School Board Non-Professional, and School Board Professional Plans

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public equity	40.00%	4.54%	1.82%
Fixed income	15.00%	0.69%	0.10%
Credit strategies	15.00%	3.96%	0.59%
Real assets	15.00%	5.76%	0.86%
Private equity	15.00%	9.53%	1.43%
	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

G. Discount Rate

County, School Board Non-Professional, and School Board Professional Plans

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the participating employers for the GLI OPEB will subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Group Life Insurance Program (Continued)

H. Sensitivity of the Participating Employers' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

County, School Board Non-Professional, and School Board Professional Plans

The following presents the participating employers' proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the participating employers' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County	\$ 2,208,000	\$ 1,689,000	\$ 1,268,000
School Board Non-Professional	267,000	205,000	154,000
School Board Professional	6,023,000	4,609,000	3,460,000

I. GLI Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 12. Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

School Board Professional Plan

The County has one Health Insurance Credit Program (HIC) OPEB plan, a cost-sharing employer plan for VRS teacher employees (School Board professional plan). For the School Board professional plan, all full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

A. Plan Description (Continued)

School Board Professional Plan (Continued)

The specific information for the Teacher Employee HIC OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HIC PLAN PROVISIONS
<p><i>Eligible Employees</i></p> <p>The Teacher Employee Retiree HIC was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p><i>Benefit Amounts</i></p> <p>The Teacher Employee Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• <u>At Retirement</u> – for Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.• <u>Disability Retirement</u> – for Teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:<ul style="list-style-type: none">○ \$4.00 per month, multiplied by twice the amount of service credit, or○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p><i>HIC Program Notes</i></p> <ul style="list-style-type: none">• The monthly HIC benefit cannot exceed the individual premium amount• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

B. Contributions

School Board Professional Plan

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC from the participating employer for the years ended June 30, 2019 and June 30, 2018 were \$701,595 and \$709,169, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

C. Net HIC OPEB Liability

School Board Professional Plan

The net OPEB liability (NOL) for the Teacher Employee HIC represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the Teacher Employee HIC is as follows:

	Teacher Employee HIC OPEB Program
Total HIC OPEB liability	\$1,381,313,000
Plan fiduciary net position	<u>(111,639,000)</u>
Employers' net HIC OPEB liability	<u><u>\$1,269,674,000</u></u>

Plan fiduciary net position as a percentage of the total teacher
employee HIC OPEB liability

8.08%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

D. Actuarial Assumptions

School Board Professional Plan

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation 2.5%

Salary increases, including inflation:

Teacher employees 3.5% – 5.95%

Investment rate of return 7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

D. Actuarial Assumptions (Continued)

School Board Professional Plan (Continued)

Mortality Rates – Teachers

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Long-Term Expected Rate of Return

School Board Professional Plan

The long-term expected rate of return on VRS System investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public equity	40.00%	4.54%	1.82%
Fixed income	15.00%	0.69%	0.10%
Credit strategies	15.00%	3.96%	0.59%
Real assets	15.00%	5.76%	0.86%
Private equity	15.00%	9.53%	1.43%
	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
			<u>7.30%</u>
*Expected arithmetic nominal return			

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

F. Discount Rate

School Board Professional Plan

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

G. Sensitivity of the HIC Net OPEB Liability to Changes in the Discount Rate

School Board Professional Plan

The following presents the net HIC OPEB liability using the discount rate of 7.00%, as well as what the net HIC OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School Board Professional	\$ 10,116,000	\$ 9,057,000	\$ 8,156,000

H. HIC OPEB Liability, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB

School Board Professional Plan

At June 30, 2019, the School Board professional plan reported a liability of \$9,057,000 for its proportionate share of the Teacher Employee HIC total OPEB liability. The total Teacher Employee HIC OPEB liability was measured as of June 30, 2018 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation as of that date. The School Board professional plan's proportion of the total Teacher Employee HIC OPEB liability was based on the School Board professional plan's actuarially determined employer contributions to the Teacher Employee HIC OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board professional plan's proportion of the Teacher Employee HIC was 0.71330% as compared to 0.73343% at June 30, 2017.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

H. HIC OPEB Liability, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

For the year ended June 30, 2019, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$717,000. Since there was a change in proportionate share between measurement dates a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (45,000)
Net difference between projected and actual earnings on HIC OPEB investments	-	(7,000)
Changes of assumptions	-	(79,000)
Changes in proportionate share	73,000	(224,000)
Employer contributions subsequent to the measurement date	701,595	-
	<u>\$ 774,595</u>	<u>\$ (355,000)</u>

The \$701,595 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (45,000)
2021	(45,000)
2022	(45,000)
2023	(41,000)
2024	(42,000)
Thereafter	(64,000)
	<u>\$ (282,000)</u>

I. HIC Credit Program Plan Data

School Board Professional Plan

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Virginia Local Disability Program

A. Plan Description

School Board Professional Plan

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
<p><i>Eligible Employees</i></p> <p>The Teacher Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits.</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none">• Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p><i>Benefit Amounts</i></p> <ul style="list-style-type: none">• The Teacher Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees: <u>Short-Term Disability :</u><ul style="list-style-type: none">○ The program provides a short-term disability benefit beginning after a seven calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.○ During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related of work-related disability.○ Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. <u>Long-Term Disability:</u><ul style="list-style-type: none">○ The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.○ Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

A. Plan Description (Continued)

Virginia Local Disability Program Notes

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

B. Contributions

School Board Professional Plan

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 0.41% of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Virginia Local Disability Program were \$56,759 and \$36,824 for the years ended June 30, 2019 and June 30, 2018, respectively.

C. VLDP OPEB Liability, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VLDP OPEB

School Board Professional Plan

At June 30, 2019, the school division reported a liability of \$20,000 for its proportionate share of the VRS Teacher Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee Virginia Local Disability Program was 2.72976 % as compared to 2.86% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Virginia Local Disability Program OPEB expense of \$37,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

C. VLDP OPEB Liability, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB (Continued)

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Virginia Local Disability Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,000
Changes of assumptions	1,000	-
Employer contributions subsequent to the measurement date	56,759	-
	<u>\$ 57,759</u>	<u>\$ 1,000</u>

The \$56,759 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods.

D. Actuarial Assumptions

School Board Professional Plan

The total Teacher Employee VLDP OPEB liability for the VRS Teacher Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation 2.5%

Salary increases, including inflation:

Political subdivision employees 3.5% – 5.95%

Investment rate of return 7.0%, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates – Non-Largest Ten Locality Employers – General and Non-Hazardous Duty Employees

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

D. Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General and Non-Hazardous Duty Employees (Continued)

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

E. Net Teacher Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee Virginia Local Disability Program is as follows:

	Teacher Employee VLDP OPEB Plan
Total Teacher Employee VLDP OPEB Liability	\$ 1,401,000
Plan fiduciary net position	(647,000)
Teacher Employee net VLDP OPEB Liability (Asset)	\$ 754,000
Plan fiduciary net position as a percentage of the total teacher employee VLDP OPEB liability	46.05%

The total Teacher Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

F. Long-Term Expected Rate of Return

School Board Professional Plan

The long-term expected rate of return on VRS System investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public equity	40.00%	4.54%	1.82%
Fixed income	15.00%	0.69%	0.10%
Credit strategies	15.00%	3.96%	0.59%
Real assets	15.00%	5.76%	0.86%
Private equity	15.00%	9.53%	1.43%
	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

G. Discount Rate

School Board Professional Plan

The discount rate used to measure the total Teacher Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee VLDP OPEB liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

H. Sensitivity of the School Division's proportionate Share of the Teacher Employee VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee VLDP OPEB Plan Net VLDP OPEB Liability	\$ 25,000	\$ 20,000	\$ 16,000

I. VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14. 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 \$1,512,652 and \$69,549 is comprised of the following:

	Governmental Activities	School Board
Federal payment in lieu of taxes	\$ 563,774	\$ -
Prepaid property taxes	948,878	-
ITCV grant	-	14,317
Prepaid meals - cafeteria	-	55,232
	<u>\$ 1,512,652</u>	<u>\$ 69,549</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Unavailable and Deferred Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue at June 30, 2019 totaled \$27,037,300 for the fund financial statements and deferred revenue totaled \$22,468,150 for government-wide financial statements. It is comprised of the following:

	Property Taxes	Other
Property taxes receivable, net of allowance (reported on Fund statements)	\$ 4,569,150	\$ -
Unbilled property taxes for second half of 2019	22,468,150	-
Land held for investment	-	1,122,748
Repayment of loans from fire departments	-	601,903
EMS transport fees	-	11,605
Other	-	1,768
	<u>\$ 27,037,300</u>	<u>\$ 1,738,024</u>

Note 16. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 5,440,703	\$ -	\$ -	\$ -	\$ 5,440,703
Construction in progress	3,703,334	1,643,136	-	(2,999,939)	2,346,531
Total capital assets not being depreciated	9,144,037	1,643,136	-	(2,999,939)	7,787,234
Capital assets being depreciated:					
Buildings	102,926,804	-	-	(5,946,669)	96,980,135
Machinery and equipment	18,617,971	2,076,326	(60,788)	2,999,939	23,633,448
Land improvements	5,102,085	1,013,659	-	-	6,115,744
Total capital assets being depreciated	126,646,860	3,089,985	(60,788)	(2,946,730)	126,729,327
Accumulated depreciation for:					
Buildings	(24,884,121)	(726,642)	-	(311,620)	(25,922,383)
Machinery and equipment	(10,537,487)	(1,511,507)	(167,899)	-	(12,216,893)
Land improvements	(2,014,317)	(324,642)	-	-	(2,338,959)
Total accumulated depreciated	(37,435,925)	(2,562,791)	(167,899)	(311,620)	(40,478,235)
Total capital assets being depreciated, net	89,210,935	527,194	(228,687)	(3,258,350)	86,251,092
Governmental activities capital assets, net	\$ 98,354,972	\$ 2,170,330	\$ (228,687)	\$ (6,258,289)	\$ 94,038,326

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. Capital Assets (Continued)

Primary Government (Continued)

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

Governmental Activities	Amount
General government	\$ 1,066,004
Judicial administration	23,688
Public safety	915,083
Public works	306,825
Health and welfare	87,376
Parks, recreation and cultural	104,463
Community development	59,352
Total depreciation expenses - governmental activities	\$ 2,562,791

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2019 was as follows:

School Board	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,551,430	\$ -	\$ -	\$ -	\$ 1,551,430
Construction in progress	84,702	20,644	-	(84,702)	20,644
Total capital assets not being depreciated	1,636,132	20,644	-	(84,702)	1,572,074
Capital assets being depreciated:					
Buildings	149,174,313	21,800	-	6,031,371	155,227,484
Machinery and equipment	24,100,545	303,962	(123,003)	-	24,281,504
Total capital assets being depreciated	173,274,858	325,762	(123,003)	6,031,371	179,508,988
Accumulated depreciation for:					
Buildings	(75,006,280)	(6,105,263)	-	311,620	(80,799,923)
Machinery and equipment	(21,430,932)	(554,623)	123,003	-	(21,862,552)
Total accumulated depreciated	(96,437,212)	(6,659,886)	123,003	311,620	(102,662,475)
Total capital assets being depreciated, net	76,837,646	(6,334,124)	-	6,342,991	76,846,513
School Board capital assets, net	\$ 78,473,778	\$ (6,313,480)	\$ -	\$ 6,258,289	\$ 78,418,587

Depreciation expense charged to education was \$ 6,659,886.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. Capital Assets (Continued)

Discretely Presented Component Unit (Continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the *Code of Virginia*, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments' on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Augusta County, Virginia for the year ended June 30, 2019, is that school financed assets in the amount of \$69,656,703 are reported in the Primary Government for financial reporting purposes.

Note 17. Risk Management

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Contingent Liabilities

A. Federal programs in which the County and its component unit participate were audited in accordance with the provisions of the U.S. Office of Management and Uniform Guidance. 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.

B. The County of Augusta is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have an adverse effect on the financial condition of the Commonwealth. However, one case, if realizing an unfavorable outcome, may be material to the financial statements at \$687,240.

Note 19. Joint Venture – Augusta Regional Landfill – Landfill Closure and Post-Closure Costs

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

At June 30, 2019, the Augusta Regional Landfill reported as its landfill closure liability \$5,446,116 which represents the cumulative amount reported to date based on the use of 90.3% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The Augusta Regional Landfill reported a post-closure monitoring liability of \$2,893,730 at June 30, 2019. This represents the cumulative amount reported to date based on the use of 100.00% of the estimated capacity of the Permit #21 landfill of which the County is 60.33% responsible and 90.3% of the estimated capacity of the Permit #585 (Phases 1-3) and 30.7% of the Permit #585 (Phase 4) landfill, of which the County is 52.09% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2019 for both landfill permits are \$8,339,846. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$627,650 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$2,240,807 for the newly opened Phase 4 cell as it is filled in the next six to eight years. The amount for the Permit #21 landfill is based on what it would have cost to perform all post-closure care in 2004 and has been inflated annually at the DEQ approved inflation rate. The amounts for the Permit #585 landfill were re-evaluated in March 2008 based on what it would have cost to perform all closure and post-closure care in 2008 and approved by the Virginia Department of Environmental Quality as part of a permit to expand the landfill beyond the first three phases. These costs have been inflated at the DEQ approved inflation rate since 2009. Actual costs for both permitted landfills may be different due to actual inflation or deflation, changes in technology, or changes in laws or regulations.

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 20. Construction Contracts Outstanding

The Primary Government had the following material contracts outstanding at June 30, 2019:

Project	Original Contract Amount	Amount Spent as of June 30, 2019	Amount of Contract Remaining at Year End
Courts Complex design	\$ 5,141,640	\$ 602,865	\$ 4,538,775
Scholastic Way, Phase 4	251,400	234,510	16,890
HearthStone Dam-Howdysshell Excavating	3,687,650	985,966	2,701,684
Jennings Branch Stream Restoration-Design	568,231	68,270	499,961
Total	\$ 9,648,921	\$ 1,891,611	\$ 7,757,310

Note 21. Fund Balance

Fund balance had the following classifications at June 30, 2019:

Fund Balances	General	County Capital Improvements	School Capital Improvements	Total
Nonspendable:				
Inventories	\$ 44,578	\$ -	\$ -	\$ 44,578
Prepaid items	42,658	-	-	42,658
Land held for sale	1,122,748	-	-	1,122,748
Restricted for:				
Fire revolving loan program	2,736,460	-	-	2,736,460
Drug enforcement	19,552	-	-	19,552
Capital projects	-	-	194,307	194,307
Committed to:				
Education	576,019	-	-	576,019
Emergency medical services	1,138,572	-	-	1,138,572
Assigned to:				
Fire revolving loan program	261,983	-	-	261,983
Drug enforcement	55,260	-	-	55,260
Unassigned	13,172,482	31,371,591	-	44,544,073
Total	\$ 19,170,312	\$ 31,371,591	\$ 194,307	\$ 50,736,210

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 22. Notes Receivable

Notes receivable represents a loan agreement between the County of Augusta, the Economic Development Authority (EDA), and Crescent Development Group, LLC. The loan funds were used by the developer to satisfy debt owed for the purchase of property, a portion of which was used for the relocation of State Route 636. The loan is due in ten annual installments of \$60,000 plus accrued interest. Accrued interest is calculated at the rate of 6.51% per annum for 2019, an increase over the prior rate of 4.75% per the agreement. Loan installments are collected by the EDA and forwarded to the County upon receipt. The EDA shall retain 1% of the annual interest as a debt service fee.

Amounts due to the County at June 30, 2019 include:

Year	Principal	Interest
2020	\$ 60,000	\$ 13,224
2021	60,000	9,918
2022	60,000	6,612
2023	60,000	3,306
	<u>\$ 240,000</u>	<u>\$ 33,060</u>

The Fire revolving loan is a loan agreement between the County and individual Volunteer Fire Companies that allow the companies to borrow up to \$500,000 for fire apparatus with 40% of the loan balance being forgiven by the County. One loan a year is allowed by the County and each volunteer agency must rotate their turn on a yearly basis. This loan is interest free until maturity. Loans are repaid over 15 years.

Amounts due to the County at June 30, 2019 from the Riverheads and Swoope Fire Departments include:

Year	Principal	Interest
2020	\$ 40,000	\$ -
2021	40,000	-
2022	40,000	-
2023	40,000	-
2024	40,000	-
Thereafter	340,000	-
	<u>\$ 540,000</u>	<u>\$ -</u>

The Middle River Regional Jail Authority (MRRJA), which opened in April 2006, was established by the County of Augusta, City of Staunton and City of Waynesboro (the Original Member Jurisdictions) to house prisoners from their own jurisdictions as well as others. An agreement was executed as of July 1, 2015 among the Original Member Jurisdictions and the County of Rockingham and City of Harrisonburg to allow the County and City to become Member Jurisdictions of MRRJA, effectively allowing the County and City to no longer pay MRRJA's per diem rental fee.

The total paid to the County by the County of Rockingham and City of Harrisonburg in accordance with the July 1, 2015 agreement was \$728,118 in fiscal year 2019, which has been shown as a recovered cost in the Capital Improvements Fund, and as a reduction in the receivable on the Governmental Activities Statement of Net Position.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 22. Notes Receivable (Continued)

Amounts due to the County at June 30, 2019 include:

Year	Principal	Interest
2020	\$ 743,918	\$ 102,267
2021	760,062	86,124
2022	776,555	69,631
2023	793,406	52,780
2024	810,623	35,563
Thereafter	828,213	17,972
	<u>\$ 4,712,777</u>	<u>\$ 364,337</u>

Note 23. Risk Management

Health Insurance – County and School Board

The County and School Board retain a portion of the risks through a self-insurance program and have also purchased insurance to transfer other risks to outside parties. There has been no significant reduction in insurance coverage during the past year.

County and School Board employees and employee dependents are eligible for medical benefits from a County and School Board, Insurance Trust Fund Agency (Agency Fund). Funding is provided by charges to County and School Board departments, employees, and retirees. The program is supplemented by stop loss protection, which limits the County's annual liability.

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2016 through 2019.

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2019	\$ 1,850,000	\$ 1,865,000	\$ (1,850,000)	\$ 1,865,000
June 30, 2018	1,878,000	1,850,000	(1,878,000)	1,850,000
June 30, 2017	1,612,800	1,878,000	(1,612,800)	1,878,000

Note 24. Commitments, Contingencies, and Subsequent Events

Operating Leases

The County and School Board have numerous operating leases for office equipment. However, total future minimum lease commitments are considered insignificant.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 24. Commitments, Contingencies, and Subsequent Events (Continued)

Federal and State-Assisted Programs

The County has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. Based upon past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

Subsequent Events

The Board of Supervisors approved at its July 24, 2019 meeting, funding for the Automatic Vehicle Location (AVL) project for Fire and Rescue. Funding for this project totals \$157,243.

The Board of Supervisors approved at their August 14, 2019 meeting, the purchase of a new ambulance. This approval was for additional funding of \$128,694 which is half of the cost of a new ambulance. The additional funds were approved at a prior meeting when Fire and Rescue sought approval for a grant to possibly fund this ambulance and required board approval of a 50% match. Grant funding was unsuccessful.

The Board of Supervisors approved a local match for the 2020 VATI grant application at their August 28, 2019 meeting. If successful in obtaining grant funding this project with help with broadband issues in Deerfield and Middlebrook. The approved match approved by the board is \$194,583.

The Board of Supervisors approved at their September 25, 2019 meeting, funding for the Transportation Alternative Program in the amount of \$222,787. This funding is for the Verona Pedestrian Project for construction, previous federal funding allowed for the preliminary engineering. This is a cost sharing project with VDOT, the County's portion is 20%.

Also at the September 25, 2019 meeting, the Board of Supervisors approved the purchase agreement of an adjacent property to the General District Courts Building. Should construction of the Courthouse be approved at a later date, this property could be required. The purchase agreement lists the purchase price at \$350,000.

The Board of Supervisors approved funding for an ambulance replacement at its October 23, 2019 meeting. The total Capital funding is \$192,947.

At the November 13, 2019 Board of Supervisors Meeting, the Board approved a Capital replacement of a fire engine. Total approved funding was \$597,148.

Note 25. Tax Abatements

The County negotiates tax abatement agreements on an individual basis. The County is authorized pursuant to the *Code of Virginia* Section 15.2-953, 1950, as amended, to make gifts, donations and appropriations of money to economic development authorities for the purposes of promoting economic development. The Economic Development Authority of Augusta County receives contributions from the County for the purpose of promoting economic development. As stated in contribution and grant agreements for each tax increment financing, the County is committed to disburse funds to the Authority when appropriated by the County. The Authority is then required to disburse the funds to the respective developer or business.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 25. Tax Abatements (Continued)

The County acknowledges that the expansion, retention or relocation of a Company or completion of an infrastructure project would foster and promote the economic development of the County. The Commonwealth of Virginia offers grant programs for economic development projects that made a significant capital investment, create new jobs or purchase Virginia products. The County can match grants awarded by the Commonwealth to Companies utilizing tax abatement agreements. Performance measures are tracked to ensure the Company meets the criteria outlined in the grant. Infrastructure projects funded by County debt are reimbursed to the County through growth in the area of the project, utilizing tax abatement, which shows as a reduction in revenue until the debt service is paid in full.

The County has tax abatement agreements for the following as of June 30, 2019:

Purpose	Type of Tax Abated During the Fiscal Year	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Industry expansion	Machinery & tools	50%	\$ 55,305
Industry expansion	Machinery & tools	50%	45,775
Industry relocation	Real, personal property & business license	100%	164,636
Industry expansion	Machinery & tools	100%	164,636
Industry expansion	Real, personal property	100%	17,893
Industry expansion	Real, personal property and machinery & tools	100%	13,120
Construct water tank in commerce park	Real, personal property & business license	100%	217,882
Construct transportation corridor (Rt 636)	Real, personal property & business license	100%	165,527
Construct transportation corridor (Rt 608)	Real, personal property & business license	100%	40,079

The County has not made any commitments as part of the agreements other than to abate taxes. The County is not subject to any tax abatement agreements entered into by other governmental entities. The County has chosen to disclose information about its tax abatement agreements individually.

Note 26. Upcoming Pronouncements

At June 30, 2019, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2018.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 26. Upcoming Pronouncements (Continued)

GASB Statement No. 87, *Leases*, will increase the usefulness of the County's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 will be effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuer, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2020.

The County has not determined the impact of these pronouncements on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

*Presented budgets were prepared in accordance with accounting principles
generally accepted in the United States of America.*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2019**

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 62,063,000	\$ 64,440,880	\$ 66,330,173	\$ 1,889,293
Other local taxes	15,378,716	15,807,942	16,840,497	1,032,555
Permits, privilege fees and regulatory licenses	657,250	664,350	608,943	(55,407)
Fines and forfeitures	270,500	330,500	347,877	17,377
Revenue from the use of money and property	722,000	1,197,500	1,473,330	275,830
Charges for services	3,715,800	3,918,000	5,136,709	1,218,709
Miscellaneous	263,800	180,200	422,165	241,965
Recovered costs	242,095	238,600	213,221	(25,379)
Intergovernmental revenues:				
Commonwealth	12,399,800	12,495,089	12,143,034	(352,055)
Federal	524,890	724,133	772,960	48,827
Total revenues	96,237,851	99,997,194	104,288,909	4,291,715
Expenditures:				
Current:				
General government administration	5,854,705	5,829,797	5,466,486	(363,311)
Judicial administration	2,270,501	2,150,966	2,178,024	27,058
Public safety	22,506,431	23,304,199	23,021,681	(282,518)
Public works	4,377,827	4,442,047	4,415,893	(26,154)
Health and welfare	1,271,840	1,298,969	1,296,699	(2,270)
Education	42,741,475	42,741,475	41,447,524	(1,293,951)
Parks, recreation and cultural	2,606,044	2,588,178	2,489,020	(99,158)
Community development	1,789,544	1,736,324	1,859,303	122,979
Nondepartmental	239,080	249,580	213,767	(35,813)
Total expenditures	83,657,447	84,341,535	82,388,397	(1,953,138)
Excess of revenues over expenditures	12,580,404	15,655,659	21,900,512	6,244,853
Other financing uses:				
Transfers out	(13,404,104)	(20,352,442)	(20,419,669)	(67,227)
Total other financing uses	(13,404,104)	(20,352,442)	(20,419,669)	(67,227)
Net change in fund balance	(823,700)	(4,696,783)	1,480,843	6,177,626
Fund balance, beginning	823,700	4,696,783	17,689,469	12,992,686
Fund balance, ending	\$ -	\$ -	\$ 19,170,312	\$ 19,170,312

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – VIRGINIA PUBLIC ASSISTANCE FUND
Year Ended June 30, 2019**

	Special Revenue Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 186,712	\$ 192,462	\$ 184,487	\$ (7,975)
Recovered costs	1,157,741	1,157,741	1,157,741	-
Intergovernmental revenues:				
Commonwealth	6,712,755	6,917,882	6,451,731	(466,151)
Federal	7,012,182	7,228,117	7,041,182	(186,935)
Total revenues	15,069,390	15,496,202	14,835,141	(661,061)
Expenditures:				
Current:				
Health and welfare	18,136,668	18,618,497	17,522,708	(1,095,789)
Total expenditures	18,136,668	18,618,497	17,522,708	(1,095,789)
Deficiency of revenues under expenditures	(3,067,278)	(3,122,295)	(2,687,567)	434,728
Other financing sources:				
Transfers in	3,067,278	3,122,295	2,687,567	(434,728)
Total other financing sources	3,067,278	3,122,295	2,687,567	(434,728)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF CHANGES IN THE COUNTY NET PENSION
LIABILITY AND RELATED RATIOS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Total Pension Liability:					
Service cost	\$ 2,078,481	\$ 2,101,912	\$ 2,204,270	\$ 2,278,810	\$ 2,280,199
Interest	5,396,036	5,639,039	5,859,705	6,057,382	6,143,689
Differences between expected and actual experience	-	(82,018)	(603,214)	(2,238,406)	(3,104)
Changes of assumptions	-	-	-	(298,488)	-
Benefit payments, including refunds of employee contributions	(3,868,114)	(4,137,964)	(4,875,173)	(4,398,430)	(4,734,253)
Net change in total pension liability	3,606,403	3,520,969	2,585,588	1,400,868	3,686,531
Total pension liability - beginning	79,020,284	82,626,687	86,147,656	88,733,244	90,134,112
Total pension liability - ending (a)	\$ 82,626,687	\$ 86,147,656	\$ 88,733,244	\$ 90,134,112	\$ 93,820,643
Plan Fiduciary Net Position:					
Contributions - employer	\$ 2,210,642	\$ 2,313,950	\$ 2,361,901	\$ 2,022,988	\$ 2,107,494
Contributions - employee	909,646	921,678	947,593	1,063,805	1,023,897
Net investment income	9,910,591	3,285,690	1,268,675	8,979,601	6,008,267
Benefit payments, including refunds of employee contributions	(3,868,114)	(4,137,964)	(4,875,173)	(4,398,430)	(4,734,253)
Administrative expense	(53,478)	(45,225)	(46,683)	(52,053)	(52,142)
Other changes	523	(693)	(543)	(7,992)	(5,345)
Net change in plan fiduciary net position	9,109,810	2,337,436	(344,230)	7,607,919	4,347,918
Plan fiduciary net position - beginning	63,065,359	72,175,169	74,512,605	74,168,375	81,776,294
Plan fiduciary net position - ending (b)	\$ 72,175,169	\$ 74,512,605	\$ 74,168,375	\$ 81,776,294	\$ 86,124,212
County's net pension liability - ending (a) - (b)	\$ 10,451,518	\$ 11,635,051	\$ 14,564,869	\$ 8,357,818	\$ 7,696,431
Plan fiduciary net position as a percentage of the total pension liability	87.35%	86.49%	83.59%	90.73%	91.80%
Covered payroll	\$ 17,685,136	\$ 18,437,849	\$ 18,819,928	\$ 19,717,232	\$ 20,540,877
County's net pension liability as a percentage of covered payroll	59.10%	63.10%	77.39%	42.39%	37.47%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL
NET PENSION LIABILITY AND RELATED RATIOS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Total Pension Liability:					
Service cost	\$ 257,529	\$ 250,850	\$ 245,933	\$ 230,020	\$ 211,874
Interest	739,629	770,891	782,063	808,631	798,893
Differences between expected and actual experience	-	(276,356)	(44,608)	(316,829)	(98,224)
Changes of assumptions	-	-	-	(240,745)	-
Benefit payments, including refunds of employee contributions	(529,213)	(571,921)	(599,653)	(608,033)	(632,344)
Net change in total pension liability	467,945	173,464	383,735	(126,956)	280,199
Total pension liability - beginning	10,830,741	11,298,686	11,472,150	11,855,885	11,728,929
Total pension liability - ending (a)	\$ 11,298,686	\$ 11,472,150	\$ 11,855,885	\$ 11,728,929	\$ 12,009,128
Plan Fiduciary Net Position:					
Contributions - employer	\$ 218,931	\$ 226,499	\$ 222,018	\$ 149,548	\$ 141,368
Contributions - employee	131,504	130,761	127,674	124,819	119,026
Net investment income	1,445,168	476,637	183,043	1,287,880	852,020
Benefit payments, including refunds of employee contributions	(529,213)	(571,921)	(599,653)	(608,033)	(632,344)
Administrative expense	(7,868)	(6,644)	(6,779)	(7,625)	(7,521)
Other changes	76	(102)	(78)	(1,136)	(751)
Net change in plan fiduciary net position	1,258,598	255,230	(73,775)	945,453	471,798
Plan fiduciary net position - beginning	9,234,345	10,492,943	10,748,173	10,674,398	11,619,851
Plan fiduciary net position - ending (b)	\$ 10,492,943	\$ 10,748,173	\$ 10,674,398	\$ 11,619,851	\$ 12,091,649
School Board non-professional net pension liability (asset) - ending (a) - (b)	\$ 805,743	\$ 723,977	\$ 1,181,487	\$ 109,078	\$ (82,521)
Plan fiduciary net position as a percentage of the total pension liability	92.87%	93.69%	90.03%	99.07%	100.69%
Employer's covered payroll	\$ 2,593,969	\$ 2,642,929	\$ 2,590,642	\$ 2,492,467	\$ 2,356,133
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	31.06%	27.39%	45.61%	4.38%	-3.50%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

**SCHEDULE OF SCHOOL BOARD SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN (COST-SHARING) –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Employer's proportion of the net pension liability	0.73785%	0.74809%	0.72566%	0.73384%	0.71350%
Employer's proportionate share of the net pension liability	\$ 89,167,000	\$ 94,157,000	\$ 101,694,000	\$ 90,248,000	\$ 83,908,000
Employer's covered payroll	53,959,194	55,620,152	55,328,691	55,212,149	52,894,571
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	165.25%	169.29%	183.80%	163.46%	158.63%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.88%	68.28%	72.92%	74.81%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

**SCHEDULE OF COUNTY CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 2,210,642	\$ 2,313,950	\$ 2,361,901	\$ 2,022,988	\$ 2,107,494	\$ 1,995,126
Contributions in relation to the CRC	2,210,642	2,313,950	2,361,901	2,022,988	2,107,494	1,995,126
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 17,685,136	\$ 18,437,849	\$ 18,819,928	\$ 19,717,232	\$ 20,540,877	\$ 21,157,222
Contributions as a percentage of covered payroll	12.50%	12.55%	12.55%	10.26%	10.26%	9.43%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 218,931	\$ 226,499	\$ 222,018	\$ 149,548	\$ 141,368	\$ 106,147
Contributions in relation to the CRC	218,931	226,499	222,018	149,548	141,368	106,147
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,593,969	\$ 2,642,929	\$ 2,590,642	\$ 2,492,467	\$ 2,356,133	\$ 2,551,611
Contributions as a percentage of covered payroll	8.44%	8.57%	8.57%	6.00%	6.00%	4.16%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 6,291,642	\$ 8,064,922	\$ 7,779,214	\$ 8,094,101	\$ 8,632,394	\$ 8,209,823
Contributions in relation to the CRC	6,291,642	8,064,922	7,779,214	8,094,101	8,632,394	8,209,823
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 53,959,194	\$ 55,620,152	\$ 55,328,691	\$ 55,212,149	\$ 52,894,571	\$ 52,358,565
Contributions as a percentage of covered payroll	11.66%	14.50%	14.06%	14.66%	16.32%	15.68%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2019

Note 1. Change of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ended June 30, 2016.

County and School Board Non-Professional Plans (Agent Plans)

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Public Safety Employees with Hazardous Duty Benefits

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2019

Note 2. Changes of Assumptions (Continued)

School Board Professional Plan (Cost-Sharing)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Note 3. Contractually Required Contributions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

County and School Board Non-Professional Plans (Agent Plans)

General Employees

Mortality Rates:	15% of deaths are assumed to be service related.
- Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
- Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BBG to 2020; males set forward three years; females 1.0% increase compounded from ages 70 to 90.
- Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

Public Safety Employees with Hazardous Duty Benefits

Mortality Rates:	45% of deaths are assumed to be service related.
- Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.
- Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year, 1.0% increase compounded from ages 70 to 90; females set forward three years.
- Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% male.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2019

Note 3. Contractually Required Contributions (Continued)

School Board Professional Plan (Cost-Sharing)

Mortality Rates:	45% of deaths are assumed to be service related.
- Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward one year.
- Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year, 1.0% increase compounded from ages 70 to 90; females set forward three years.
- Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward two years; unisex using 100% male.

**SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS –
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,	
	2017	2018
Total Medical Insurance OPEB liability:		
Service cost	\$ 134,000	\$ 137,000
Interest	101,000	108,000
Differences between expected and actual experience	-	(633,000)
Changes in assumptions	-	(363,000)
Benefit payments	-	91,000
Contributions - employer	(186,000)	-
Net change in total OPEB liability	49,000	(660,000)
Total Medical Insurance OPEB liability - beginning	2,809,000	2,858,000
County total Medical Insurance OPEB liability - ending	\$ 2,858,000	\$ 2,198,000
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%
Covered payroll	\$ 20,009,000	\$ 20,009,000
Total OPEB liability as a percentage of covered payroll	14.28%	10.99%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S TOTAL OPEB
LIABILITY AND RELATED RATIOS –
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,	
	2017	2018
Total Medical Insurance OPEB liability:		
Service cost	\$ 626,000	\$ 642,000
Interest	570,000	604,000
Differences between expected and actual experience	-	(1,681,000)
Changes in assumptions	-	(1,257,000)
Benefit payments	-	31,000
Contributions - employer	(514,000)	-
Net change in total OPEB liability	682,000	(1,661,000)
Total Medical Insurance OPEB liability - beginning	15,631,000	16,313,000
School Board total Medical Insurance OPEB liability - ending	\$ 16,313,000	\$ 14,652,000
School Board net Medical Insurance OPEB liability - ending (a) - (b)	\$ 16,313,000	\$ 14,652,000
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%
Covered payroll	\$ 59,686,000	\$ 59,686,000
Total OPEB liability as a percentage of covered payroll	27.33%	24.55%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

**SCHEDULE OF COUNTY CONTRIBUTIONS –
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,	
	2018	2019
Contractually required contribution (CRC)	\$ 157,183	\$ 166,679
Contributions in relation to the CRC	157,183	166,679
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered payroll	\$ 20,009,000	\$ 20,009,000
Contributions as a percentage of covered payroll	0.79%	0.83%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS –
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,	
	2018	2019
Contractually required contribution (CRC)	\$ 559,611	\$ 505,656
Contributions in relation to the CRC	559,611	505,656
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered payroll	\$ 59,686,000	\$ 59,686,000
Contributions as a percentage of covered payroll	0.94%	0.85%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM

	Fiscal Year June 30,	
	2017	2018
County:		
Employer's proportion of the net GLI OPEB liability	0.10938%	0.11123%
Employer's proportionate share of the net GLI OPEB liability	\$ 1,646,000	\$ 1,689,000
Employer's covered payroll	19,615,385	20,599,423
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.39%	8.20%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%
School Board Non-Professional:		
Employer's proportion of the net GLI OPEB liability	0.01426%	0.01345%
Employer's proportionate share of the net GLI OPEB liability	\$ 215,000	\$ 205,000
Employer's covered payroll	2,500,000	602,308
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.60%	34.04%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%
School Board Professional:		
Employer's proportion of the net GLI OPEB liability	0.31403%	0.30348%
Employer's proportionate share of the net GLI OPEB liability	\$ 4,719,795	\$ 4,609,000
Employer's covered payroll	56,730,769	63,832,500
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.32%	7.22%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County, the School Board non-professional, and the School Board professional will present information for those years for which information is available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County:										
Contractually required contribution (CRC)	\$ 31,696	\$ 43,149	\$ 44,104	\$ 81,829	\$ 85,206	\$ 88,818	\$ 91,237	\$ 102,000	\$ 107,117	\$ 110,267
Contributions in relation to the CRC	31,696	43,149	44,104	81,829	85,206	88,818	91,237	102,000	107,117	110,267
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 11,739,439	\$ 15,410,186	\$ 15,751,566	\$ 17,047,647	\$ 17,751,154	\$ 18,503,682	\$ 19,007,633	\$ 19,615,385	\$ 20,599,423	\$ 21,205,192
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%
School Board Non-Professional:										
Contractually required contribution (CRC)	\$ 5,090	\$ 6,939	\$ 6,707	\$ 12,425	\$ 12,469	\$ 12,872	\$ 12,712	\$ 13,000	\$ 3,132	\$ 14,657
Contributions in relation to the CRC	5,090	6,939	6,707	12,425	12,469	12,872	12,712	13,000	3,132	14,657
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,885,144	\$ 2,478,304	\$ 2,395,533	\$ 2,588,633	\$ 2,597,712	\$ 2,681,766	\$ 2,648,274	\$ 2,500,000	\$ 602,308	\$ 2,818,654
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%
School Board Professional:										
Contractually required contribution (CRC)	\$ 104,195	\$ 145,189	\$ 142,786	\$ 254,292	\$ 259,004	\$ 266,977	\$ 265,599	\$ 295,000	\$ 331,929	\$ 344,130
Contributions in relation to the CRC	104,195	145,189	142,786	254,292	259,004	266,977	265,599	295,000	331,929	344,130
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 38,590,731	\$ 51,853,212	\$ 50,995,107	\$ 52,977,536	\$ 53,959,193	\$ 55,620,150	\$ 55,333,132	\$ 56,730,769	\$ 63,832,500	\$ 66,178,846
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD PROFESSIONAL
PLAN'S NET OPEB LIABILITY AND RELATED RATIOS –
HEALTH INSURANCE CREDIT PROGRAM**

	Fiscal Year June 30,	
	2017	2018
Employer's proportion of the net HIC OPEB liability	0.73343%	0.71330%
Employer's proportionate share of the net HIC OPEB liability	\$ 9,304,506	\$ 9,057,000
Employer's covered payroll	57,882,342	63,889,099
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	16.07%	14.18%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL PLAN CONTRIBUTIONS –
HEALTH INSURANCE CREDIT PROGRAM**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 400,669	\$ 311,062	\$ 305,971	\$ 588,051	\$ 598,947	\$ 589,574	\$ 586,484	\$ 642,494	\$ 709,169	\$ 701,595
Contributions in relation to the CRC	400,669	311,062	305,971	588,051	598,947	589,574	586,484	642,494	709,169	701,595
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 38,525,875	\$ 51,843,673	\$ 50,995,107	\$ 52,977,536	\$ 53,959,193	\$ 55,620,150	\$ 55,328,691	\$ 57,882,342	\$ 63,889,099	\$ 63,206,757
Contributions as a percentage of covered payroll	1.04%	0.60%	0.60%	1.11%	1.11%	1.06%	1.06%	1.11%	1.11%	1.11%

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL PLAN'S
SHARE OF NET OPEB LIABILITY –
VIRGINIA LOCAL DISABILITY PROGRAM**

	Fiscal Year June 30,	
	2017	2018
Employer's proportion of the net VLDP OPEB liability	2.86000%	2.72976%
Employer's proportionate share of the net VLDP OPEB liability	\$ 17,000	\$ 20,000
Employer's covered payroll	3,000,000	6,137,333
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	0.57%	0.33%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	38.40%	46.05%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL PLAN'S
CONTRIBUTIONS – OPEB –
VIRGINIA LOCAL DISABILITY PROGRAM**

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ -	\$ -	\$ -	\$ -	\$ 189	\$ 1,997	\$ 2,677	\$ 18,000	\$ 36,824	\$ 56,759
Contributions in relation to the CRC	-	-	-	-	189	1,997	2,677	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 36,824	\$ 56,759
Employer's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 31,630	\$ 332,787	\$ 446,202	\$ 3,000,000	\$ 6,137,333	\$ 7,883,194
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.60%	0.60%	0.60%	0.60%	0.60%	0.72%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2019

Note 1. Medical Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Medical Insurance Program benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2018	3.56%
2019	3.62%

Note 2. Group Life Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016:

School Board Professional Plan

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2019

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

County and School Board Non-Professional Plans

General Employees

Mortality Rates (pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Hazardous Duty Employees

Mortality Rates (pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2019

Note 3. Health Insurance Credit Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the Virginia Retirement System for the four-year period ended June 30, 2016:

School Board Professional Plan (Cost-Sharing)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

OTHER SUPPLEMENTARY INFORMATION

***Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual***

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
DEBT SERVICE FUND
Year Ended June 30, 2019**

	Debt Service Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 41,000	\$ 41,000	\$ 19,234	\$ (21,766)
Total revenues	41,000	41,000	19,234	(21,766)
Expenditures:				
Principal retirement	6,464,344	6,464,344	6,464,345	1
Interest and other fiscal charges	2,984,310	2,967,849	2,961,858	(5,991)
Total expenditures	9,448,654	9,432,193	9,426,203	(5,990)
Deficiency of revenues under expenditures	(9,407,654)	(9,391,193)	(9,406,969)	(15,776)
Other financing sources:				
Transfers in	9,407,654	9,391,193	9,406,969	15,776
Total other financing sources	9,407,654	9,391,193	9,406,969	15,776
Net change in fund balance	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
COUNTY CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2019**

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenues from the use of money and property	\$ 13,250	\$ 18,530	\$ 21,798	\$ 3,268
Miscellaneous	-	30,000	22,763	(7,237)
Recovered costs	973,186	1,010,701	1,025,620	14,919
Intergovernmental revenues:				
Commonwealth	26,750	619,147	377,577	(241,570)
Federal	167,600	1,088,232	827,339	(260,893)
Total revenues	1,180,786	2,766,610	2,275,097	(491,513)
Expenditures:				
Capital projects	4,387,866	12,906,256	6,831,211	(6,075,045)
Total expenditures	4,387,866	12,906,256	6,831,211	(6,075,045)
Deficiency of revenues under expenditures	(3,207,080)	(10,139,646)	(4,556,114)	5,583,532
Other financing sources (uses):				
Transfers in	3,207,080	9,915,221	10,396,512	481,291
Transfers out	(2,277,907)	(2,076,267)	(2,076,179)	88
Total other financing sources, net	929,173	7,838,954	8,320,333	481,379
Net change in fund balance	(2,277,907)	(2,300,692)	3,764,219	6,064,911
Fund balances, beginning	2,277,907	2,300,692	27,607,372	25,306,680
Fund balances, ending	\$ -	\$ -	\$ 31,371,591	\$ 31,371,591

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
SCHOOL CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2019**

	School Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenues from the use of money and property	\$ 15,239	\$ 15,239	\$ 15,216	\$ (23)
Miscellaneous	-	25,520	25,520	-
Total revenues	15,239	40,759	40,736	(23)
Expenditures:				
Education	-	-	603,533	603,533
Capital projects	-	431,092	115,831	(315,261)
Total expenditures	-	431,092	719,364	288,272
Excess (deficiency) of revenues over (under) expenditures	15,239	(390,333)	(678,628)	(288,295)
Other financing sources:				
Transfers in	-	72,000	4,800	(67,200)
Total other financing sources	-	72,000	4,800	(67,200)
Net change in fund balance	15,239	(318,333)	(673,828)	(355,495)
Fund balances, beginning	(15,239)	318,333	868,135	549,802
Fund balances, ending	\$ -	\$ -	\$ 194,307	\$ 194,307

Combining and Individual Fund Statements and Schedules

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	Agency Funds						
	Special Welfare	Shenandoah Valley Regional Program for Special Education	Valley Alcohol Safety Action Program	Valley Career and Technical Education Center	Valley Children's Advocacy Center	Insurance Trust	Totals
ASSETS							
Cash and cash equivalents	\$ 206,108	\$ 2,356,651	\$ 17,140	\$ 406,954	\$ 213,741	\$ 10,300,408	\$ 13,501,002
Accounts receivable	-	219,758	-	89,947	22,057	-	331,762
Total assets	\$ 206,108	\$ 2,576,409	\$ 17,140	\$ 496,901	\$ 235,798	\$ 10,300,408	\$ 13,832,764
LIABILITIES							
Accounts payable	\$ -	\$ 62,394	\$ 5,099	\$ 264,323	\$ 2,999	\$ 2,641,823	\$ 2,976,638
Accrued liabilities	-	194,246	-	78,613	-	-	272,859
Other liabilities	-	2,071,249	-	-	-	1,865,000	3,936,249
Amounts held for social services clients	206,108	-	-	-	-	-	206,108
Amounts held for Shenandoah Valley Regional Program for Special Education	-	248,520	-	-	-	-	248,520
Amounts held for Valley Alcohol Safety Action Program	-	-	12,041	-	-	-	12,041
Amounts held for Valley Career and Technical Education Center	-	-	-	153,965	-	-	153,965
Amounts held for Valley Children's Advocacy Center	-	-	-	-	232,799	-	232,799
Amounts held for Insurance Trust	-	-	-	-	-	5,793,585	5,793,585
Total liabilities	\$ 206,108	\$ 2,576,409	\$ 17,140	\$ 496,901	\$ 235,798	\$ 10,300,408	\$ 13,832,764

COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>SPECIAL WELFARE FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 155,790	\$ 432,721	\$ 382,403	\$ 206,108
LIABILITIES				
Amounts held for social services clients	\$ 155,790	\$ 432,721	\$ 382,403	\$ 206,108
<u>SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 3,614,197	\$ 10,855,542	\$ 12,113,088	\$ 2,356,651
Other receivables	329,266	219,758	329,266	219,758
Total assets	\$ 3,943,463	\$ 11,075,300	\$ 12,442,354	\$ 2,576,409
LIABILITIES				
Accounts payable	\$ 180,251	\$ 62,394	\$ 180,251	\$ 62,394
Accrued liabilities	171,440	194,246	171,440	194,246
Other liabilities	2,601,992	2,071,249	2,601,992	2,071,249
Amounts held for Shenandoah Valley Regional Program for Special Education	989,780	10,855,542	11,596,802	248,520
Total liabilities	\$ 3,943,463	\$ 13,183,431	\$ 14,550,485	\$ 2,576,409
<u>VALLEY ALCOHOL SAFETY ACTION PROGRAM FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 45,218	\$ 335,614	\$ 363,692	\$ 17,140
Total assets	\$ 45,218	\$ 335,614	\$ 363,692	\$ 17,140
LIABILITIES				
Accounts payable	\$ 4,797	\$ 5,099	\$ 4,797	\$ 5,099
Amounts held for Valley Alcohol Safety Action Program	40,421	330,515	358,895	12,041
Total liabilities	\$ 45,218	\$ 335,614	\$ 363,692	\$ 17,140

COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>VALLEY CAREER AND TECHNICAL EDUCATION CENTER FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 295,371	\$ 4,622,013	\$ 4,510,430	\$ 406,954
Other receivables	76,451	89,947	76,451	89,947
Total assets	\$ 371,822	\$ 4,711,960	\$ 4,586,881	\$ 496,901
LIABILITIES				
Accounts payable	\$ 183,206	\$ 264,323	\$ 183,206	\$ 264,323
Accrued liabilities	73,613	78,613	73,613	78,613
Amounts held for Valley Career and Technical Education Center	115,003	4,596,547	4,557,585	153,965
Total liabilities	\$ 371,822	\$ 4,939,483	\$ 4,814,404	\$ 496,901
<u>VALLEY CHILDREN'S ADVOCACY CENTER FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 145,641	\$ 347,831	\$ 279,731	\$ 213,741
Other receivables	33,779	22,057	33,779	22,057
Total assets	\$ 179,420	\$ 369,888	\$ 313,510	\$ 235,798
LIABILITIES				
Accounts payable	\$ 1,550	\$ 2,999	\$ 1,550	\$ 2,999
Amounts held for Valley Children's Advocacy Center	177,870	347,831	292,902	232,799
Total liabilities	\$ 179,420	\$ 350,830	\$ 294,452	\$ 235,798
<u>INSURANCE TRUST FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 8,238,210	\$ 24,109,870	\$ 22,047,672	\$ 10,300,408
LIABILITIES				
Accounts payable	\$ 2,385,041	\$ 2,641,823	\$ 2,385,041	\$ 2,641,823
Incurred but not reported (IBNR) payable	1,850,000	1,865,000	1,850,000	1,865,000
Amounts held for Insurance Trust	4,003,169	24,109,870	22,319,454	5,793,585
Total liabilities	\$ 8,238,210	\$ 28,616,693	\$ 26,554,495	\$ 10,300,408

COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 12,494,427	\$ 40,703,591	\$ 39,697,016	\$ 13,501,002
Other receivables	439,496	331,762	439,496	331,762
Total assets	\$ 12,933,923	\$ 41,035,353	\$ 40,136,512	\$ 13,832,764
LIABILITIES				
Accounts payable	\$ 2,754,845	\$ 2,976,638	\$ 2,754,845	\$ 2,976,638
Accrued liabilities	245,053	272,859	245,053	272,859
Other liabilities	4,451,992	3,936,249	4,451,992	3,936,249
Amounts held for social services clients	155,790	432,721	382,403	206,108
Amounts held for Shenandoah Valley Regional Program for Special Education	989,780	10,855,542	11,596,802	248,520
Amounts held for Valley Alcohol Safety Action Program	40,421	330,515	358,895	12,041
Amounts held for Valley Career and Technical Education Center	115,003	4,596,547	4,557,585	153,965
Amounts held for Valley Children's Advocacy Center	177,870	347,831	292,902	232,799
Amounts held for Insurance Trust	4,003,169	24,109,870	22,319,454	5,793,585
Total liabilities	\$ 12,933,923	\$ 47,858,772	\$ 46,959,930	\$ 13,832,764

Capital Assets Used in the Operation of Governmental Funds

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
June 30, 2019 and 2018**

	2019	2018
Governmental capital assets:		
Land	\$ 5,440,703	\$ 5,440,703
Buildings	96,980,135	102,926,804
Machinery and equipment	23,633,448	18,617,971
Land improvements	6,115,744	5,102,085
Construction in progress	2,346,531	3,703,334
Total governmental capital assets	\$ 134,516,561	\$ 135,790,897
Investments in governmental capital assets by source:		
General fund	\$ 133,978,628	\$ 135,308,579
Special revenue funds	537,933	482,318
Total governmental capital assets by source	\$ 134,516,561	\$ 135,790,897

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2019

	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General governmental administration:						
Board of supervisors	\$ 3,913,603	\$ 5,713,758	\$ 26,181,557	\$ 3,506,179	\$ 2,183,385	\$ 41,498,482
County administrator	-	-	-	48,812	-	48,812
Commissioner of revenue	-	-	-	56,526	-	56,526
Central accounting	-	-	-	33,740	-	33,740
Management information systems	-	-	-	1,871,989	-	1,871,989
Board of elections	-	-	-	362,095	-	362,095
Total general government administration	3,913,603	5,713,758	26,181,557	5,879,341	2,183,385	43,871,644
Judicial administration:						
Clerk of Circuit Court	-	-	-	156,031	-	156,031
General District Court	-	-	-	19,252	-	19,252
Commonwealth's Attorney	-	-	-	83,669	5,940	89,609
Total judicial administration	-	-	-	258,952	5,940	264,892
Public safety:						
Sheriff	-	-	19,756	3,359,878	-	3,379,634
Emergency operations	-	-	-	4,552,389	-	4,552,389
Fire department	62,000	8,275	363,937	6,484,433	-	6,918,645
Emergency services	-	-	-	259,622	-	259,622
Juvenile detention and probation	-	-	5,913	44,635	-	50,548
Building inspections	-	-	-	111,037	-	111,037
Animal control	-	-	-	96,712	-	96,712
Drug enforcement	-	-	-	20,602	-	20,602
Total public safety	62,000	8,275	389,606	14,929,308	-	15,389,189
Public works:						
Sanitation and waste removal	-	-	60,446	240,006	-	300,452
Maintenance of buildings and grounds	-	181,971	359,328	758,594	-	1,299,893
Total public works	-	181,971	419,774	998,600	-	1,600,345
Education:						
Schools	-	-	69,656,703	-	-	69,656,703
Total education	-	-	69,656,703	-	-	69,656,703
Health and welfare:						
Social services	-	-	-	537,933	-	537,933
Total health and welfare	-	-	-	537,933	-	537,933
Parks, recreation, and cultural:						
Parks and recreation	1,465,100	211,740	332,495	438,365	151,851	2,599,551
Library	-	-	-	365,616	-	365,616
Total parks, recreation, and cultural	1,465,100	211,740	332,495	803,981	151,851	2,965,167
Community development:						
Community development	-	-	-	181,658	-	181,658
Economic development	-	-	-	43,675	5,355	49,030
Total community development	-	-	-	225,333	5,355	230,688
Total governmental capital assets	\$ 5,440,703	\$ 6,115,744	\$ 96,980,135	\$ 23,633,448	\$ 2,346,531	\$ 134,516,561

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Transfers	Balance June 30, 2019
General governmental administration:					
Board of supervisors	\$ 38,945,442	\$ 2,553,041	\$ -	\$ -	\$ 41,498,483
County administrator	48,812	-	-	-	48,812
Commissioner of revenue	55,831	20,634	19,939	-	56,526
Central accounting	33,740	-	-	-	33,740
Management information systems	1,471,228	380,229	-	20,532	1,871,989
Board of elections	293,890	68,205	-	-	362,095
Total general government administration	40,848,943	3,022,109	19,939	20,532	43,871,645
Judicial administration:					
Clerk of Circuit Court	181,231	-	25,201	-	156,030
General District Court	19,252	-	-	-	19,252
Commonwealth's Attorney	74,609	15,000	-	-	89,609
Total judicial administration	275,092	15,000	25,201	-	264,891
Public safety:					
Sheriff	2,911,012	505,709	37,088	-	3,379,633
Emergency operations	4,130,491	303,293	(118,605)	-	4,552,389
Fire department	6,794,917	123,728	-	-	6,918,645
Emergency services	38,371	221,251	-	-	259,622
Juvenile detention and probation	50,548	-	-	-	50,548
Building inspections	107,061	55,519	-	(51,542)	111,038
Animal control	96,712	-	-	-	96,712
Drug enforcement	20,602	-	-	-	20,602
Total public safety	14,149,714	1,209,500	(81,517)	(51,542)	15,389,189
Public works:					
Sanitation and waste removal	290,441	-	-	10,010	300,451
Maintenance of buildings and grounds	1,060,306	234,343	10,502	15,746	1,299,893
Total public works	1,350,747	234,343	10,502	25,756	1,600,344
Education:					
Schools	75,603,371	-	-	(5,946,668)	69,656,703
Total education	75,603,371	-	-	(5,946,668)	69,656,703
Health and welfare:					
Social services	482,318	91,464	35,849	-	537,933
Total health and welfare	482,318	91,464	35,849	-	537,933
Parks, recreation, and cultural:					
Parks and recreation	2,516,891	133,475	50,815	-	2,599,551
Library	360,217	5,400	-	-	365,617
Total parks, recreation, and cultural	2,877,108	138,875	50,815	-	2,965,168
Community development:					
Community development	154,574	21,830	-	5,254	181,658
Economic development	49,030	-	-	-	49,030
Total community development	203,604	21,830	-	5,254	230,688
Total governmental capital assets	\$ 135,790,897	\$ 4,733,121	\$ 60,789	\$ (5,946,668)	\$ 134,516,561

Discretely Presented Component Unit – School Board

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2019

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,452,969	\$ 537,338	\$ 2,990,307
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	225,018	-	12,500	237,518
Due from primary government	3,995,746	-	-	3,995,746
Due from other governmental units	1,934,018	-	339,653	2,273,671
Total assets	\$ 6,157,782	\$ 2,452,969	\$ 889,491	\$ 9,500,242
LIABILITIES				
Reconciled overdraft	\$ -	\$ -	\$ 195,785	\$ 195,785
Accounts payable	3,244,785	69,900	109,850	3,424,535
Accrued liabilities	2,898,680	74,240	112,544	3,085,464
Due to primary government	-	-	471,312	471,312
Unearned revenue	14,317	55,232	-	69,549
Total liabilities	6,157,782	199,372	889,491	7,246,645
FUND BALANCES				
Assigned	-	2,253,597	-	2,253,597
Total fund balances	-	2,253,597	-	2,253,597
Total liabilities and fund balances	\$ 6,157,782	\$ 2,452,969	\$ 889,491	\$ 9,500,242
Total fund balances				\$ 2,253,597
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.				78,418,587
Net pension asset used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.				82,521
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences			\$ (1,947,488)	
Net pension liability			(83,908,000)	
Other postemployment benefits			(28,543,000)	
				(114,398,488)
Deferred outflows of resources represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.				
Pension plan			10,415,970	
Other postemployment benefits			2,004,797	
				12,420,767
Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.				
Pension plan			(12,916,073)	
Other postemployment benefits			(3,511,000)	
				(16,427,073)
Long-term due from other government - pension plan & other postemployment benefits				3,184,586
Net position of governmental activities				\$ (34,465,503)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2019**

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Revenue from the use of money and property	\$ 21,705	\$ 35,515	\$ 59,536	\$ 116,756
Charges for services	1,777,636	1,422,532	947,338	4,147,506
Miscellaneous	278,227	-	32,376	310,603
Intergovernmental revenues:				
Local government	42,040,777	-	84,198	42,124,975
Commonwealth	58,016,307	169,146	641,856	58,827,309
Federal	4,354,159	3,195,244	3,047,674	10,597,077
Total revenues	106,488,811	4,822,437	4,812,978	116,124,226
Expenditures:				
Current:				
Education	106,488,811	4,767,033	4,734,060	115,989,904
Contribution to primary government	-	-	78,918	78,918
Total expenditures	106,488,811	4,767,033	4,812,978	116,068,822
Excess of revenues over expenditures	-	55,404	-	55,404
Net change in fund balances	-	55,404	-	55,404
Fund balances, beginning	-	2,198,193	-	2,198,193
Fund balances, ending	\$ -	\$ 2,253,597	\$ -	\$ 2,253,597
Net change in fund balances				\$ 55,404
Reconciliation of amounts reported for governmental activities in the Statement of Activities:				
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 and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlay in the current period.				
Expenditure for capital assets			\$ 346,406	
Less depreciation and amortization expense			(6,659,886)	
Excess of capital outlays over depreciation and amortization				(6,313,480)
The net effect of various miscellaneous transactions involving capital assets (i.e.) sales, trade-ins and donations) is to increase net position.				6,258,289
Long-term due from other government - pension plan			(377,693)	
Long-term due from other government - other postemployment benefits			(624,709)	
				(1,002,402)
Deferred outflows of resources - subsequent to measurement date:				
Pension plan			8,315,970	
Other postemployment benefits			1,622,797	
				9,938,767
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.				
Compensated absences			81,026	
Other postemployment benefits expense			(2,252,364)	
Pension expense			(3,743,040)	
				(5,914,378)
Change in net position of governmental activities				\$ 3,022,200

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2019**

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Revenue from the use of money and property	\$ 18,000	\$ 20,500	\$ 21,705	\$ 1,205	\$ 5,000	\$ 24,000	\$ 35,515	\$ 11,515
Charges for services	1,650,023	1,762,647	1,777,636	14,989	1,567,200	1,396,608	1,422,532	25,924
Miscellaneous	275,844	272,829	278,227	5,398	-	-	-	-
Intergovernmental revenues:								
Local government	42,736,475	42,736,475	42,040,777	(695,698)	-	-	-	-
Commonwealth	57,030,326	57,720,652	58,016,307	295,655	107,592	128,136	169,146	41,010
Federal	4,278,910	4,470,024	4,354,159	(115,865)	2,553,000	2,525,678	3,195,244	669,566
Total revenues	105,989,578	106,983,127	106,488,811	(494,316)	4,232,792	4,074,422	4,822,437	748,015
Expenditures:								
Current:								
Education	105,989,578	106,983,127	106,488,811	(494,316)	4,341,380	4,074,422	4,767,033	692,611
Total expenditures	105,989,578	106,983,127	106,488,811	(494,316)	4,341,380	4,074,422	4,767,033	692,611
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(108,588)	-	55,404	55,404
Net change in fund balances	-	-	-	-	(108,588)	-	55,404	55,404
Fund balances, beginning	-	-	-	-	-	-	2,198,193	2,198,193
Fund balances (deficit), ending	\$ -	\$ -	\$ -	\$ -	\$ (108,588)	\$ -	\$ 2,253,597	\$ 2,253,597

Fiduciary Fund

STATEMENT OF NET POSITION
FIDUCIARY FUND –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2019

	School Endowments
<hr/> ASSETS	
Cash and cash equivalents	\$ 176,183
Total assets	<u><u>\$ 176,183</u></u>
 NET POSITION	
Restricted for:	
JW Riley Endowment Fund	\$ 81,039
Unrestricted	<u>95,144</u>
Total net position	<u><u>\$ 176,183</u></u>

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2019

	School Endowments
<hr/>	
Additions:	
Contributions:	
Private donations	\$ 2,980
	<hr/>
Total contributions	2,980
Investment earnings:	
Interest	2,107
	<hr/>
Total additions	5,087
	<hr/>
Change in net position	5,087
Net position, beginning	171,096
	<hr/>
Net position, ending	\$ 176,183
	<hr/> <hr/>

Nonmajor Special Revenue Funds

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2019**

	Head Start Fund	Governor's School Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 537,338	\$ 537,338
Accounts receivable	12,500	-	12,500
Due from other governmental units	339,653	-	339,653
Total assets	\$ 352,153	\$ 537,338	\$ 889,491
LIABILITIES			
Reconciled overdraft	\$ 195,785	\$ -	\$ 195,785
Accounts payable	75,214	34,636	109,850
Accrued liabilities	68,322	44,222	112,544
Due to primary government	12,832	458,480	471,312
Total liabilities	\$ 352,153	\$ 537,338	\$ 889,491

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2019**

	Head Start Fund	Governor's School Fund	Total
Revenues:			
Revenue from the use of money and property	\$ 59,536	\$ -	\$ 59,536
Charges for services	-	947,338	947,338
Miscellaneous	13,273	19,103	32,376
Intergovernmental revenues:			
Local	84,198	-	84,198
Commonwealth	-	641,856	641,856
Federal	3,047,674	-	3,047,674
Total revenues	3,204,681	1,608,297	4,812,978
Expenditures:			
Current:			
Education	3,204,681	1,529,379	4,734,060
Contribution to primary government	-	78,918	78,918
Total expenditures	3,204,681	1,608,297	4,812,978
Excess of revenues over expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2019**

	Head Start Fund				Governor's School Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Revenue from the use of money and property	\$ -	\$ 7,153	\$ 59,536	\$ 52,383	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	958,967	1,009,683	947,338	(62,345)
Miscellaneous	53,092	13,272	13,273	1	2,800	2,800	19,103	16,303
Intergovernmental revenues:								
Local	-	-	84,198	84,198	-	-	-	-
Commonwealth	-	-	-	-	670,427	636,856	641,856	5,000
Federal	2,897,886	3,169,715	3,047,674	(122,041)	-	-	-	-
Total revenues	2,950,978	3,190,140	3,204,681	14,541	1,632,194	1,649,339	1,608,297	(41,042)
Expenditures:								
Current:								
Education	2,950,978	3,182,988	3,204,681	21,693	1,632,194	1,649,339	1,529,379	(119,960)
Contribution to primary government	-	-	-	-	-	-	78,918	78,918
Total expenditures	2,950,978	3,182,988	3,204,681	21,693	1,632,194	1,649,339	1,608,297	(41,042)
Excess of revenues over expenditures	-	7,152	-	(7,152)	-	-	-	-
Net change in fund balances	-	7,152	-	(7,152)	-	-	-	-
Fund balance, beginning	-	(7,152)	-	7,152	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Assets Used in the Operation of Governmental Funds

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMPARATIVE SCHEDULES BY SOURCE
June 30, 2019 and 2018**

	June 30,	
	2019	2018
Governmental funds capital assets:		
Land	\$ 1,551,430	\$ 1,551,430
Buildings	155,227,484	149,174,313
Machinery and equipment	24,281,504	24,100,545
Construction in progress	20,644	84,702
Total governmental funds capital assets	\$ 181,081,062	\$ 174,910,990
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 181,081,062	\$ 174,910,990
Total governmental funds capital assets	\$ 181,081,062	\$ 174,910,990

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2019**

	Land	Building	Machinery and Equipment	Construction in Progress	Total
Education:					
Schools	\$ 1,551,430	\$155,227,484	\$ 24,281,504	\$ 20,644	\$181,081,062
Total governmental funds capital assets	\$ 1,551,430	\$155,227,484	\$ 24,281,504	\$ 20,644	\$181,081,062

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended June 30, 2019**

	Governmental Funds Capital Assets				Governmental Funds Capital Assets	
	July 1, 2018	Additions	Deductions	Transfers	June 30, 2019	
Education:						
Schools	\$174,910,990	\$ 346,406	\$ (123,003)	\$ 5,946,669	\$181,081,062	
Total governmental funds capital assets	\$174,910,990	\$ 346,406	\$ (123,003)	\$ 5,946,669	\$181,081,062	

Agency Fund

**STATEMENT OF CHANGES IN NET POSITION –
 AGENCY FUND –
 DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
 Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>SCHOOL ACTIVITY FUNDS</u>				
ASSETS				
Cash and temporary investments	\$ 1,794,246	\$ 3,835,979	\$ 3,949,122	\$ 1,681,103
Total assets	<u>\$ 1,794,246</u>	<u>\$ 3,835,979</u>	<u>\$ 3,949,122</u>	<u>\$ 1,681,103</u>
LIABILITIES				
Collections held in trust	\$ 1,794,246	\$ 3,835,979	\$ 3,949,122	\$ 1,681,103
Total liabilities	<u>\$ 1,794,246</u>	<u>\$ 3,835,979</u>	<u>\$ 3,949,122</u>	<u>\$ 1,681,103</u>

SUPPORTING SCHEDULES

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 42,945,000	\$ 44,046,000	\$ 45,154,788	\$ 1,108,788
Real and personal public service corporation property taxes	2,355,000	2,903,880	2,902,549	(1,331)
Personal property taxes	11,910,000	12,255,000	12,671,554	416,554
Mobile home tax	182,000	208,600	240,811	32,211
Machinery and tools taxes	3,941,000	4,127,400	4,162,444	35,044
Penalties	365,000	400,000	511,579	111,579
Interest	365,000	500,000	686,448	186,448
Total general property taxes	62,063,000	64,440,880	66,330,173	1,889,293
Other local taxes:				
Local sales and use taxes	5,525,000	5,750,000	6,240,415	490,415
Consumers' utility taxes	1,775,000	1,785,000	1,804,213	19,213
Business license tax	3,500,000	3,650,000	4,065,916	415,916
Utility license tax	280,000	276,000	287,771	11,771
Bank stock taxes	285,000	295,000	364,144	69,144
Taxes on recordation and wills	770,000	800,000	820,414	20,414
Hotel and motel room taxes	660,000	640,000	601,590	(38,410)
Restaurant food tax	2,523,716	2,526,942	2,558,254	31,312
Interest on local tax	60,000	85,000	97,780	12,780
Total other local taxes	15,378,716	15,807,942	16,840,497	1,032,555
Permits, privilege fees and regulatory licenses:				
Animal licenses	57,000	55,000	40,948	(14,052)
Land use application fees	46,000	48,000	45,061	(2,939)
Transfer fees	2,000	2,000	2,110	110
Cellular tower fees	10,650	10,650	7,000	(3,650)
Permits and other licenses	541,600	548,700	513,824	(34,876)
Total permits, privilege fees and regulatory licenses	657,250	664,350	608,943	(55,407)
Fines and forfeitures:				
Court fines and forfeitures	250,500	310,500	331,299	20,799
Dog violation fines	20,000	20,000	16,578	(3,422)
Total fines and forfeitures	270,500	330,500	347,877	17,377
Revenue from use of money and property:				
Revenue from use of money	353,000	825,500	1,103,744	278,244
Revenue from use of property	369,000	372,000	369,586	(2,414)
Total revenue from use of money and property	722,000	1,197,500	1,473,330	275,830

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
Charges for services:				
Excess fees of clerk	\$ 31,000	\$ 18,500	\$ 41,406	\$ 22,906
Charges for law enforcement and traffic control	7,100	7,100	4,854	(2,246)
Charges for courthouse maintenance	65,000	65,000	72,912	7,912
Treasurer's collection fees	88,000	94,000	87,974	(6,026)
Concealed weapons permits	40,000	40,000	41,539	1,539
Courthouse fees	165,000	157,000	159,173	2,173
Charges for Commonwealth's Attorney	7,000	7,000	7,954	954
Miscellaneous jail and inmate fees	9,000	14,500	24,596	10,096
Charges for sanitation and waste removal	1,250,000	1,300,000	2,085,283	785,283
Charges for parks and recreation	475,200	429,400	451,922	22,522
Charges for after school programs	365,000	330,000	337,633	7,633
Charges for day care	101,500	144,500	135,834	(8,666)
Charges for library	12,000	11,000	8,353	(2,647)
EMS transport services	1,100,000	1,300,000	1,677,276	377,276
Total charges for services	3,715,800	3,918,000	5,136,709	1,218,709
Miscellaneous revenue:				
Miscellaneous	5,000	5,000	1,502	(3,498)
Repayment of loans from fire companies	80,000	80,000	154,871	74,871
Seized funds	800	-	77	77
Contributions	178,000	95,200	265,715	170,515
Total miscellaneous revenue	263,800	180,200	422,165	241,965
Recovered costs:				
Fiscal agent fees - MRRJA	114,200	114,200	114,200	-
Juvenile and domestic relations court costs	12,695	8,400	8,398	(2)
Other	115,200	116,000	90,623	(25,377)
Total recovered costs	242,095	238,600	213,221	(25,379)
Total revenue from local sources	83,313,161	86,777,972	91,372,915	4,594,943
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Motor vehicle carriers' tax	89,000	82,687	152,163	69,476
Mobile home titling tax	99,000	120,000	107,354	(12,646)
Communications sales and use tax	2,320,000	2,320,000	2,120,305	(199,695)
Timber sales	1,800	15,045	10,304	(4,741)
Motor vehicle rental tax	70,000	75,000	86,871	11,871
State recordation tax	200,000	200,000	206,155	6,155
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Moped Sales Tax	-	5,000	10,211	5,211
Total non-categorical aid	7,075,800	7,113,732	6,989,356	(124,376)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 590,300	\$ 584,740	\$ 583,794	\$ (946)
Sheriff	2,857,600	2,894,480	2,847,071	(47,409)
Commissioner of revenue	217,900	225,850	219,480	(6,370)
Treasurer	165,400	171,700	166,618	(5,082)
Registrar/electoral board	47,500	47,500	47,586	86
Clerk of the circuit court	469,600	483,450	460,091	(23,359)
Total shared expenses	4,348,300	4,407,720	4,324,640	(83,080)
Other categorical aid:				
Emergency medical services	80,000	80,000	-	(80,000)
Department of behavioral health-transfer detention order	47,000	42,013	60,543	18,530
Litter control grant	18,000	18,000	17,840	(160)
Library grant	159,400	162,052	164,032	1,980
Grant for restoration of records	30,000	10,072	-	(10,072)
Victim-witness grant	108,500	108,500	27,709	(80,791)
Performing arts grant	4,500	4,500	4,500	-
Firemans' insurance fund	243,000	243,000	252,076	9,076
Technology trust fund	40,000	20,000	20,000	-
Seized funds	10,000	50,000	37,734	(12,266)
E-911 wireless funding	233,300	233,300	242,343	9,043
Spay and neuter funds	2,000	2,200	2,261	61
Total other categorical aid	975,700	973,637	829,038	(144,599)
Total categorical aid	5,324,000	5,381,357	5,153,678	(227,679)
Total revenue from the Commonwealth	12,399,800	12,495,089	12,143,034	(352,055)
Revenue from the federal government:				
Non-categorical aid:				
Payments in lieu of taxes	353,000	353,000	551,547	198,547
Total non-categorical aid	353,000	353,000	551,547	197,601

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 33,000	\$ 33,000	\$ 43,253	\$ 10,253
Domestic violence grant	31,020	31,020	52,646	21,626
Sane grant	15,200	15,200	17,446	2,246
DEQ royalty grant	500	-	-	-
Justice assistance grant	5,000	22,398	22,359	(39)
Bulletproof vest partnership grant	1,170	2,423	3,003	580
Homeland security grant	86,000	185,700	-	(185,700)
Victim-witness grant	-	81,392	82,706	1,314
Total categorical aid	171,890	371,133	221,413	(149,720)
Total revenue from the federal government	524,890	724,133	772,960	47,881
Total intergovernmental revenues	12,924,690	13,219,222	12,915,994	(304,174)
Total General Fund	\$ 96,237,851	\$ 99,997,194	\$ 104,288,909	\$ 4,290,769
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 186,712	\$ 192,462	\$ 184,487	\$ (7,975)
Total charges for services	186,712	192,462	184,487	(7,975)
Recovered costs:				
City of Staunton, Virginia	572,212	572,212	572,212	-
City of Waynesboro, Virginia	585,529	585,529	585,529	-
Total recovered costs	1,157,741	1,157,741	1,157,741	-
Total revenue from local sources	1,344,453	1,350,203	1,342,228	(7,975)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	3,389,505	3,493,882	3,401,680	(92,202)
Children's Services Act program	3,323,250	3,424,000	3,050,051	(373,949)
Total categorical aid	6,712,755	6,917,882	6,451,731	(466,151)
Total revenue from the Commonwealth	6,712,755	6,917,882	6,451,731	(466,151)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 7,012,182	\$ 7,228,117	\$ 6,928,609	\$ (299,508)
Children's Services Act program	-	-	112,573	112,573
Total categorical aid	7,012,182	7,228,117	7,041,182	(186,935)
Total revenue from the federal government	7,012,182	7,228,117	7,041,182	(186,935)
Total intergovernmental revenues	13,724,937	14,145,999	13,492,913	(653,086)
Total Virginia Public Assistance Fund	\$ 15,069,390	\$ 15,496,202	\$ 14,835,141	\$ (661,061)
Debt Service Fund:				
County Debt Service Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 41,000	\$ 41,000	\$ 19,234	\$ (21,766)
Total charges for services	41,000	41,000	19,234	(21,766)
Total revenue from local sources	41,000	41,000	19,234	(21,766)
Total County Debt Service Fund	\$ 41,000	\$ 41,000	\$ 19,234	\$ (21,766)
Capital Projects Funds:				
County Capital Improvement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 11,250	\$ 16,530	\$ 16,530	\$ -
Revenue from the use of property	2,000	2,000	5,268	3,268
Total revenue from use of money and property	13,250	18,530	21,798	3,268
Miscellaneous revenue:				
Other miscellaneous	-	30,000	22,763	(7,237)
Total miscellaneous revenue	-	30,000	22,763	(7,237)
Recovered costs:				
Other recovered costs	973,186	1,010,701	1,025,620	14,919
Total recovered costs	973,186	1,010,701	1,025,620	14,919
Total revenue from local sources	986,436	1,059,231	1,070,181	10,950

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Capital Improvement Funds:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Hazardous Material Grant	\$ 10,000	\$ 12,000	\$ 11,628	\$ (372)
Rescue squad assistance fund grant	16,750	66,210	50,093	(16,117)
Reimbursement Department of Transportation	-	321,256	274,724	(46,532)
Dept of Housing and Community Development (Broadband)	-	41,200	41,132	(68)
Bldg collaborative communities grant	-	2,081	-	(2,081)
DuPont Settlement Grant	-	176,400	-	(176,400)
Total categorical aid	26,750	619,147	377,577	(241,570)
Total revenue from the Commonwealth	26,750	619,147	377,577	(241,570)
Revenue from the federal government:				
Categorical aid:				
Emergency planning grant	-	14,882	14,882	-
Watershed grant	17,600	820,000	619,378	(200,622)
Transportation enhancement	150,000	219,350	57,239	(162,111)
Smoke alarm grant	-	34,000	33,482	(518)
DuPont Settlement Grant	-	-	102,358	102,358
Total categorical aid	167,600	1,088,232	827,339	(260,893)
Total revenue from the federal government	167,600	1,088,232	827,339	(260,893)
Total intergovernmental revenues	194,350	1,707,379	1,204,916	(502,463)
Total County Capital Improvements Fund	\$ 1,180,786	\$ 2,766,610	\$ 2,275,097	\$ (491,513)
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 15,239	\$ 15,239	\$ 15,216	\$ (23)
Total revenue from use of money and property	15,239	15,239	15,216	(23)
Miscellaneous revenue:				
Other miscellaneous	-	25,520	25,520	-
Total miscellaneous revenue	-	25,520	25,520	-
Total revenue from local sources	15,239	40,759	40,736	(23)
Total School Capital Improvements Fund	\$ 15,239	\$ 40,759	\$ 40,736	\$ (23)
Total Primary Government	\$ 112,544,266	\$ 118,341,765	\$ 121,459,117	\$ 3,116,406

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from the use of money and property:				
Revenue from the use of property	\$ 18,000	\$ 20,500	\$ 21,705	\$ 1,205
Total revenue from the use of money and property	18,000	20,500	21,705	1,205
Charges for services:				
Charges for education	305,945	418,302	415,074	(3,228)
Tuition and payments from other divisions	1,344,078	1,344,345	1,362,562	18,217
Total charges for services	1,650,023	1,762,647	1,777,636	14,989
Miscellaneous revenue:				
Other miscellaneous	275,844	272,829	278,227	5,398
Total miscellaneous revenue	275,844	272,829	278,227	5,398
Total revenue from local sources	1,943,867	2,055,976	2,077,568	21,592
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	42,736,475	42,736,475	41,437,244	(1,299,231)
Transfer from school capital	-	-	603,533	603,533
Total revenues from local governments	42,736,475	42,736,475	42,040,777	(1,299,231)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	11,853,106	11,853,106	11,681,850	(171,256)
Basic school aid	28,645,698	28,873,786	28,959,359	85,573
Regular foster children	97,657	97,657	95,375	(2,282)
Adult secondary education	70,558	70,558	100,004	29,446
Gifted and talented	315,038	317,021	317,505	484
Remedial education	831,699	836,935	838,213	1,278
Special education	1,272,752	1,280,764	1,282,720	1,956
Textbook payment	634,423	638,417	639,391	974
Standards of learning-project graduation	10,079	10,079	10,079	-
Vocational standards of quality payments	1,216,045	1,223,701	1,225,569	1,868
Vocational adult education	19,859	20,852	16,710	(4,142)
Social security instructional	1,657,097	1,667,530	1,670,076	2,546
Retirement instructional	3,654,435	3,677,442	3,683,057	5,615
Group life insurance instructional	113,414	114,128	114,302	174
Early reading intervention	183,919	183,919	188,196	4,277
Supplemental lottery	1,732,333	2,125,448	2,312,388	186,940
Homebound education	19,278	16,102	16,102	-
Regional tuition program	1,139,909	1,011,307	968,486	(42,821)
Vocational education - equipment	36,196	22,421	40,082	17,661
Vocational occupational preparedness	154,269	113,829	202,804	88,975
Mentor teacher program	4,757	4,757	5,778	1,021
Special education - foster children	58,403	58,403	73,027	14,624
At risk payments	586,293	589,914	650,455	60,541
Primary class size	967,559	967,559	975,316	7,757
Technology	518,000	518,000	518,000	-
Standards of learning algebra readiness	108,417	108,417	108,417	-
At risk four-year olds	893,481	922,801	922,801	-
English as a second language	105,456	105,456	101,151	(4,305)
Other state funds	130,196	290,343	299,094	8,751
Total categorical aid	57,030,326	57,720,652	58,016,307	295,655
Total revenue from the Commonwealth	57,030,326	57,720,652	58,016,307	295,655

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 37,423	\$ 37,423	\$ 135,736	\$ 98,313
Title I	1,243,019	1,441,315	1,406,465	(34,850)
Title VI-B, special education flow-through	2,451,727	2,264,500	2,175,332	(89,168)
Vocational education	127,924	180,724	136,501	(44,223)
Title VI-B, special education pre-school	73,426	75,300	64,600	(10,700)
Title IV Part A	-	127,490	111,934	(15,556)
Title III Part A	32,852	20,916	4,275	(16,641)
Title II Part A	245,993	253,270	251,294	(1,976)
Advanced placement	1,064	1,064	-	(1,064)
ITCV grant	65,482	68,022	68,022	-
Total categorical aid	4,278,910	4,470,024	4,354,159	(115,865)
Total revenue from the federal government	4,278,910	4,470,024	4,354,159	(115,865)
Total intergovernmental revenues	104,045,711	104,927,151	104,411,243	(1,119,441)
Total School Operating Fund	\$ 105,989,578	\$ 106,983,127	\$ 106,488,811	\$ (1,097,849)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from the use of money and property:				
Revenue from the use of money	\$ 5,000	\$ 24,000	\$ 35,515	\$ 11,515
Total revenue from use of money and property	5,000	24,000	35,515	11,515
Charges for services:				
Cafeteria sales	1,567,200	1,396,608	1,422,532	25,924
Total charges for services	1,567,200	1,396,608	1,422,532	25,924
Total revenue from local sources	1,572,200	1,420,608	1,458,047	37,439
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	107,592	128,136	169,146	41,010
Total categorical aid	107,592	128,136	169,146	41,010
Total revenue from the Commonwealth	107,592	128,136	169,146	41,010
Revenue from the federal government:				
Categorical aid:				
School food program grant	2,553,000	2,525,420	2,856,137	330,717
USDA donated food	-	258	339,107	338,849
Total categorical aid	2,553,000	2,525,678	3,195,244	669,566
Total revenue from the federal government	2,553,000	2,525,678	3,195,244	669,566
Total intergovernmental revenues	2,660,592	2,653,814	3,364,390	710,576
Total School Cafeteria Fund	\$ 4,232,792	\$ 4,074,422	\$ 4,822,437	\$ 748,015

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
Head Start Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ 7,153	\$ 59,536	\$ 52,383
Total revenue from use of money and property	-	7,153	59,536	52,383
Miscellaneous revenue:				
Other miscellaneous	53,092	13,272	13,273	1
Total miscellaneous revenue	53,092	13,272	13,273	1
Total revenue from local sources	53,092	20,425	72,809	52,384
Intergovernmental revenue:				
Revenue from local governments:				
Contributions from County of Augusta, Virginia	-	-	84,198	84,198
Total revenue from local governments	-	-	84,198	84,198
Revenue from the federal government:				
Categorical aid:				
Head start grant	2,897,886	3,169,715	3,047,674	(122,041)
Total categorical aid	2,897,886	3,169,715	3,047,674	(122,041)
Total revenue from the federal government	2,897,886	3,169,715	3,047,674	(122,041)
Total intergovernmental revenues	2,897,886	3,169,715	3,131,872	(37,843)
Total Head Start Fund	\$ 2,950,978	\$ 3,190,140	\$ 3,204,681	\$ 14,541
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 958,967	\$ 1,009,683	\$ 947,338	\$ (62,345)
Total charges for services	958,967	1,009,683	947,338	(62,345)
Miscellaneous revenue:				
Other miscellaneous	2,800	2,800	19,103	16,303
Total miscellaneous revenue	2,800	2,800	19,103	16,303
Total revenue from local sources	961,767	1,012,483	966,441	(46,042)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	644,427	610,856	610,856	-
Technology funds	26,000	26,000	26,000	-
Stem Competition Team Grant	-	-	5,000	5,000
Total categorical aid	670,427	636,856	641,856	5,000
Total revenue from the Commonwealth	670,427	636,856	641,856	5,000
Total intergovernmental revenues	670,427	636,856	641,856	5,000
Total Governor's School Fund	\$ 1,632,194	\$ 1,649,339	\$ 1,608,297	\$ (41,042)
Total Discretely Presented Component Unit-School Board	\$ 114,805,542	\$ 115,897,028	\$ 116,124,226	\$ (376,335)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 154,615	\$ 149,827	\$ 142,182	\$ (7,645)
Total legislative	154,615	149,827	142,182	(7,645)
General and financial administration:				
County administrator	743,074	754,513	772,803	18,290
Human resources	275,124	277,223	279,237	2,014
Legal services	345,105	398,003	336,621	(61,382)
Commissioner of revenue	896,910	900,787	895,454	(5,333)
Reassessment	249,400	331,200	121,771	(209,429)
Board of Equalization	4,800	5,800	2,578	(3,222)
Treasurer	545,860	538,401	532,503	(5,898)
Finance	470,020	404,926	403,996	(930)
Information technology	748,924	793,575	769,911	(23,664)
Other general and financial administration	1,099,200	932,800	901,976	(30,824)
Total general and financial administration	5,378,417	5,337,228	5,016,850	(320,378)
Board of elections:				
Electoral board and officials	321,673	342,742	307,454	(35,288)
Total board of elections	321,673	342,742	307,454	(35,288)
Total general government administration	5,854,705	5,829,797	5,466,486	(363,311)
Judicial administration:				
Courts:				
Circuit court	189,065	185,057	197,974	12,917
General district court	7,300	7,500	6,667	(833)
Special magistrates	3,936	5,320	4,549	(771)
Clerk of the circuit court	960,390	858,292	843,554	(14,738)
Total courts	1,160,691	1,056,169	1,052,744	(3,425)
Commonwealth's attorney:				
Commonwealth's attorney	1,109,810	1,094,797	1,125,280	30,483
Total commonwealth's attorney	1,109,810	1,094,797	1,125,280	30,483
Total judicial administration	2,270,501	2,150,966	2,178,024	27,058

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,856,303	\$ 6,965,789	\$ 7,019,900	\$ 54,111
Emergency operations center	1,807,731	1,737,817	1,580,942	(156,875)
Total law enforcement and traffic control	8,664,034	8,703,606	8,600,842	(102,764)
Fire and rescue services:				
Fire department	7,565,118	7,221,652	7,438,903	217,251
Volunteer emergency operations	2,078,274	2,086,059	1,799,969	(286,090)
Fire training center	346,405	351,353	301,747	(49,606)
Fire revolving fund disbursements	605,000	605,000	527,645	(77,355)
EMS transport service	557,640	619,444	617,108	(2,336)
Total fire and rescue services	11,152,437	10,883,508	10,685,372	(198,136)
Correction and detention:				
Probation and detention	1,809,775	2,827,027	2,819,312	(7,715)
Total correction and detention	1,809,775	2,827,027	2,819,312	(7,715)
Inspections:				
Building	395,140	396,675	388,428	(8,247)
Total inspections	395,140	396,675	388,428	(8,247)
Other protection:				
Animal control	437,045	445,283	489,753	44,470
Drug enforcement funds	48,000	48,100	37,974	(10,126)
Total other protection	485,045	493,383	527,727	34,344
Total public safety	22,506,431	23,304,199	23,021,681	(282,518)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	16,000	16,000	14,322	(1,678)
Streetlights	118,000	122,500	122,963	463
Total maintenance of highways, streets, bridges and sidewalks	134,000	138,500	137,285	(1,215)
Sanitation and waste removal:				
Refuse collection and disposal	2,114,877	2,183,139	2,294,006	110,867
Recycling program	150,500	164,300	164,314	14
Total sanitation and waste removal	2,265,377	2,347,439	2,458,320	110,881
Maintenance of general buildings and grounds:				
General properties	1,978,450	1,956,108	1,820,288	(135,820)
Total maintenance of general buildings and grounds	1,978,450	1,956,108	1,820,288	(135,820)
Total public works	4,377,827	4,442,047	4,415,893	(26,154)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Health and welfare:				
Health:				
Supplement to local health department	\$ 544,568	\$ 544,568	\$ 535,162	\$ (9,406)
Total health	544,568	544,568	535,162	(9,406)
Mental health and mental retardation:				
Community services board	191,555	191,555	191,555	-
Total mental health and mental retardation	191,555	191,555	191,555	-
Welfare:				
Valley Education Alliance	1,000	1,000	1,000	-
Valley Program for the Aging	31,250	31,250	31,250	-
BRITE Transit Services	41,000	41,000	41,000	-
Community Centers	10,000	10,000	10,000	-
Verona Food Pantry	39,450	39,540	39,540	-
Lions Sight and Hearing/Oak Grove Theatre	3,295	3,267	3,267	-
CAPSAW	52,100	52,100	52,100	-
Craigsville personal property	32,606	34,573	34,573	-
Miscellaneous	3,016	3,016	2,000	(1,016)
Tax relief for the elderly	322,000	347,100	355,252	8,152
Total welfare	535,717	562,846	569,982	7,136
Total health and welfare	1,271,840	1,298,969	1,296,699	(2,270)
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	5,000	5,000	5,000	-
Contribution to County School Board	42,736,475	42,736,475	41,442,524	(1,293,951)
Total education	42,741,475	42,741,475	41,447,524	(1,293,951)
Parks, recreation and cultural:				
Parks and recreation:				
Supervision of parks and recreation	1,214,654	1,169,566	1,085,495	(84,071)
Total parks and recreation	1,214,654	1,169,566	1,085,495	(84,071)
Cultural enrichment:				
Fine Arts Grant	10,000	10,000	9,500	(500)
Total cultural enrichment	10,000	10,000	9,500	(500)
Library:				
Contribution to county library	1,381,390	1,408,612	1,394,025	(14,587)
Total library	1,381,390	1,408,612	1,394,025	(14,587)
Total parks, recreation and cultural	2,606,044	2,588,178	2,489,020	(99,158)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Community development:				
Planning and community development:				
Community development	\$ 964,191	\$ 1,003,820	\$ 978,920	\$ (24,900)
Tourism development	129,490	128,690	128,027	(663)
Economic development	307,529	304,059	287,662	(16,397)
Contribution to Economic Development Authority	178,000	95,200	265,715	170,515
Total planning and community development	1,579,210	1,531,769	1,660,324	128,555
Environmental management:				
Contribution to soil and water district	87,262	87,262	90,729	3,467
Total environmental management	87,262	87,262	90,729	3,467
Cooperative extension program:				
Extension office	121,572	115,793	108,250	(7,543)
Agricultural development	1,500	1,500	-	(1,500)
Total cooperative extension program	123,072	117,293	108,250	(9,043)
Total community development	1,789,544	1,736,324	1,859,303	122,979
Nondepartmental:				
Shenandoah Valley Regional Airport	134,080	134,080	134,080	-
Contingencies	105,000	115,500	79,687	(35,813)
Total nondepartmental	239,080	249,580	213,767	(35,813)
Total General Fund	\$ 83,657,447	\$ 84,341,535	\$ 82,388,397	\$ (1,953,138)
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 9,522,168	\$ 9,851,497	\$ 9,233,710	\$ (617,787)
Public assistance	3,417,000	3,417,000	3,341,863	(75,137)
Children's services	5,197,500	5,350,000	4,947,135	(402,865)
Total welfare and social services	18,136,668	18,618,497	17,522,708	(1,095,789)
Total health and welfare	18,136,668	18,618,497	17,522,708	(1,095,789)
Total Virginia Public Assistance Fund	\$ 18,136,668	\$ 18,618,497	\$ 17,522,708	\$ (1,095,789)
Debt Service Fund:				
County Debt Service:				
Debt Service:				
Principal retirement	\$ 517,676	\$ 517,676	\$ 517,677	\$ 1
Interest and other fiscal charges	214,553	214,553	214,553	-
Total County Debt Service	732,229	732,229	732,230	1

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Debt Service Fund:				
School Debt Service:				
Debt Service:				
Principal retirement	\$ 5,946,668	\$ 5,946,668	\$ 5,946,668	\$ -
Interest and other fiscal charges	2,769,757	2,753,296	2,747,305	(5,991)
Total School Debt Service	8,716,425	8,699,964	8,693,973	(5,991)
Total Debt Service Fund	\$ 9,448,654	\$ 9,432,193	\$ 9,426,203	\$ (5,990)
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
County Schools	\$ -	\$ 631,692	\$ -	\$ (631,692)
Landfill	200,000	200,000	1,447,911	1,247,911
Road construction	150,000	531,376	451,037	(80,339)
Programs	1,099,344	2,913,519	2,184,063	(729,456)
Equipment replacement	1,355,812	3,810,603	1,707,737	(2,102,866)
Building renovations and construction	656,460	3,756,460	1,337,354	(2,419,106)
Economic development	371,250	445,326	(459,702)	(905,028)
Community contributions	555,000	617,280	162,811	(454,469)
Total capital projects expenditures	4,387,866	12,906,256	6,831,211	(6,075,045)
Total County Capital Improvements Fund	\$ 4,387,866	\$ 12,906,256	\$ 6,831,211	\$ (6,075,045)
School Capital Improvements Fund:				
Education	\$ -	\$ -	\$ 603,533	\$ 603,533
Capital projects expenditures:				
Equipment/technology	-	7,981	7,981	-
Other School projects	-	72,000	4,800	(67,200)
Building renovations	-	351,111	103,050	(248,061)
Total capital projects expenditures	-	431,092	115,831	(315,261)
Total School Capital Improvements Fund	\$ -	\$ 431,092	\$ 719,364	\$ 288,272
Total Primary Government	\$ 115,630,635	\$ 125,729,573	\$ 116,887,883	\$ (8,841,690)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 235,622	\$ 254,516	\$ 235,025	\$ (19,491)
Executive administration services	688,204	627,912	679,497	51,585
Personnel	352,576	761,690	740,421	(21,269)
Fiscal services	657,119	684,560	663,994	(20,566)
Data processing services	515,804	528,138	527,955	(183)
Total administration of schools	2,449,325	2,856,816	2,846,892	(9,924)
Instruction costs:				
Elementary and secondary schools	69,269,140	69,122,477	69,063,721	(58,756)
Guidance services	2,997,943	3,050,820	3,035,574	(15,246)
Social worker services	584,152	590,873	588,252	(2,621)
Other instructional costs	2,025,417	2,479,684	2,625,466	145,782
Media services	1,955,831	1,858,913	1,839,513	(19,400)
Technology services	3,188,112	3,233,708	3,323,324	89,616
Office of the principal	6,818,640	6,792,407	6,746,117	(46,290)
Total instruction costs	86,839,235	87,128,882	87,221,967	93,085
Operating costs:				
Attendance and health services	1,534,177	1,587,048	1,506,246	(80,802)
Pupil transportation	6,450,545	6,620,747	6,689,298	68,551
Operation and maintenance of school plant	8,716,296	8,789,634	8,224,408	(565,226)
Total operating costs	16,701,018	16,997,429	16,419,952	(577,477)
Total education	105,989,578	106,983,127	106,488,811	(494,316)
Total School Operating Fund	\$ 105,989,578	\$ 106,983,127	\$ 106,488,811	\$ (494,316)
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 4,341,380	\$ 4,074,422	\$ 4,767,033	\$ 692,611
Total school food services	4,341,380	4,074,422	4,767,033	692,611
Total education	4,341,380	4,074,422	4,767,033	692,611
Total Cafeteria Fund	\$ 4,341,380	\$ 4,074,422	\$ 4,767,033	\$ 692,611

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over
	Original	Final		(Under)
Discretely Presented Component Unit - School Board:				
Head Start Fund:				
Education:				
Instruction	\$ 2,472,252	\$ 2,622,510	\$ 2,650,128	\$ 27,618
Administration, attendance and health	383,064	489,201	492,736	3,535
Transportation services	82,967	59,480	56,413	(3,067)
Operations and maintenance services	12,695	11,797	5,404	(6,393)
Total education	2,950,978	3,182,988	3,204,681	21,693
Total Head Start Fund	\$ 2,950,978	\$ 3,182,988	\$ 3,204,681	\$ 21,693
Governor's School Fund:				
Education:				
Instruction	\$ 1,520,994	\$ 1,538,139	\$ 1,498,629	\$ (39,510)
Operations and maintenance services	111,200	111,200	30,750	(80,450)
Contribution to primary government	-	-	78,918	78,918
Total education	1,632,194	1,649,339	1,608,297	(41,042)
Total Governor's School Fund	\$ 1,632,194	\$ 1,649,339	\$ 1,608,297	\$ (41,042)
Total Discretely Presented Component Unit - School Board	\$ 114,914,130	\$ 115,889,876	\$ 116,068,822	\$ 178,946

STATISTICAL SECTION

COUNTY OF AUGUSTA, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

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

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year.

NET POSITION/ASSETS⁽¹⁾ BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government										
Governmental activities:										
Net investment in capital assets	\$ 13,116,731	\$ 6,505,638	\$ 14,050,950	\$ 6,243,063	\$ 14,785,963	\$ 16,731,529	\$ 14,697,452	\$ (28,355,363)	\$ 14,587,191	\$ 16,861,519
Restricted	1,496,794	1,442,518	1,700,541	1,803,491	4,534,029	3,933,728	26,675,632	8,456,531	3,800,220	2,950,318
Unrestricted	52,255,565	58,132,662	46,866,214	43,862,461	41,015,719	25,271,482	4,559,615	39,611,252	36,958,335	43,746,456
Total primary government, governmental activities net assets	\$ 66,869,090	\$ 66,080,818	\$ 62,617,705							
Total primary government, governmental activities net position				\$ 51,909,015	\$ 60,335,711	\$ 45,936,739	\$ 45,932,699	\$ 19,712,420	\$ 55,345,746	\$ 63,558,293
Component Unit ⁽²⁾										
Component unit - school board:										
Net investment in capital assets	\$ 67,937,017	\$ 70,147,502	\$ 73,689,709	\$ 79,495,252	\$ 73,843,782	\$ 75,857,589	\$ 88,522,897	\$ 118,060,129	\$ 78,473,778	\$ 78,418,587
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(1,329,711)	(1,930,375)	(1,771,091)	(2,760,786)	(3,294,961)	(98,567,183)	(96,659,726)	(96,428,666)	(115,961,481)	(112,884,090)
Total component unit net assets	\$ 66,607,306	\$ 68,217,127	\$ 71,918,618							
Total component unit net position				\$ 76,734,466	\$ 70,548,821	\$ (22,709,594)	\$ (8,136,829)	\$ 21,631,463	\$ (37,487,703)	\$ (34,465,503)
Total Reporting Entity										
Net investment in capital assets	\$ 81,053,748	\$ 76,653,140	\$ 87,740,659	\$ 85,738,315	\$ 88,629,745	\$ 92,589,118	\$ 103,220,349	\$ 89,704,766	\$ 93,060,969	\$ 95,280,106
Restricted	1,496,794	1,442,518	1,700,541	1,803,491	4,534,029	3,933,728	26,675,632	8,456,531	3,800,220	2,950,318
Unrestricted	50,925,854	56,202,287	45,095,123	41,101,675	37,720,758	(73,295,701)	(92,100,111)	(56,817,414)	(79,003,146)	(69,137,634)
Total reporting entity net assets	\$ 133,476,396	\$ 134,297,945	\$ 134,536,323							
Total reporting entity net position				\$ 128,643,481	\$ 130,884,532	\$ 23,227,145	\$ 37,795,870	\$ 41,343,883	\$ 17,858,043	\$ 29,092,790
				(3)				(4)		

Notes:

- (1) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."
- (2) Component unit net position/assets are included in the table due to public schools being significant portions of the County operations. In Virginia, the County issues debt to finance the construction of facilities for the component unit because the component unit does not have borrowing or taxing authority.
- (3) At June 30, 2014, net position was restated for the implementation of GASB Statement No. 68, which reduced net position by \$13,744,283 for the primary government and \$96,743,465 for the component unit - school board.
- (4) At June 30, 2017, net position was restated for the implementation of GASB Statement No. 75, which reduced net position by \$2,777,000 for the primary government and \$21,048,441 for the component unit - School Board.

COUNTY OF AUGUSTA, VIRGINIA

Table 2
Page 1 of 2

CHANGES IN NET POSITION/ASSETS⁽²⁾

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government										
Expenses:										
Governmental activities:										
General government	\$ 4,184,974	\$ 4,692,239	\$ 5,596,300	\$ 6,214,685	\$ 5,826,866	\$ 5,872,140	\$ 5,499,180	\$ 6,377,127	\$ 6,503,063	\$ 8,988,980
Judicial administration	1,757,348	1,708,402	1,679,718	1,763,311	1,772,021	1,716,540	1,865,010	1,995,424	2,017,262	2,108,041
Public safety	15,364,669	15,980,626	16,383,625	20,223,736	19,778,068	18,716,024	12,567,986	21,392,046	23,846,222	24,101,613
Public works	4,314,949	3,612,340	4,913,232	9,779,172	11,849,900	6,880,503	7,230,620	5,305,146	7,281,618	4,543,783
Health and welfare	13,092,468	12,853,535	13,531,460	13,600,850	14,576,794	14,725,715	14,668,197	16,469,416	16,186,578	18,370,628
Education	37,563,872	39,017,924	39,414,225	44,657,620	36,151,010	45,818,355	57,310,966	75,383,817	10,657,884	48,304,659
Parks, recreation and cultural	3,029,700	3,488,980	3,686,421	2,908,027	2,613,593	2,771,476	2,821,846	2,858,721	3,316,542	2,449,762
Community development	1,777,548	1,575,691	1,987,718	3,607,318	2,703,540	2,878,735	1,750,061	1,797,866	2,184,255	1,905,013
Interest on long-term debt	3,058,358	2,771,393	2,506,373	2,575,695	2,314,911	2,137,087	1,869,342	3,246,063	2,710,519	2,403,885
Total primary government expenses	84,143,886	85,701,130	89,699,072	105,330,414	97,586,703	101,516,575	105,583,208	134,825,626	74,703,943	113,176,364
Program revenues:										
Governmental activities:										
Charges for services:										
General government	570,568	666,334	566,517	612,266	621,178	854,701	647,440	740,688	738,561	696,917
Judicial administration	299,426	298,686	238,266	238,047	218,470	222,118	207,767	232,593	267,257	281,445
Public safety	405,743	879,276	831,899	1,180,338	1,497,982	1,502,939	1,430,692	1,631,946	1,914,075	3,155,549
Public works	1,149,190	987,779	947,668	947,251	1,092,513	1,065,703	1,093,681	1,281,673	1,528,230	2,221,686
Health and welfare	382,719	352,321	388,108	329,763	153,074	142,772	181,556	158,177	190,817	1,342,228
Parks, recreation and cultural	749,885	722,413	791,546	816,405	752,909	772,613	843,530	824,567	817,258	996,007
Operating grants and contributions	15,052,450	15,042,625	15,109,815	16,026,250	17,285,378	16,701,623	16,661,521	18,706,733	19,057,643	18,868,004
Capital grants and contributions	197,886	432,880	1,319,142	5,723,148	7,429,523	3,084,267	3,994,031	2,296,245	3,423,147	1,204,916
Total primary government program revenues	18,807,867	19,382,314	20,192,961	25,873,468	29,051,027	24,346,736	25,060,218	25,872,622	27,936,988	28,766,752
Total primary government net expenses⁽¹⁾	(65,336,019)	(66,318,816)	(69,506,111)	(79,456,946)	(68,535,676)	(77,169,839)	(80,522,990)	(108,953,004)	(46,766,955)	(84,409,612)
General revenues and other changes in net assets/position:										
Governmental activities:										
Taxes:										
Property taxes	42,723,198	44,520,421	44,920,894	46,893,968	51,900,224	53,585,755	56,937,887	58,296,837	60,545,183	66,259,967
Local sales and use taxes	4,384,864	4,493,294	4,532,643	4,823,327	4,803,575	4,984,203	5,422,965	5,542,113	5,673,129	6,240,415
Consumer utility taxes	1,678,592	1,693,984	1,684,948	1,714,242	1,724,037	1,749,332	1,781,431	1,786,347	1,791,413	1,804,213
Business licenses taxes	2,655,872	3,034,935	3,241,549	3,183,170	3,488,169	3,734,050	3,526,206	3,625,435	3,813,142	4,065,916
Restaurant food taxes	2,169,738	2,169,324	2,193,920	2,246,096	2,081,118	2,320,903	2,419,683	2,544,440	2,504,972	2,558,254
Other local taxes	1,638,634	1,594,562	1,557,871	1,629,127	1,853,526	1,856,653	1,964,970	2,106,591	2,107,785	2,171,699
Unrestricted grants and contributions	7,256,687	7,218,860	7,152,277	7,373,603	7,578,602	7,446,327	7,510,753	7,497,164	7,382,817	7,540,903
Unrestricted revenues from use of money and property	883,653	773,458	594,536	509,635	537,628	567,927	634,230	592,384	795,317	1,510,344
Gain (loss) on disposal of capital assets	-	-	-	375,088	-	-	-	285,000	-	-
Miscellaneous	1,832,444	31,706	164,360	-	818,655	270,000	320,825	456,414	563,523	470,448
Total primary government general revenues and other changes in net assets/position	65,223,682	65,530,544	66,042,998	68,748,256	74,785,534	76,515,150	80,518,950	82,732,725	85,177,281	92,622,159
Change in net assets:										
Total primary government	\$ (112,337)	\$ (788,272)	\$ (3,463,113)							
Change in net position:										
Total primary government	\$ (10,708,690)	\$ 6,249,858	\$ (654,689)	\$ (4,040)	\$ (26,220,279)	\$ 38,410,326	\$ 8,212,547			

CHANGES IN NET POSITION/ASSETS⁽²⁾

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Component Unit ⁽²⁾										
Expenses:										
School Board	\$ 106,765,743	\$ 101,812,342	\$ 99,494,039	\$ 101,705,922	\$ 110,663,364	\$ 106,500,888	\$ 96,031,665	\$ 83,895,486	\$ 156,045,549	\$ 113,102,026
Total component unit expenses	106,765,743	101,812,342	99,494,039	101,705,922	110,663,364	106,500,888	96,031,665	83,895,486	156,045,549	113,102,026
Program revenues:										
Charges for services	3,969,259	3,903,726	3,625,413	4,216,248	3,272,742	3,257,108	3,367,635	3,116,679	3,027,439	4,147,506
Operating grants and contributions	67,489,090	62,292,979	62,352,796	63,796,761	60,559,006	63,399,705	64,139,916	66,074,497	67,255,166	69,424,386
Capital grants and contributions	813,450	-	-	-	-	449,479	46,509	-	-	-
Total component unit program revenues	72,271,799	66,196,705	65,978,209	68,013,009	63,831,748	67,106,292	67,554,060	69,191,176	70,282,605	73,571,892
Total component unit net expense⁽¹⁾	(34,493,944)	(35,615,637)	(33,515,830)	(33,692,913)	(46,831,616)	(39,394,596)	(28,477,605)	(14,704,310)	(85,762,944)	(39,530,134)
General revenues and other changes in net assets/position:										
Unrestricted grants and contributions	35,963,285	36,461,858	36,339,862	38,164,900	40,795,739	41,844,914	42,430,723	43,347,751	46,156,655	42,124,975
Unrestricted revenues from use of money and property	50,872	52,957	45,453	43,931	35,294	34,841	54,183	55,715	143,819	116,756
Miscellaneous	933,107	710,643	832,006	299,927	607,376	999,891	565,464	1,069,136	1,391,745	310,603
Total component unit general revenues and other changes in net assets/position	36,947,264	37,225,458	37,217,321	38,508,758	41,438,409	42,879,646	43,050,370	44,472,602	47,692,219	42,552,334
Change in net assets:										
Total component unit	\$ 2,453,320	\$ 1,609,821	\$ 3,701,491							
Change in net position:										
Total component unit				\$ 4,815,845	\$ (5,393,207)	\$ 3,485,050	\$ 14,572,765	\$ 29,768,292	\$ (38,070,725)	\$ 3,022,200
Total Reporting Entity Change in Net Assets	\$ 2,340,983	\$ 821,549	\$ 238,378							
Total Reporting Entity Change in Net Position				\$ (5,892,845)	\$ 856,651	\$ 2,830,361	\$ 14,568,725	\$ 3,548,013	\$ 339,601	\$ 11,234,747

Notes:

- (1) Net (expense) revenues is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.
- (2) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."
- (3) The component unit, School Board, was included in this table due to their significance to the County.

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**Last Ten Fiscal Years***(accrual basis of accounting)*

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumer Utility Tax	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
2019	\$ 66,259,967	\$ 6,240,415	\$ 1,804,213	\$ 4,065,916	\$ 2,558,254	\$ 2,171,699	\$ 83,100,464
2018	60,545,183	5,673,129	1,791,413	3,813,142	2,504,972	2,107,785	76,435,624
2017	58,296,837	5,542,113	1,786,347	3,625,435	2,544,440	2,106,591	73,901,763
2016	56,937,887	5,422,965	1,781,431	3,526,206	2,419,683	1,964,970	72,053,142
2015	53,585,755	4,984,203	1,749,332	3,734,050	2,320,903	1,856,653	68,230,896
2014	51,900,224	4,803,575	1,724,037	3,488,169	2,081,118	1,853,526	65,850,649
2013	46,893,968	4,823,327	1,714,242	3,183,170	2,246,096	1,629,127	60,489,930
2012	44,920,894	4,532,643	1,684,948	3,241,549	2,193,920	1,557,871	58,131,825
2011	44,520,421	4,493,294	1,693,984	3,034,935	2,169,324	1,594,562	57,506,520
2010	42,723,198	4,384,864	1,678,592	2,655,872	2,169,738	1,638,634	55,250,898

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year June 30,									
	2010	2011 ⁽¹⁾	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,631,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	12,201,976	-	-	-	-	-	-	-	-	-
Nonspendable	-	5,000	143,157	91,255	41,721	154,477	106,493	93,961	1,203,806	1,209,984
Restricted	-	1,442,518	1,700,541	1,803,492	2,006,339	2,352,414	2,659,784	2,966,538	2,932,086	2,756,012
Committed	-	645,660	407,722	747,920	691,504	1,116,221	1,249,070	1,171,649	1,498,042	1,714,591
Assigned	-	631,426	199,905	203,579	206,303	221,784	234,072	253,977	257,332	317,243
Unassigned	-	13,416,628	11,940,495	12,319,579	11,986,399	12,001,256	12,439,272	13,658,436	11,798,202	13,172,482
Total general fund	13,833,055	16,141,232	14,391,820	15,165,825	14,932,266	15,846,152	16,688,691	18,144,561	17,689,468	19,170,312
All Other Governmental Funds										
Reserved	35,477,239	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Capital projects funds	644,894	-	-	-	-	-	-	-	-	-
Restricted	-	6,572,262	5,374,308	4,929,034	2,244,271	455,329	19,457,305	5,489,993	868,135	194,307
Committed	-	10,250,894	8,134,044	5,294,761	3,304,648	1,148,900	2,645,897	-	-	-
Assigned	-	20,820,221	22,294,342	21,750,133	24,831,423	25,357,733	25,219,223	27,326,844	27,607,372	31,371,591
Unassigned	-	-	-	-	-	(318,771)	(757,966)	(397,747)	-	-
Total all other governmental funds	36,122,133	37,643,377	35,802,694	31,973,928	30,380,342	26,643,191	46,564,459	32,419,090	28,475,507	31,565,898
Total fund balances	\$ 49,955,188	\$ 53,784,609	\$ 50,194,514	\$ 47,139,753	\$ 45,312,608	\$ 42,489,343	\$ 63,253,150	\$ 50,563,651	\$ 46,164,975	\$ 50,736,210

Note:

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

CHANGES FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
General property taxes	\$ 42,548,270	\$ 43,846,031	\$ 44,460,692	\$ 47,584,001	\$ 51,399,020	\$ 52,963,125	\$ 56,207,747	\$ 58,114,396	\$ 61,109,229	\$ 66,330,173
Other local taxes	15,144,841	15,590,286	15,787,363	16,174,522	13,976,359	14,671,097	15,140,297	15,613,974	15,890,441	16,840,497
Permits, privilege fees and regulatory licenses	503,698	570,514	487,988	526,622	524,896	764,794	568,023	645,578	637,374	608,943
Fines and forfeitures	237,312	268,311	209,963	239,453	208,086	206,125	149,052	214,784	311,426	347,877
Revenue from use of money and property	876,207	771,283	609,792	544,808	549,465	594,562	677,776	719,415	843,096	1,510,344
Charges for services	2,816,521	3,067,984	3,066,053	3,357,995	3,603,144	3,589,927	3,644,104	4,009,282	4,507,398	5,340,430
Miscellaneous	346,108	418,728	322,129	542,617	756,329	432,789	813,309	1,624,932	616,839	470,448
Recovered costs	952,433	1,138,069	1,267,077	1,476,825	1,489,783	2,430,905	2,493,669	2,433,649	2,712,874	2,396,582
Intergovernmental:										
Commonwealth	12,703,348	14,269,074	15,076,076	18,182,170	23,726,548	19,888,254	18,484,319	19,110,574	20,881,834	18,972,342
Federal	7,186,534	5,665,700	5,870,864	8,265,021	8,035,610	7,128,583	9,164,401	8,084,971	8,880,678	8,641,481
Total revenues	83,315,272	85,605,980	87,157,997	96,894,034	104,269,240	102,670,161	107,342,697	110,571,555	116,391,189	121,459,117
Expenditures										
General government administration	3,343,925	3,616,106	4,075,387	4,625,805	4,342,595	4,673,312	4,638,398	5,075,701	5,856,944	5,466,486
Judicial administration	1,699,758	1,684,155	1,685,862	1,782,776	1,762,176	1,839,987	1,910,072	2,030,508	2,137,419	2,178,024
Public safety	14,011,363	14,505,659	15,098,509	17,314,645	18,043,770	18,173,128	19,178,655	20,393,454	21,739,801	23,021,684
Public works	3,070,550	3,172,573	3,159,713	3,301,565	3,356,040	3,465,517	3,467,975	3,686,463	3,810,788	4,415,893
Health and welfare	13,843,889	13,822,278	14,531,194	14,728,109	15,703,648	16,389,266	16,378,953	17,863,715	18,103,067	18,819,407
Education	31,615,617	32,297,967	31,821,633	33,822,914	36,443,632	37,852,654	38,511,372	40,078,627	41,566,439	42,051,057
Parks, recreation and cultural	2,534,024	2,527,128	2,684,847	2,637,783	2,585,384	2,685,441	2,798,340	2,834,341	2,838,479	2,489,020
Community development	1,425,210	1,371,828	1,374,221	1,428,431	1,446,741	1,447,545	1,555,969	1,808,146	1,838,995	1,859,303
Nondepartmental	127,533	164,005	222,620	204,272	137,489	144,535	169,899	209,231	143,194	213,767
Capital projects	4,092,663	7,853,227	15,232,499	18,408,583	14,236,573	13,012,823	19,974,595	37,433,314	13,166,593	6,947,042
Debt service:										
Principal	5,332,496	5,327,893	5,802,775	5,739,880	5,874,929	5,554,182	5,766,351	4,909,556	6,208,384	6,464,345
Interest and other fiscal charges	3,299,500	3,019,293	2,740,438	2,573,576	2,671,273	2,440,691	2,232,757	2,755,287	3,379,762	2,961,858
Total expenditures	84,396,528	89,362,112	98,429,698	106,568,339	106,604,250	107,679,081	116,583,336	139,078,343	120,789,865	116,887,886
Excess (deficiency) of revenues over (under) expenditures	(1,081,256)	(3,756,132)	(11,271,701)	(9,674,305)	(2,335,010)	(5,008,920)	(9,240,639)	(28,506,788)	(4,398,676)	4,571,231
Other Financing Sources (Uses)										
Sale of land	-	-	-	-	-	-	-	285,000	-	-
Transfers in	15,170,842	13,694,038	16,250,701	13,458,170	16,621,651	17,538,558	20,160,743	15,898,012	19,450,584	22,495,848
Transfers out	(15,170,842)	(13,608,485)	(16,250,701)	(13,458,170)	(16,621,651)	(17,538,558)	(20,160,743)	(15,898,012)	(19,450,584)	(22,495,848)
Bonds issued	-	7,500,000	6,600,000	5,526,185	691,882	2,185,655	27,622,785	14,285,000	-	-
Premium on bonds issued	-	-	966,694	718,271	-	-	2,381,661	1,247,289	-	-
Sale of capital assets	-	-	-	375,088	-	-	-	-	-	-
Total other financing sources, net	-	7,585,553	7,566,694	6,619,544	691,882	2,185,655	30,004,446	15,817,289	-	-
Net change in fund balances	\$ (1,081,256)	\$ 3,829,421	\$ (3,705,007)	\$ (3,054,761)	\$ (1,643,128)	\$ (2,823,265)	\$ 20,763,807	\$ (12,689,499)	\$ (4,398,676)	\$ 4,571,231
Debt Service as a Percentage of Noncapital Expenditures	10.83%	9.73%	9.70%	8.00%	8.24%	7.68%	6.99%	5.60%	8.10%	8.06%

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**Last Ten Fiscal Years***(modified accrual basis of accounting)*

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumer Utility Tax	Business License Tax	Restaurant Food Tax	Other Local Tax	Total
2019	\$ 66,330,173	\$ 6,240,415	\$ 1,804,213	\$ 4,065,916	\$ 2,558,254	\$ 2,171,699	\$ 83,170,670
2018	61,109,229	5,673,129	1,791,413	3,813,142	2,504,972	2,107,785	76,999,670
2017	58,114,396	5,542,113	1,786,347	3,625,435	2,544,440	2,106,591	73,719,322
2016	56,207,747	5,422,965	1,781,431	3,526,206	2,444,725	1,964,970	71,348,044
2015	52,963,125	4,984,203	1,749,332	3,734,050	2,320,903	1,856,653	67,608,266
2014	51,399,030	4,803,575	1,724,037	3,488,169	2,081,118	1,853,526	65,349,455
2013	47,584,001	4,823,327	1,714,242	3,183,170	2,246,096	1,629,127	61,179,963
2012	44,460,692	4,532,643	1,684,948	3,241,549	2,193,920	1,557,871	57,671,623
2011	43,846,031	4,493,294	1,693,984	3,034,935	2,169,324	1,594,562	56,832,130
2010	42,548,270	4,384,864	1,678,592	2,655,872	2,169,738	1,638,634	55,075,970

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Real Estate ⁽¹⁾	Personal Property ⁽²⁾	Machinery and Tools	Public Service ⁽³⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	State Sales Assessment Ratio ⁽⁴⁾
2019	\$7,179,876,646	\$ 726,168,020	\$ 216,125,380	\$ 458,514,898	\$8,580,684,944	\$ 0.81	\$9,157,614,668	93.70%
2018	6,596,809,781	694,028,820	210,101,090	452,830,444	7,953,770,135	0.81	8,654,809,723	91.90%
2017	6,809,979,950	685,423,223	199,672,770	459,153,026	8,154,228,969	0.76	8,647,114,495	94.30% ⁽⁵⁾
2016	6,749,732,645	664,734,844	190,814,950	394,852,593	8,000,135,032	0.76	8,483,706,291	94.30%
2015	6,664,333,605	634,007,910	182,405,510	304,068,097	7,784,815,122	0.74	7,792,607,730	99.90%
2014	6,720,763,659	630,856,230	174,573,180	302,295,345	7,828,488,414	0.70	7,955,780,909	98.40%
2013	6,627,699,412	610,670,920	169,345,780	306,388,610	7,714,104,722	0.67	7,714,104,722	100.00%
2012	6,605,841,389	587,378,990	163,603,880	270,112,744	7,626,937,003	0.63	7,626,937,003	100.00%
2011	6,574,353,920	571,552,370	160,112,380	271,260,646	7,577,279,316	0.63	7,860,248,253	96.40%
2010	6,523,317,700	545,724,160	157,441,730	221,103,702	7,447,587,292	0.63	8,016,778,571	92.90%

Source: Commissioner of Revenue

Notes:

- ⁽¹⁾ Real estate is assessed at 100% of fair market value.
- ⁽²⁾ Includes PPTRA.
- ⁽³⁾ Assessed values are established by the State Corporation Commission.
- ⁽⁴⁾ Source: Virginia Department of Taxation.
- ⁽⁵⁾ 2017 Information is unavailable; used 2016 ratio.

PROPERTY TAX RATES⁽¹⁾
Last Ten Fiscal Years

Calendar Year	Property Tax Rates						
	Real Estate	Personal Property ⁽²⁾		Mobile Homes	Machinery and Tools	Total Direct Rate	
		Vehicle	Other				
2019	\$ 0.63	\$ 2.50	\$ 2.00	\$ 0.63	\$ 2.00	\$ 0.81	
2018	0.63	2.50	2.00	0.63	2.00	0.81	
2017	0.58	2.50	2.00	0.58	2.00	0.76	
2016	0.58	2.50	2.00	0.58	2.00	0.76	
2015	0.58	2.50	2.00	0.58	2.00	0.74	
2014	0.56	2.50	1.90	0.56	1.90	0.70	
2013	0.51	2.50	1.90	0.51	1.90	0.67	
2012	0.48	2.25	1.90	0.48	1.90	0.63	
2011	0.48	2.25	1.90	0.48	1.90	0.63	
2010	0.48	2.25	1.90	0.48	1.90	0.63	

Notes:

⁽¹⁾ Per \$100 of assessed value.

⁽²⁾ Personal Property includes:

Vehicle – auto, motorcycle, campers, boats, airplanes, trailers

Other – business personal property, large trucks and trailers

PRINCIPAL PROPERTY TAXPAYERS
Current Year and the Period Nine Years Prior

Taxpayer	Business Type	Fiscal Year 2019			Fiscal Year 2010		
		2018 Assessed Valuation	Rank	% of Total Assessed Valuation	2009 Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 305,302,620	1	3.56%	\$ 110,899,220	1	1.49%
Hershey Foods Corporation	Food Manufacturer	121,267,930	2	1.41%	89,393,670	2	1.20%
McKee Baking Company	Food Manufacturer	72,198,710	3	0.84%	63,586,692	3	0.85%
Shenandoah Valley Electric	Public Utility	61,229,029	4	0.71%	47,809,890	4	0.64%
Target Corporation	Distribution Center	50,363,350	5	0.59%	-		
Shamrock Foods Company	Food Manufacturer	38,595,050	6	0.45%	-		
Hollister, Inc.	Medical Supplies Mfg.	30,482,619	7	0.36%	14,564,529	9	0.20%
MeadWestvaco	Paper Mfg. Warehouse	27,090,200	8	0.32%	20,540,400	6	0.28%
Daikin (formerly McQuay International)	Industrial Air Cond. Equip.	24,767,560	9	0.29%	14,037,420	10	0.19%
Nibco, Inc.	Copper Pipe Fittings	22,998,090	10	0.27%	-		
Pactiv (formerly Reynolds Metals)	Flexible Packaging	-		0.00%	15,768,850	8	0.21%
First Republic Group Realty/Colonial Realty		-		0.00%	17,066,800	7	0.23%
Verizon/Bell Atlantic	Public Utility	-		0.00%	24,889,951	5	0.33%
		<u>\$ 754,295,158</u>		<u>8.79%</u>	<u>\$ 418,557,422</u>		<u>5.62%</u>

Source: Commissioner of Revenue

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years

Calendar Year	Total Tax Levy for the Calendar Year	Collected within the Calendar Year of the Levy ⁽¹⁾		Collections in Subsequent Calendar Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019 ⁽²⁾	\$ 46,771,704	\$ 22,567,303	48.25%	\$ -	\$ 22,567,303	48.25%
2018	43,362,902	20,976,872	48.38%	-	20,976,872	48.38%
2017	39,566,310	19,149,256	48.40%	809,533 ⁽³⁾	19,958,789	50.44%
2016	39,237,356	18,855,700	48.06%	1,001,416	19,857,116	50.61%
2015	54,137,817	52,062,743	96.17%	1,159,780	53,222,523	98.31%
2014	50,824,584	49,510,805	97.42%	1,100,556	50,611,361	99.58%
2013	47,830,373	46,083,456	96.35%	1,056,979	47,140,435	98.56%
2012	44,774,638	43,464,667	97.07%	1,036,006	44,500,673	99.39%
2011	43,112,259	41,527,999	96.33%	1,088,892	42,616,891	98.85%
2010	42,384,976	41,069,985	96.90%	1,074,742	42,144,727	99.43%

Source: Commissioner of Revenue, County Treasurer's Office

Notes:

- ⁽¹⁾ Includes PPTRA collections from the Commonwealth of Virginia.
- ⁽²⁾ Taxes levied for the current calendar year include real estate taxes only; which are levied in May and due 50% in June and 50% in December. Personal property taxes are levied by September.
- ⁽³⁾ The calendar year levy is not considered delinquent and a subsequent year collection until July 1 of the following fiscal year.

RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Other Notes/Bonds			
2019	\$ 74,473,645	\$ 6,424,009	\$ 80,897,654	2.53%	\$ 1,072
2018	80,768,982	7,020,530	87,789,512	2.75%	1,168
2017	86,828,357	7,597,052	94,425,409	2.97%	1,259
2016	75,885,169	8,163,572	84,048,741	2.84%	1,131
2015	51,139,403	8,715,094	59,854,497	2.04%	805
2014	56,548,128	6,890,001	63,438,129	2.25%	859
2013	62,543,941	6,244,457	68,788,398	2.53%	931
2012	68,402,704	-	68,402,704	2.51%	929
2011	66,757,671	-	66,757,671	2.59%	908
2010	64,704,450	-	64,704,450	2.63%	877

Notes:

⁽¹⁾ See the Schedule of Demographic and Economic Statistics – Table 13

⁽²⁾ Details regarding the County's outstanding debt can be found in the Notes to Financial Statements.

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years**

Fiscal Year	Net Bonded Debt ⁽³⁾	Ratio of Net General Obligation Debt to Assessed Value ⁽²⁾	Net Bonded Debt per Capita ⁽¹⁾
2019	\$ 74,473,645	0.87%	\$ 987
2018	80,768,982	1.02%	1,075
2017	86,828,357	1.06%	1,158
2016	75,885,169	0.95%	1,021
2015	51,139,403	0.66%	688
2014	56,548,128	0.72%	766
2013	62,543,941	0.81%	846
2012	68,402,704	0.90%	929
2011	66,757,671	0.88%	908
2010	64,704,450	0.87%	877

Notes:

- (1) Population data can be found in the Schedule of Demographic and Economic Statistics – Table 13.
 (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property – Table 7.
 (3) Includes all long-term general obligation bonded debt, excludes revenue bonds, capital leases, and compensated absences.

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2019	75,457	42,436	56.24%	45-49	9,925	2.60%
2018	75,144	42,436	56.47%	45-49	9,939	3.00%
2017	74,997	42,436	56.58%	45-49	9,968	3.60%
2016	74,314	39,856	53.63%	50-54	10,106	3.50%
2015	74,314	39,479	53.12%	50-54	10,162	4.70%
2014	73,862	38,255	51.79%	50-54	10,325	4.70%
2013	73,912	36,764	49.74%	50-54	10,415	5.30%
2012	73,658	37,053	50.30%	50-54	10,405	5.90%
2011	73,549	35,021	47.62%	50-54	10,457	6.20%
2010	73,750	33,380	45.26%	45-49	10,515	6.60%

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

Note:

⁽¹⁾ Data that is unavailable for a more recent year is noted as the prior year's amount.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Fiscal Year 2019			Fiscal Year 2010		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	4.17%	1000+	1	4.27%
Augusta Medical Center	1000+	2	4.17%	1000+	2	4.27%
Hershey Chocolate of Virginia	500-999	3	2.09%	500-999	4	2.13%
McKee Foods Corporation	500-999	4	2.09%	500-999	3	2.13%
Target Corp.	500-999	5	2.09%	500-999	5	2.13%
Hollister, Inc.	500-999	6	2.09%	250-499	6	1.07%
J.B. Hunt Transport	500-999	7	2.09%	-		1.07%
AAF McQuay, Inc.	500-999	8	2.09%	250-499	7	1.07%
County of Augusta	250-499	9	1.04%	-		1.07%
NIBCO of Virginia	250-499	10	1.04%			
Blue Ridge Community College	-		0.00%	250-499	9	1.07%
Augusta Correctional Center	-		0.00%	250-499	8	1.07%
Alcoa Building Products	-		0.00%	250-499	10	1.07%
Totals, average	8,250		22.96%	7,125		22.42%
Total County employment	35,929			35,148		

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

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	46	46	46	47	46	47	50	50	50	50
Judicial administration	26	26	26	23	23	23	26	27	27	27
Public safety:										
Sheriffs department	74	74	74	74	76	80	76	78	80	85
Emergency communication center	18	19	19	18	18	18	18	18	18	18
Fire & rescue	47	51	59	80	80	86	105	105	105	105
Building inspections	7	6	6	6	6	6	6	6	6	6
Animal control	3	3	3	3	3	3	3	3	3	3
Public works										
Facilities management:	17	17	17	17	17	19	27	31	31	35
Health and welfare:										
Department of social services	129	129	129	121	123	132	134	144	145	145
Culture and recreation:										
Parks and recreation	11	11	10	10	10	11	10	10	10	6
Library	15	15	15	15	15	15	16	16	16	16
Community development	12	12	12	10	10	10	11	11	11	11
Economic development	1	1	1	1	2	2	2	2	2	2
Totals	406	410	417	425	429	452	484	501	504	509

Source: Human Resources

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Sheriffs Department:										
Number of police personnel and officers	76	74	74	74	76	80	73	80	80	88
Physical arrests	2,203	1,935	1,608	1,642	1,865	1,876	1,907	2,383	2,469	2,328
Traffic violations	6,124	5,608	4,079	3,367	3,928	3,444	2,419	5,045	5,695	5,273
Parking violations	-	-	-	-	28	9	6	6	-	4
Fire and rescue:										
Number of calls answered	18,065	17,800	18,093	18,884	17,949	17,645	17,866	18,338	18,811	20,055
Number of volunteers ⁽¹⁾	1,006	802	884	890	964	921	858	813	785	607
Number of paid fire personnel and officers	47	51	59	80	81	86	86	105	105	105
Building inspections:										
Permits issued	791	763	780	728	801	812	826	907	779	N/A
Animal control:										
Number of calls answered	3,218	2,858	2,884	3,272	2,940	2,961	2,781	2,510	2,737	N/A
Public Works										
Facilities Management										
Trucks/vehicles ⁽³⁾	7	7	7	7	7	7	7	7	15	15
Health and Welfare										
Department of Social Services:										
Caseload	11,053	12,148	12,153	12,389	12,050	11,555	11,420	11,514	11,708	12,299
Culture and Recreation										
Parks and recreation:										
After-school program participants	324	300	291	304	289	284	285	279	272	226
Community Development										
Planning:										
Zoning permits issued	494	565	525	487	471	509	521	517	475	N/A
Component Unit - School Board										
Education:										
Instruction	1,155	1,136	1,111	1,105	1,088	1,079	1,071	1,079	1,056	1,064
Other	485	481	467	474	478	476	485	513	502	511
Total	1,640	1,617	1,578	1,579	1,566	1,555	1,555	1,592	1,558	1,575
Average daily membership	10,515	10,457	10,405	10,415	10,325	10,162	10,106	9,968	9,939	9,925
Local expenditures per pupil ⁽²⁾	3,828	3,887	3,879	4,046	4,357.37	4,459.09	4,530	4,640	5,090	5,113

Source: Individual County departments

Notes:

- ⁽¹⁾ All County funded stations
- ⁽²⁾ Includes debt service
- ⁽³⁾ In fiscal year 2018, Maintenance and Parks and Recreation grounds was merged to create Facilities Management. Vehicles were moved from Parks and Recreation.

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Administration buildings	17	17	17	17	17	17	17	17	17	17
Vehicles	5	5	5	5	5	5	5	5	5	5
Public Safety										
Sheriff's Department:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	71	71	71	72	75	75	74	75	81	81
Other vehicles	9	11	11	17	14	13	15	10	19	19
Fire and rescue:										
Number of fire & rescue stations	16	17	17	17	17	17	17	17	17	17
Number of apparatus	177	166	155	159	169	169	170	176	179	179
Building inspections:										
Vehicles	5	5	4	3	4	4	4	4	4	4
Animal control:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Mobile Command Units	1	1	1	1	1	1	1	1	1	1
Public Works										
General maintenance:										
Trucks/vehicles ⁽²⁾	7	7	7	7	7	7	7	7	15	15
Compactor sites	10	10	10	10	10	10	10	10	10	10
Health and Welfare										
Department of Social Services:										
Vehicles	27	27	27	28	28	28	29	28	29	29
Culture and Recreation										
Parks and recreation:										
Community centers	6	6	6	6	6	6	6	6	6	6
Vehicles	13	13	14	15	15	14	12	12	12	7
Parks	5	5	5	5	5	5	5	5	5	5
Parks acreage	210	210	210	210	210	210	210	210	210	217
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts ⁽¹⁾	18	18	18	18	18	18	18	18	18	18
Library:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Community Development										
Planning:										
Vehicles	4	4	4	4	4	4	4	4	4	4
Economic Development:										
Vehicles	-	-	-	-	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Number of schools:										
Elementary	12	12	12	12	11	11	11	11	11	11
Middle	4	4	4	4	4	4	4	4	4	4
High	5	5	5	5	5	5	5	5	5	5

Source: Individual County departments

Notes:

- (1) At high and middle schools.
- (2) Maintenance and Parks and Recreation grounds were combined to create facilities management that moved vehicles between departments.

COMPLIANCE SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **Year Ended June 30, 2019**

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Department of Agriculture:				
Pass-Through Payments:				
Department of Agriculture:				
Watershed Rehabilitation Program	10.916	Upper North River #10	\$ -	\$ 619,379
Child Nutrition Cluster:				
Commodity Distributions	10.555	Not Provided	-	338,849
Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	Not Provided	-	980,425
National School Lunch Program	10.555	Not Provided	-	1,875,712
Total Child Nutrition Cluster				<u>3,194,986</u>
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	Not Provided	-	135,736
Total Forest Service Schools and Roads Cluster				<u>135,736</u>
Department of Social Services:				
SNAP Cluster:				
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Provided	-	1,374,317
Total SNAP Cluster				<u>1,374,317</u>
Total Department of Agriculture - pass-through payments				<u>5,324,418</u>
Total Department of Agriculture				<u>5,324,418</u>
Department of the Interior:				
Direct payments:				
Bureau of Land Management:				
Payments in Lieu of Taxes	15.226	N/A	-	551,547
Natural Resource Damage Assessment, Restoration and Implementation	15.658	N/A	-	102,358
Total Department of the Interior - direct payments				<u>653,905</u>
Department of Justice:				
Direct payments:				
		2017-DJ-BX-0100/2018-DJ-		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BX-0056	-	22,359
Bulletproof Vest Partnership Program	16.607	2103 Regular Fund	-	3,003
Total Department of Justice - direct payments				<u>25,362</u>
Department of Justice:				
Pass-Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	19-Y8564VW17	-	82,706
Violence Against Women Formula Grants	16.588	18-T3161VA17	-	21,626
Violence Against Women Formula Grants	16.588	19-U3161VA18	-	31,020
Violence Against Women Formula Grants	16.588	19-O4704VA18	-	7,455
Violence Against Women Formula Grants	16.588	18-N4704VA17	-	9,990
Total Department of Justice - pass-through payments				<u>152,797</u>
Total Department of Justice				<u>178,159</u>
Department of Transportation:				
Pass-Through Payments:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	FSC-2019-59174-9174	-	9,339
Alcohol Open Container Requirements	20.607	FSC-2018-58156-8156	-	(2,642)
Alcohol Open Container Requirements	20.607	154AL-2019-59158-9158	-	24,063
Alcohol Open Container Requirements	20.607	154L-2018-58139-	-	1,230
Department of Transportation:				
Highway Planning and Construction Cluster	20.205	Not provided	-	57,239
Total Highway Planning and Construction Cluster				<u>57,239</u>
Total Department of Transportation				<u>89,229</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **Year Ended June 30, 2019**

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	CFDA Number	Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Department of Education:				
Pass-Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	Not Provided	\$ -	\$ 1,406,465
Special Education Cluster:				
Special Education - Grants to States	84.027	Not Provided	-	2,175,332
Special Education - Preschool Grants	84.173	Not Provided	-	64,600
Total Special Education Cluster				<u>2,239,932</u>
Title III Part A: Strengthening Institutions Program	84.031	Not Provided	-	4,275
Career and Technology Education: Basic Grants to States	84.048	Not Provided	-	136,406
Special Education - Grants for Infants and Families	84.181	Not Provided	-	68,022
Supporting Effective Instruction State Grant	84.367	Not Provided	-	251,294
Student Support and Academic Enrichment	84.424	Not Provided	-	<u>111,934</u>
Total Department of Education pass-through payments				<u>4,218,328</u>
Department of Health and Human Services:				
Direct Payments:				
Head Start	93.600	N/A	-	<u>3,047,674</u>
Total Dept. Health & Human Services - direct payments				<u>3,047,674</u>
Pass-Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	Not Provided	-	36,746
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	Not Provided	-	<u>1,181,060</u>
TANF Cluster Total				<u>1,181,060</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	Not Provided	-	170
Low Income Home Energy Assistance	93.568	Not Provided	-	157,072
Child Care and Development Cluster:				
Child Care and Development Block Grant	93.575	Not Provided	-	(1,674)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not Provided	-	<u>171,781</u>
Child Care and Development Cluster Total				<u>170,107</u>
Chafee Education and Training Vouchers Program (ETV)	93.599	Not Provided	-	9,148
Adoption and Legal Guardianship Incentive Payments	93.603	Not Provided	-	2,976
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Provided	-	1,093
Foster Care - Title IV-E	93.658	Not Provided	-	790,724
Adoption Assistance	93.659	Not Provided	-	805,723
Social Services Block Grant	93.667	Not Provided	-	863,534
Chafee Foster Care Independence Program	93.674	Not Provided	-	18,079
Children's Health Insurance Program	93.767	Not Provided	-	36,441
Medicaid Cluster:				
Medical Assistance Program (Title XIX)	93.778	Not Provided	-	<u>1,593,991</u>
Medicaid Cluster Total				<u>1,593,991</u>
Total Dept. Health & Human Services - pass-through payments				<u>5,666,864</u>
Total Department Health and Human Services				<u>8,714,538</u>
U.S. Department of Homeland Security:				
Pass-Through Payments:				
Department of Emergency Management:				
State Domestic Preparedness Equipment Support Program	97.004	EMW-2015-FP-00258	-	33,482
Emergency Management Performance Grant	97.042	EMP-2018-EP-00007	-	<u>14,882</u>
Total Department of Homeland Security - pass-through payments				<u>48,364</u>
Total Expenditures of Federal Awards				<u>\$ 19,226,941</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Augusta, Virginia and Component Unit School Board (County) under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

Note 2. Summary of Significant Accounting Estimates

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The County has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Food Distribution

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



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

To the Honorable Members of the Board of Supervisors
County of Augusta, Virginia

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, Virginia (County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

YBMares, LLP

Harrisonburg, Virginia
November 26, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the Board of Supervisors
County of Augusta, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Augusta, Virginia's (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 26, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Section I. SUMMARY OF AUDITOR'S RESULTS*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?

☐ Yes☒ No

Significant deficiencies identified?

☐ Yes☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes☒ No*Federal Awards*

Internal control over major programs:

Material weakness identified?

☐ Yes☒ No

Significant deficiencies identified?

☐ Yes☒ None Reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required
to be reported in accordance with section
2 CFR 200.516(a)?☐ Yes☒ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
SNAP Cluster:	
10.561	Supplemental Nutrition Assistance Program
TANF Cluster:	
93.558	Temporary Assistance for Needy Families
93.600	Head Start
93.659	Adoption Assistance – Title IV-E
93.667	Social Services Block Grant
Medicaid Cluster:	
93.778	Medical Assistance Program (Title XIX)
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Section II. FINANCIAL STATEMENT FINDINGS

None.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

COUNTY OF AUGUSTA, VA.

BOARD OF SUPERVISORS

MARSHALL W. PATTIE
North River

GERALD W. GARBER
Middle River

PAM L. CARTER
Pastures

TERRY L. KELLEY, JR.
Beverley Manor

WENDELL L. COLEMAN
Wayne

MICHAEL L. SHULL
Riverheads

CAROLYN S. BRAGG
South River



TIMOTHY K. FITZGERALD – COUNTY ADMINISTRATOR

AUGUSTA COUNTY GOVERNMENT CENTER

P.O. BOX 590, VERONA, VA 24482-0590

(540) 245-5610 FAX (540) 245-5621

coadmin@co.augusta.va.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2019

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.