

# **COUNTY OF AUGUSTA, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**COUNTY OF AUGUSTA, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2015**

Prepared by

Melissa Meyerhoeffer, Assistant Director of Finance

Jennifer M. Whetzel, Director of Finance

Augusta County, Virginia

**COUNTY OF AUGUSTA, VIRGINIA  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015**

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# **INTRODUCTORY SECTION**



## **COUNTY OF AUGUSTA**

### *Finance Department*

18 Government Center Lane \* PO Box 590

Verona, VA 24482-0590

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

November 25, 2015

### ***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, 2015 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 examination 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, 2015 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, and related to the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* 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 results of the County's single audit for the fiscal year ended June 30, 2015 disclosed one material weakness and one instance of noncompliance. 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 terms. Beginning with the general election in November 2015 the Board of Supervisors shall be elected to 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 2014 population was 73,862. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 21% of the jobs in the County. Manufacturing employs approximately 5,400 of 37,000 plus 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 in 2015 remained the same as the previous year at 4.7%. The County's rate remains lower than that of the State's unemployment rate of 5.0% and compares favorably to the national unemployment rate of 5.5%.

In fiscal year 2015, local revenues continue to grow at a slow rate as local taxes continue to recover from the economic crisis in 2009. Business licenses increased 7% from the prior year due to the continued audit and reporting efforts of the Commissioner of the Revenues' Office. Consumer spending is still slow. The total taxable sales for the County decreased by approximately 2.4% from 2014. Interest revenue still remains significantly low for the County. It is not probable that interest rates will increase in the near future as the federal government continues to monitor interest rates to encourage positive economic activity.

### ☐ 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."

Over the past year Augusta County has made great strides regarding stormwater program development. As a result of the 2010 US Census, portions of the County were defined as an urbanized area (UZA) and with that designation came the requirement for a Municipal Separate Storm Sewer System (MS4) program. The purpose of the MS4 program is to establish minimum control measures that are used to protect properties, safeguard the general health, safety, and welfare of the public residing in watersheds within the County, and protect aquatic resources. As part of the MS4 Program the County has six minimum control measures to monitor the program. Those control measures include public education and outreach; public involvement/participation; illicit discharge detection and elimination; construction site runoff; post-construction stormwater management; and pollution prevention/good housekeeping for municipal operations. To meet these minimum control standards the County Community Development Department has been developing multiple programs to help meet the state law and regulations. Several of the programs already in place for the County's Environmental Management System have been expanded to cover both the environmental side and MS4 control standards. The five year program cycle for MS4 was approved by the Department of Environmental Quality (DEQ) for 2013 through 2018. The County staff worked with DEQ and EPA to establish the best plan to allow development and transition for the community to meet the new state law and regulations. The County has also hired a full-time MS4 Specialist to monitor and regulate the stormwater sewer system along with establish and run all program components. Collecting data and reporting to DEQ will be major components of the job along with finding new ways the County can improve and meet the stormwater goals. Public outreach continues to be a County goal as it develops the Stormwater Management Program and the MS4. During the past year the County has developed a website that informs the public on the effects of pollution and stormwater runoff.

On the website, solutions to stormwater pollution such as proper lawn and auto care, proper pet waste disposal and rain barrels are discussed. The website also has an email address as an alternative avenue for the community to ask questions and voice concerns. The County has conducted public informational workshops with the local development community. These workshops covered changes in stormwater law and regulations and how the County will address stormwater ordinances. The County continues to look for new ways to reach the public to make them aware of the negative effects of stormwater pollution.

## ☐ 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, 2015, the County meets this fund balance policy requirement. 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 \$1,551,179. The County will consider this requirement as it reviews the fund balance policy and prepares for the fiscal year 2016 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, 2015, the County had a number of debt issues outstanding related to school construction. These issues totaled \$48,919,633 in general obligation bonds. At June 30, 2015, 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 \$7,735,108.

### **Cash Management**

Cash temporarily idle during the year was invested in demand deposits, repurchase agreements, money market funds, U.S. Treasury bills, other government obligations, and commercial paper. The yield on investments ranged from 0.55% to 5%. Due to the decrease in rates on bonds and mutual funds, the County revised its investment policy in 2009 to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates continue to remain low at rates of 0.1% or less in 2015. The County continues to invest in money market accounts that were offering higher yields than what was available through LGIP. 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, 2014. This is the seventeenth 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 preparation of this annual financial report could not have been accomplished without the dedicated effort of Mr. Patrick J. Coffield, County Administrator, Mr. Richard T. Homes, Treasurer, Mr. Mark Lotts, School Board Director of Business and Finance, Mr. Jerry Orlando, 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,



Jennifer M. Whetzel  
Director of Finance



Melissa Meyerhoeffer  
Assistant Director of Finance



Government Finance Officers Association

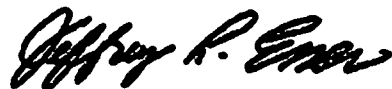
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for Excellence  
in Financial  
Reporting**

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**County of Augusta  
Virginia**

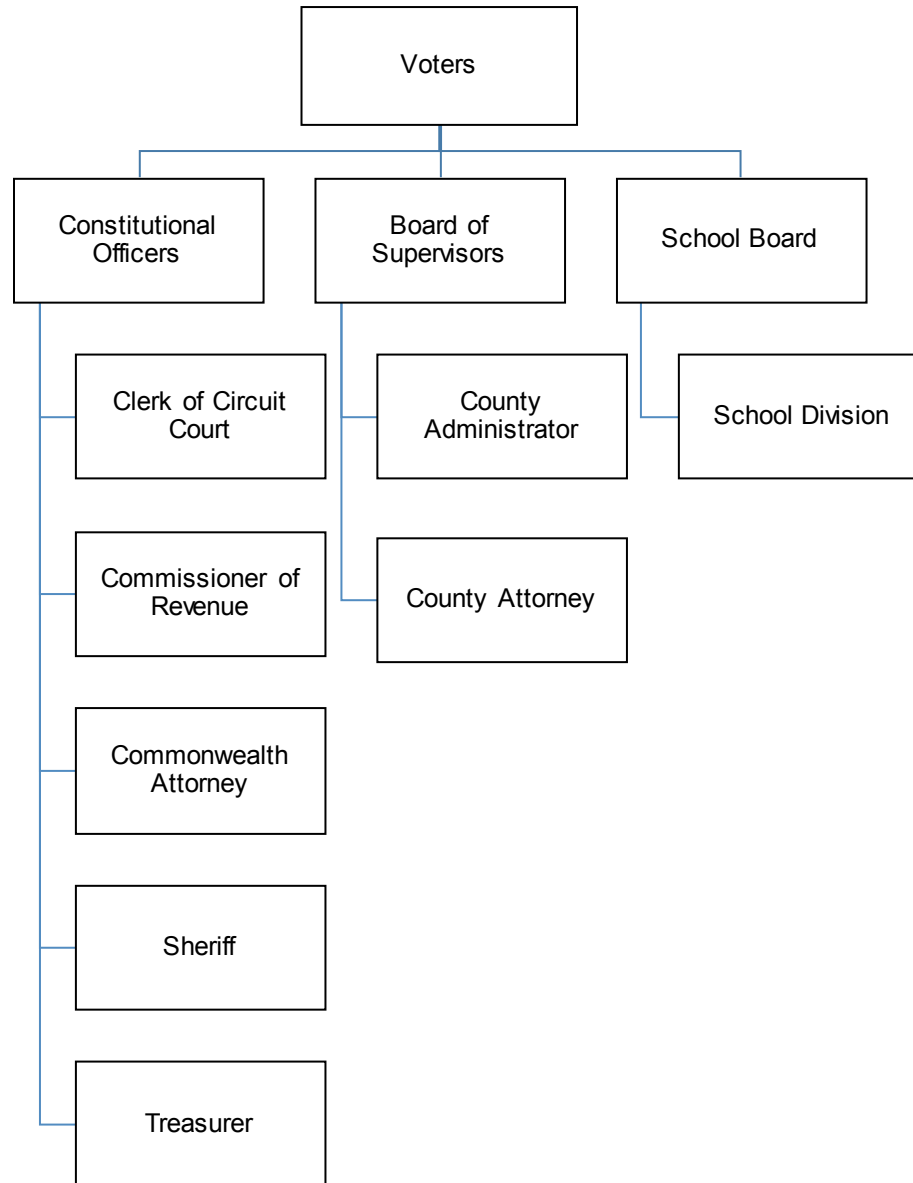
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Financial Report  
for the Fiscal Year Ended

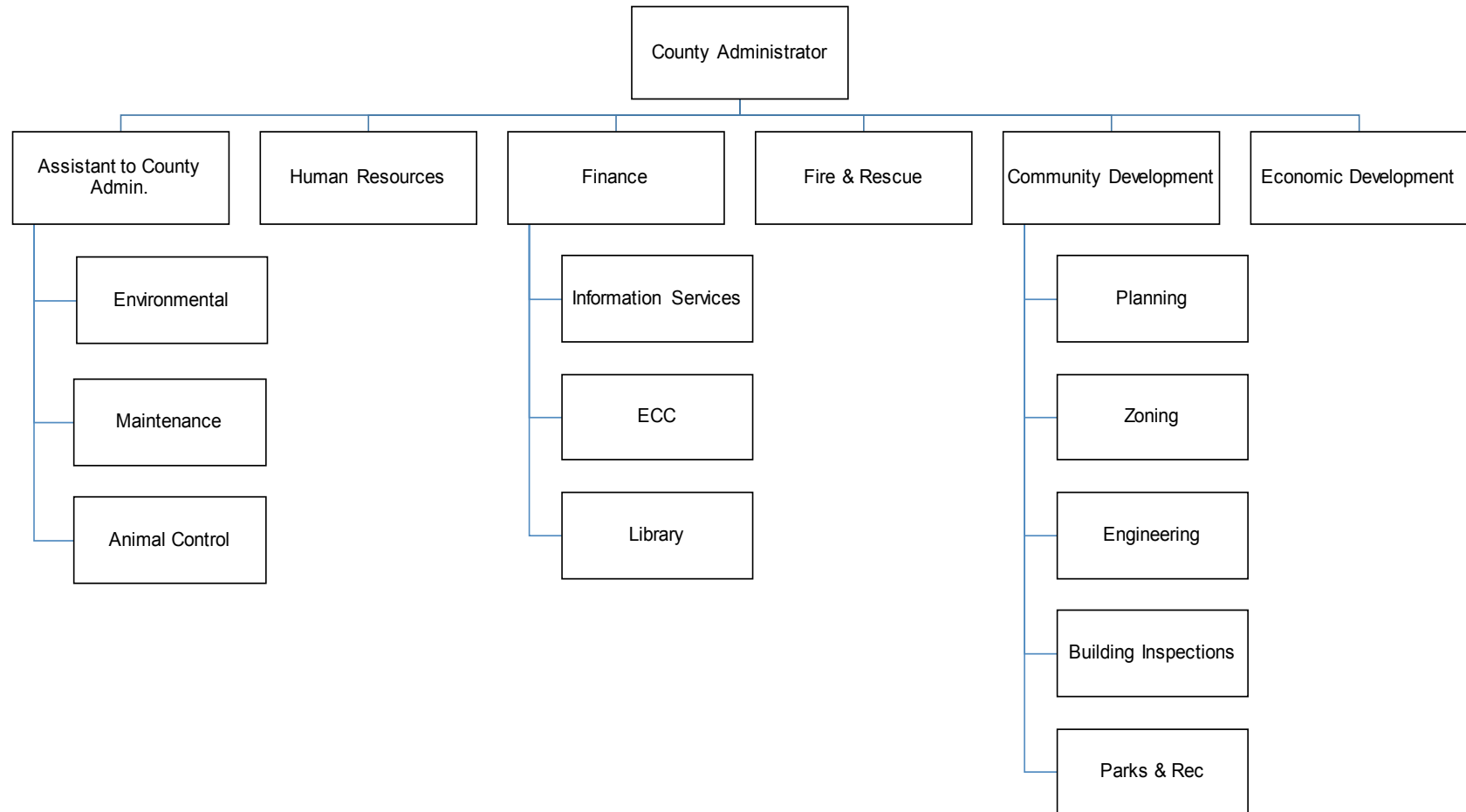
**June 30, 2014**



Executive Director/CEO

# County of Augusta, Virginia Organizational Chart





## COUNTY OF AUGUSTA, VIRGINIA

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### BOARD OF SUPERVISORS

---

Michael L. Shull, Chairman  
Carolyn S. Bragg, Vice-Chairman

Jeffrey A. Moore  
Marshall W. Pattie  
Tracy C. Pyles, Jr.

G. L. "Butch" Wells  
Larry J. Wills  
Patrick J. Coffield, Clerk

### COUNTY SCHOOL BOARD

---

John L. Ocheltree, Jr., Chairman  
Elizabeth P. Godfrey, Vice-Chairman

Nicholas T. Collins  
Timothy R. Quillen  
Dana M. Sensabaugh

David R. Shiflett  
Timothy Z. Swortzel  
Marsha K. Buehner, Clerk

### OTHER OFFICIALS

---

|                                                   |                                                         |
|---------------------------------------------------|---------------------------------------------------------|
| Judge of the Circuit Court .....                  | Hon. Victor V. Ludwig and Hon. Charles L. Ricketts, III |
| Judge of the General District Court.....          | Hon. William Chapman Goodwin                            |
| Judge of the Juvenile & Domestic Court.....       | Hon. Linda S. Jones                                     |
| Clerk of the General District Court.....          | Christy Hostetter                                       |
| Clerk of the Juvenile & Domestic Court.....       | Teresa L. Smith                                         |
| Clerk of the Circuit Court.....                   | Carol M. Brydge                                         |
| Commonwealth Attorney.....                        | A. Lee Ervin                                            |
| Commissioner of the Revenue.....                  | W. Jean Shrewsbury                                      |
| Treasurer.....                                    | Richard T. Homes                                        |
| Sheriff .....                                     | Randall D. Fisher                                       |
| Superintendent of Schools.....                    | Dr. Eric Bond                                           |
| Director of Augusta County Service Authority..... | Kenneth J. Fanfoni                                      |
| Director of Social Services.....                  | Elizabeth Middleton                                     |
| General Registrar .....                           | Brandi Lilly                                            |
| Chief Building Inspector .....                    | G.W. Wiseman                                            |
| Director of Community Development.....            | Timothy Fitzgerald                                      |
| 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 .....                    | Carson D. Holloway                                      |
| Maintenance Manager .....                         | Tony Clements                                           |
| Library Director .....                            | Diantha McCauley                                        |
| Human Resources Director.....                     | Faith Souder                                            |
| County Attorney.....                              | Patrick J. Morgan                                       |
| County Administrator.....                         | Patrick J. Coffield                                     |
| Director of Finance.....                          | Jennifer M. Whetzel                                     |
| Assistant Director of Finance .....               | Melissa W. Meyerhoeffer                                 |

## **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, 2015, 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, 2015, 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.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 19 to the financial statements, the County restated net position in the Governmental Activities and School Board Component Unit to record the net pension liability and related components in accordance with the implementation of GASB Statement No. 68.

## **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 13-23 and 90-98, 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 is presented for purposes of additional analysis, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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 25, 2015 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 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.

*PBMares, LLP*

Harrisonburg, Virginia  
November 25, 2015

## **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, 2015. 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 \$45,936,739 (net position). Of this amount, \$25,271,482 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$(22,709,594) of which \$(98,567,183) is unrestricted. (See Exhibit 1.)
- The County's total net position decreased by \$654,689. The School Board's total net position increased by \$3,485,050. (See Exhibit 2.)
- The County's and School Board's beginning net position decreased due to a change in accounting principle for the implementation of GASB Statement No. 68 to record the VRS net pension liability. The County's beginning net position decreased by \$13,744,283 and the School Board's decreased by \$96,743,465. (See Note 19.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$100,861,886 and \$109,985,938, respectively, for fiscal year 2015. (See Exhibit 2.)
- Expenses were \$101,516,575 for governmental activities and \$106,500,888 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 \$12,001,256, or 16.8 percent of the total General Fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2016 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 \$42,489,343, a decrease of \$2,823,265 in comparison with the prior year. Approximately 27 percent of this total amount, or \$11,682,485, 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 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, investment land held for sale and projected earnings related to pension plan investments 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 fund Balance Sheet and the governmental fund 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 the financial statements

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

### 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 post-employment 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 \$45,936,739 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's Net Position**

|                                  | Governmental Activities |                       |
|----------------------------------|-------------------------|-----------------------|
|                                  | <u>2015</u>             | <u>2014</u>           |
| Current and other assets         | \$ 87,821,255           | \$ 86,963,233         |
| Capital assets, net              | 69,534,985              | 73,090,821            |
| Total assets                     | <u>\$ 157,356,240</u>   | <u>\$ 160,054,054</u> |
| Deferred outflows of resources   | <u>\$ 2,265,275</u>     | <u>\$ -</u>           |
| Long-term liabilities            | \$ 62,888,324           | \$ 66,282,138         |
| Other liabilities                | 26,351,620              | 14,049,541            |
| Total liabilities                | <u>\$ 89,239,944</u>    | <u>\$ 80,331,679</u>  |
| Deferred inflows of resources    | <u>\$ 24,444,832</u>    | <u>\$ 19,386,664</u>  |
| Net Position:                    |                         |                       |
| Net investment in capital assets | \$ 16,731,529           | \$ 14,785,963         |
| Restricted                       | 3,933,728               | 4,534,029             |
| Unrestricted                     | 25,271,482              | 41,015,719            |
| Total net position, as restated  | <u>\$ 45,936,739</u>    | <u>\$ 60,335,711</u>  |

For the County, net investment in capital assets (i.e., land, buildings, machinery, and equipment, represents 36 percent of total net position. 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 9 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 \$25,271,482 or 55 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 decreased by \$654,689.

The deficit unrestricted net position balance for the School Board is due to the VRS net pension liability. 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. The deficit unrestricted net position balance for the School Board significantly increased in the current fiscal year due to the implementation of GASB Statement No. 68 to record the VRS net pension liability.

#### Governmental Activities

Governmental activities decreased the County's net position by \$654,689. Key elements of this decrease are as follows:

#### **County of Augusta's Changes in Net Position**

|                                                              | <u>Governmental Activities</u> |                       |
|--------------------------------------------------------------|--------------------------------|-----------------------|
|                                                              | <u>2015</u>                    | <u>2014</u>           |
| Revenues:                                                    |                                |                       |
| Program revenues:                                            |                                |                       |
| Charges for services                                         | \$ 4,560,846                   | \$ 4,336,126          |
| Operating grants and contributions                           | 16,701,623                     | 17,285,378            |
| Capital grants and contributions                             | 3,084,267                      | 7,429,523             |
| General revenues:                                            |                                |                       |
| General property taxes                                       | 53,585,755                     | 51,900,224            |
| Other local taxes                                            | 14,645,141                     | 13,950,425            |
| Use of money and property                                    | 567,927                        | 537,628               |
| Miscellaneous                                                | 270,000                        | 818,655               |
| Grants and contributions not restricted to specific programs | 7,446,327                      | 7,578,602             |
| Total revenues                                               | <u>\$ 100,861,886</u>          | <u>\$ 103,836,561</u> |
| Expenses:                                                    |                                |                       |
| General government                                           | \$ 5,872,140                   | \$ 5,826,866          |
| Judicial administration                                      | 1,716,540                      | 1,772,021             |
| Public safety                                                | 18,716,024                     | 19,778,068            |
| Public works                                                 | 6,880,503                      | 11,849,900            |
| Health and welfare                                           | 14,725,715                     | 14,576,794            |
| Education                                                    | 45,818,355                     | 36,151,010            |
| Parks, recreation and cultural                               | 2,771,476                      | 2,613,593             |
| Community development                                        | 2,878,735                      | 2,703,540             |
| Interest on long-term debt                                   | 2,137,087                      | 2,314,911             |
| Total expenses                                               | <u>\$ 101,516,575</u>          | <u>\$ 97,586,703</u>  |
| Increase (decrease) in net position                          | \$ (654,689)                   | \$ 6,249,858          |
| Net position, beginning, as restated                         | <u>46,591,428</u>              | <u>54,085,853</u>     |
| Net position, ending                                         | <u>\$ 45,936,739</u>           | <u>\$ 60,335,711</u>  |

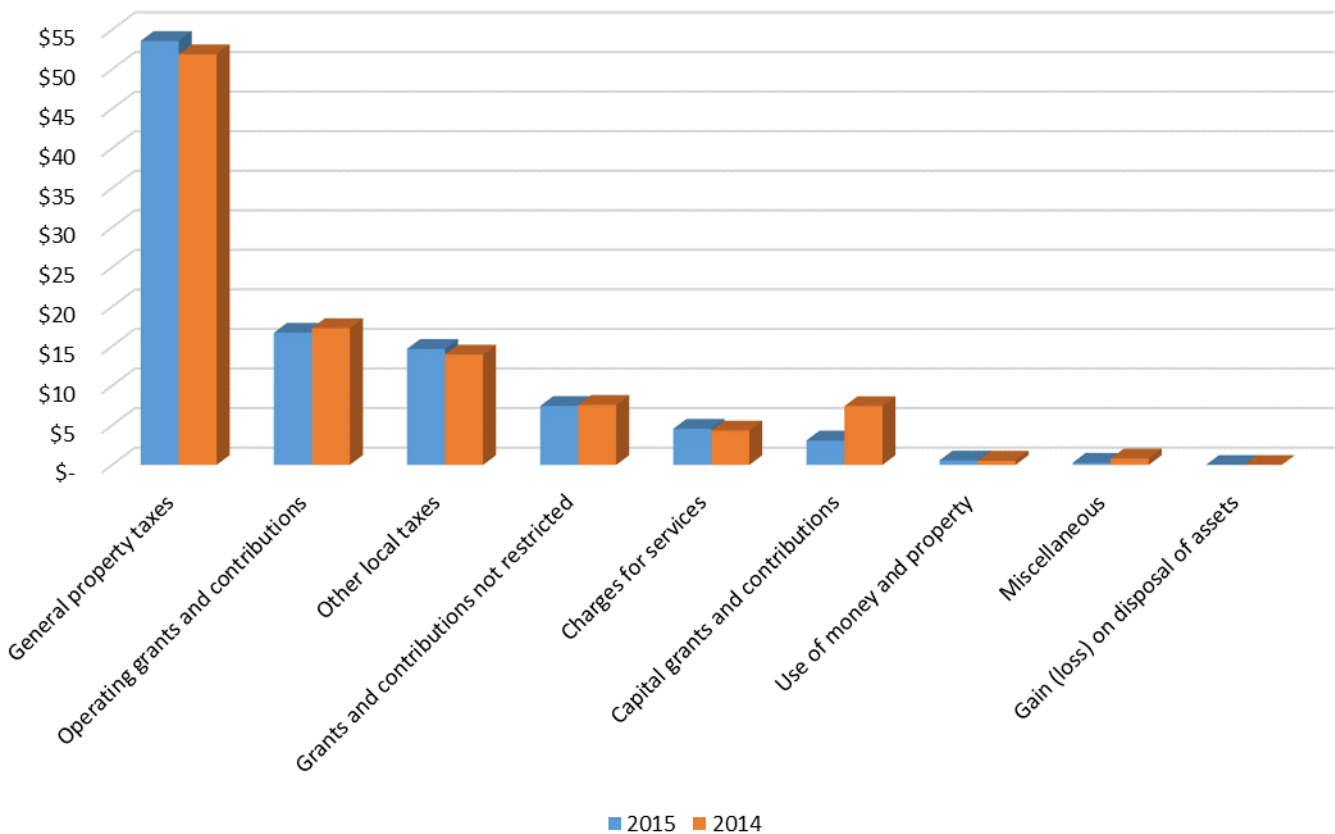
Ending net position at June 30, 2014 does not match beginning net position as of July 1, 2014 due to the implementation of GASB Statement No. 68. Information needed to restate fiscal year 2014 is not available.

## Governmental Activities – Revenues

- General property taxes increased due to an increase in the real estate tax rate from \$0.56 to \$0.58 per \$100 of assessed value.
- Other local taxes increased approximately \$700,000 over the previous fiscal year. This is attributable to increases in collections of business licenses, meals and lodging taxes.
- Capital grants and contributions are approximately 58% less than the previous fiscal year due to completion of two capital projects; State Route 636 (Lifecore Drive) and Transportation Enhancement for sidewalks.
- Miscellaneous revenue was higher in fiscal year 2014 due to acquired public safety assets from a volunteer rescue agency that became a County owned facility.

### Governmental Activities - Revenue by Source

Fiscal Years Ended June 30, 2015 and 2014  
(\$ in Millions)

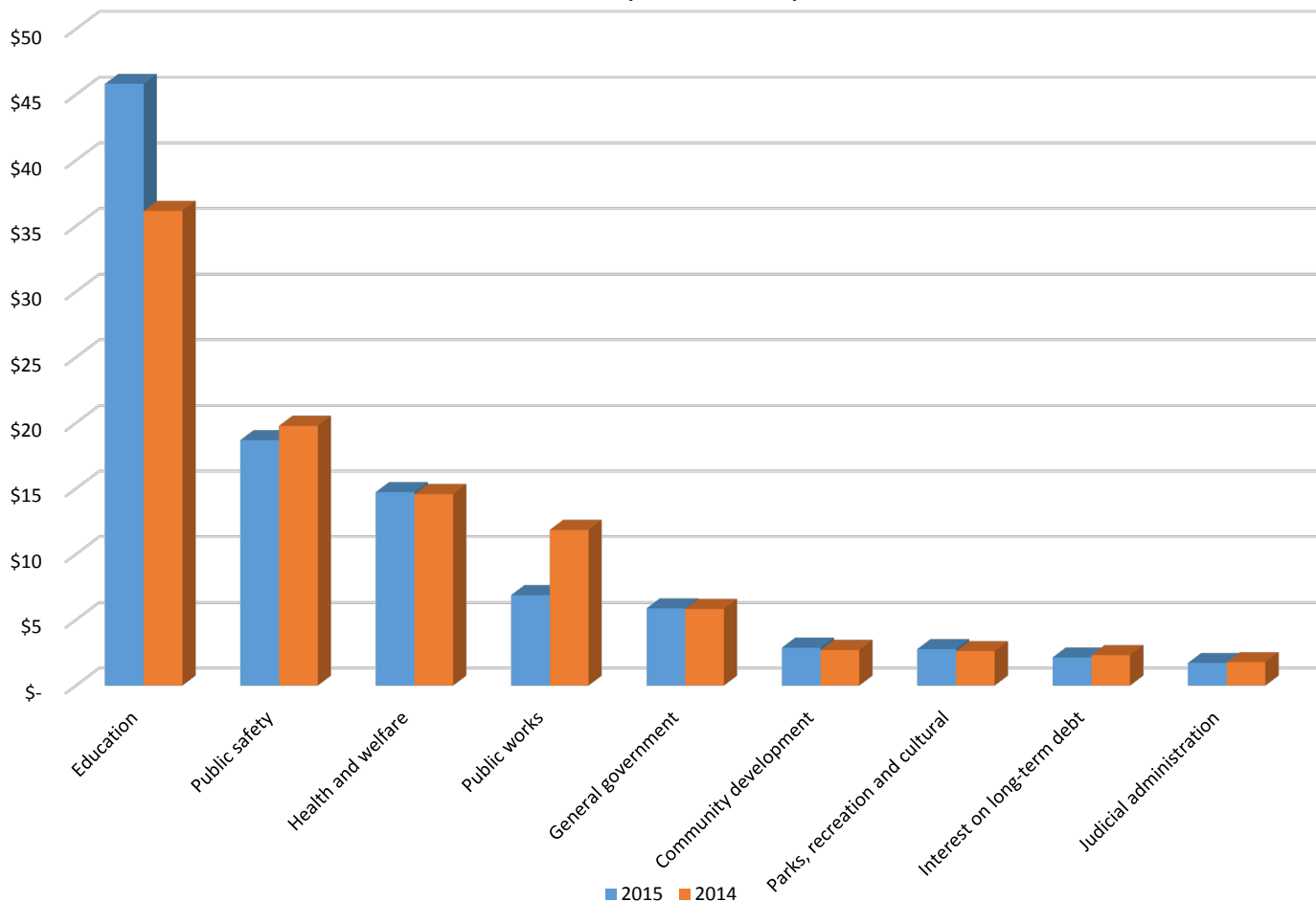


## Governmental Activities – Expenses

- Expenses allocated to education were significantly less in fiscal year 2014 due to a large transfer of jointly owned assets. Expenses in fiscal year 2015 are more comparable to prior years.
- Public safety expenses decreased slightly due to additional recovered costs being received in the current year.
- Expenses in public works saw an approximate 41% decrease principally related to the completion of State Route 636 (Lifecore Drive). Upon completion of the project the asset was transferred to the Virginia Department of Transportation for upkeep and management.

### Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2015 and 2014  
(\$ in Millions)



## **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 \$42,489,343. Approximately 27 percent 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 \$154,477 which is inventories and prepaid items reported in the governmental funds. 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 a water tank. 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, 2015, total fund balance of the General Fund was \$15,846,152, of which \$12,001,256 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 16.8 percent of total General Fund expenditures, which includes transfers to the School Board component unit of \$37,852,654.

The fund balance of the County's General Fund increased by \$913,866 during the current fiscal year. The key factors in this increase include:

- An increase in general property taxes collected due to an increase in the real estate tax rate of \$0.02 per \$100 of assessed value.
- An increase in other local taxes collected, particularly business licenses. Meals and hotel taxes continue to see small increases as the economy slowly rebounds.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2015, total fund balances of these funds were \$0, \$26,961,962 and \$(318,771), respectively. The VPA Fund accounts for revenues and expenditures related to welfare. 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 \$101,061 decrease. This decrease is related to a decrease in the County General Fund contribution to the regional jail authority. Budgeted revenues increased by \$327,250. The increase in budgeted revenues can be attributed to an increase in collections of local taxes for business licenses, hotel tax, and meals tax. 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, 2015 is \$69,534,985 (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:

- Land increased due to land acquired for stormwater retention.
- An increase in public safety equipment for an ambulance (\$186,825), multiple Stryker chairs and cots (\$50,771), car fire training prop (\$43,750), and a fire training door simulator (\$7,500).
- Replacement of 7 sheriff vehicles (\$190,520).
- Replacement of 4 vehicles for health and welfare (\$78,767).
- Completion of construction in progress for Fire and Rescue Time Management System (\$68,796).
- Construction in progress for Emergency Communications radio project to update current radio tower equipment (\$367,812), Emergency Communications phone upgrade (\$150,000), Library electronic inventory system (\$33,958), and construction of Mill Place Water Tank (\$1,784,221).

### **County of Augusta's Capital Assets for Governmental Activities (net of depreciation) As of June 30,**

|                          | Governmental Activities |                      |
|--------------------------|-------------------------|----------------------|
|                          | <u>2015</u>             | <u>2014</u>          |
| Land                     | \$ 5,486,551            | \$ 5,391,546         |
| Buildings and system     | 54,197,755              | 60,077,166           |
| Machinery and equipment  | 3,691,795               | 3,308,491            |
| Land improvements        | 3,822,893               | 4,095,102            |
| Construction in progress | 2,335,991               | 218,516              |
| Total                    | <u>\$ 69,534,985</u>    | <u>\$ 73,090,821</u> |

Additional information on the County's capital assets can be found in Note 13 to the financial statements.

### Long-term debt

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

#### **County of Augusta's Outstanding Debt As of June 30,**

|                                     | Governmental Activities |                      |
|-------------------------------------|-------------------------|----------------------|
|                                     | <u>2015</u>             | <u>2014</u>          |
| General obligation bonds            | \$ 48,919,633           | \$ 54,161,138        |
| Premium on general obligation bonds | 2,219,770               | 2,386,990            |
| Revenue bonds                       | 7,735,108               | 6,171,730            |
| Premium on revenue bonds            | 979,986                 | 718,271              |
| Net OPEB obligation                 | 1,396,000               | 1,239,000            |
| Compensated absences                | 1,637,827               | 1,605,009            |
| Total                               | <u>\$ 62,888,324</u>    | <u>\$ 66,282,138</u> |

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 2015 was 4.7 percent. The County's rate is slightly better than the state's unemployment rate of 5.0 percent and still compares favorably to the national average rate of 5.5 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 14 percent, 41 percent, and 55 percent of total revenues for the General Fund, Virginia Public Assistance, and the School Operating Fund, respectively. Revenues from the federal government represent approximately 1 percent, 48 percent, and 4 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 the fiscal year 2016 budget increased \$0.02 to \$0.58 per \$100 of assessed value. The Personal Property tax rate for autos and motorcycles remained the same at \$2.50 per \$100 of assessed value. Other Personal Property tax rates increased from \$1.90 to \$2.50 per \$100 of assessed value for campers, boats, and airplanes and from \$1.90 to \$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 2016 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, 2015, the County meets this fund balance policy requirement. 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 \$1,551,179. The County will consider this requirement as it reviews its fund balance policy and prepares for the fiscal year 2016 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 2016 budget year, although as in the some previous fiscal years, it is a possibility.

### **Requests for Information**

This financial report is designed to provide reader's 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](http://www.co.augusta.va.us).

## **BASIC FINANCIAL STATEMENTS**

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Position  
June 30, 2015

|                                                    | Primary Government<br>Governmental<br>Activities | Component<br>Unit<br>School Board |
|----------------------------------------------------|--------------------------------------------------|-----------------------------------|
| <b>ASSETS</b>                                      |                                                  |                                   |
| Cash and cash equivalents                          | \$ 28,460,729                                    | \$ 2,230,748                      |
| Cash in custody of others                          | 291,993                                          | 3,000                             |
| Investments                                        | 21,789,381                                       | -                                 |
| Investments - Land held for sell                   | 633,350                                          | -                                 |
| Receivables (net of allowance for uncollectibles): |                                                  |                                   |
| Taxes receivable                                   | 23,238,997                                       | -                                 |
| Accounts receivable                                | 1,571,046                                        | 117,442                           |
| Notes receivable                                   | 1,109,342                                        | -                                 |
| Due from primary government                        | -                                                | 8,733,605                         |
| Due from component unit                            | 229,769                                          | -                                 |
| Due from other governmental units                  | 3,096,916                                        | 3,849,572                         |
| Inventories                                        | 9,605                                            | -                                 |
| Prepaid expenses                                   | 144,872                                          | -                                 |
| Restricted assets:                                 |                                                  |                                   |
| Temporarily restricted:                            |                                                  |                                   |
| Cash and cash equivalents (in custody of others)   | 1,581,314                                        | -                                 |
| Equity interest in joint venture                   | 5,663,941                                        | -                                 |
| Capital assets (net of accumulated depreciation):  |                                                  |                                   |
| Land                                               | 5,486,551                                        | 1,842,711                         |
| Buildings and system                               | 54,197,755                                       | 69,484,583                        |
| Machinery and equipment                            | 3,691,795                                        | 3,014,597                         |
| Land improvement                                   | 3,822,893                                        | -                                 |
| Construction in progress                           | 2,335,991                                        | 1,515,698                         |
| Total assets                                       | <u>\$ 157,356,240</u>                            | <u>\$ 90,791,956</u>              |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                                                  |                                   |
| Pension plan                                       | \$ 2,265,275                                     | \$ 8,640,666                      |
| Total deferred outflows of resources               | <u>\$ 2,265,275</u>                              | <u>\$ 8,640,666</u>               |
| <b>LIABILITIES</b>                                 |                                                  |                                   |
| Reconciled overdraft                               | \$ -                                             | \$ 229,418                        |
| Accounts payable                                   | 2,834,367                                        | 6,392,140                         |
| Accrued liabilities                                | 742,126                                          | 5,650,492                         |
| Accrued interest payable                           | 1,028,551                                        | -                                 |
| Due to primary government                          | -                                                | 229,769                           |
| Due to component unit                              | 8,733,605                                        | -                                 |
| Unearned revenue                                   | 1,069,879                                        | 172,260                           |
| Deposits held in escrow                            | 1,491,574                                        | -                                 |
| Net pension liability                              | 10,451,518                                       | 89,972,743                        |
| Long-term liabilities:                             |                                                  |                                   |
| Due within one year                                | 6,159,821                                        | 366,735                           |
| Due in more than one year                          | 56,728,503                                       | 5,235,424                         |
| Total liabilities                                  | <u>\$ 89,239,944</u>                             | <u>\$ 108,248,981</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                                                  |                                   |
| Deferred revenue - property taxes                  | \$ 18,659,925                                    | \$ -                              |
| Deferred revenue - other                           | 732,323                                          | -                                 |
| Deferred revenue - land held for sale              | 633,350                                          | -                                 |
| Pension plan                                       | 4,419,234                                        | 13,893,235                        |
| Total deferred inflows of resources                | <u>\$ 24,444,832</u>                             | <u>\$ 13,893,235</u>              |
| <b>NET POSITION</b>                                |                                                  |                                   |
| Net investment in capital assets                   | \$ 16,731,529                                    | \$ 75,857,589                     |
| Restricted:                                        |                                                  |                                   |
| Fire revolving loans                               | 2,347,002                                        | -                                 |
| Drug enforcement                                   | 5,412                                            | -                                 |
| Capital Projects                                   | 1,581,314                                        | -                                 |
| Unrestricted (deficit)                             | 25,271,482                                       | (98,567,183)                      |
| Total net position                                 | <u>\$ 45,936,739</u>                             | <u>\$ (22,709,594)</u>            |

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

County of Augusta, Virginia

Statement of Activities  
For the Year Ended June 30, 2015

| Functions/Programs                | Expenses                     | Program Revenues           |                                    |                                  |
|-----------------------------------|------------------------------|----------------------------|------------------------------------|----------------------------------|
|                                   |                              | Charges for Services       | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT:               |                              |                            |                                    |                                  |
| Governmental activities:          |                              |                            |                                    |                                  |
| General government administration | \$ 5,872,140                 | \$ 854,701                 | \$ 407,917                         | \$ 115,197                       |
| Judicial administration           | 1,716,540                    | 222,118                    | 1,027,164                          | -                                |
| Public safety                     | 18,716,024                   | 1,502,939                  | 3,813,353                          | 305,370                          |
| Public works                      | 6,880,503                    | 1,065,703                  | 18,823                             | 2,623,625                        |
| Health and welfare                | 14,725,715                   | 142,772                    | 11,271,607                         | 13,518                           |
| Education                         | 45,818,355                   | -                          | -                                  | -                                |
| Parks, recreation and cultural    | 2,771,476                    | 772,613                    | 162,759                            | 26,557                           |
| Community development             | 2,878,735                    | -                          | -                                  | -                                |
| Interest on long-term debt        | 2,137,087                    | -                          | -                                  | -                                |
| Total governmental activities     | <u>\$ 101,516,575</u>        | <u>\$ 4,560,846</u>        | <u>\$ 16,701,623</u>               | <u>\$ 3,084,267</u>              |
| Total primary government          | <u><u>\$ 101,516,575</u></u> | <u><u>\$ 4,560,846</u></u> | <u><u>\$ 16,701,623</u></u>        | <u><u>\$ 3,084,267</u></u>       |
| COMPONENT UNIT:                   |                              |                            |                                    |                                  |
| School Board                      | <u>\$ 106,500,888</u>        | <u>\$ 3,257,108</u>        | <u>\$ 63,399,705</u>               | <u>\$ 449,479</u>                |
| Total component unit              | <u><u>\$ 106,500,888</u></u> | <u><u>\$ 3,257,108</u></u> | <u><u>\$ 63,399,705</u></u>        | <u><u>\$ 449,479</u></u>         |

General revenues:

- General property taxes
- Local sales tax
- Consumers' utility tax
- Business license taxes
- Restaurant food taxes
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Total general revenues
- Change in net position
- Net position - beginning, as restated
- Net position - ending

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

Exhibit 2

| Net (Expense) Revenue and<br>Changes in Net Position |                |                     |
|------------------------------------------------------|----------------|---------------------|
| Primary Government                                   | Component Unit |                     |
| Governmental                                         | School         |                     |
| Activities                                           | Board          |                     |
| \$ (4,494,325)                                       | \$             | -                   |
| (467,258)                                            |                | -                   |
| (13,094,362)                                         |                | -                   |
| (3,172,352)                                          |                | -                   |
| (3,297,818)                                          |                | -                   |
| (45,818,355)                                         |                | -                   |
| (1,809,547)                                          |                | -                   |
| (2,878,735)                                          |                | -                   |
| (2,137,087)                                          |                | -                   |
| <u>\$ (77,169,839)</u>                               | <u>\$</u>      | <u>-</u>            |
| <u>\$ (77,169,839)</u>                               | <u>\$</u>      | <u>-</u>            |
|                                                      |                |                     |
| \$ -                                                 | \$             | (39,394,596)        |
| <u>\$ -</u>                                          | <u>\$</u>      | <u>(39,394,596)</u> |
|                                                      |                |                     |
| \$ 53,585,755                                        | \$             | -                   |
| 4,984,203                                            |                | -                   |
| 1,749,332                                            |                | -                   |
| 3,734,050                                            |                | -                   |
| 2,320,903                                            |                | -                   |
| 1,856,653                                            |                | -                   |
| 567,927                                              | 34,841         |                     |
| 270,000                                              | 999,891        |                     |
| 7,446,327                                            | 41,844,914     |                     |
| <u>\$ 76,515,150</u>                                 | <u>\$</u>      | <u>42,879,646</u>   |
| (654,689)                                            | 3,485,050      |                     |
| 46,591,428                                           | (26,194,644)   |                     |
| <u>\$ 45,936,739</u>                                 | <u>\$</u>      | <u>(22,709,594)</u> |

## **FUND FINANCIAL STATEMENTS**

Balance Sheet  
Governmental Funds  
June 30, 2015

|                                                                       | General              | Virginia<br>Public<br>Assistance | County<br>Capital<br>Improvements | School<br>Capital<br>Improvements | Total                |
|-----------------------------------------------------------------------|----------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------|
| <b>ASSETS</b>                                                         |                      |                                  |                                   |                                   |                      |
| Cash and cash equivalents                                             | \$ 23,375,979        | \$ -                             | \$ 4,166,396                      | \$ 918,354                        | \$ 28,460,729        |
| Cash in custody of others                                             | 287,693              | 4,300                            | -                                 | -                                 | 291,993              |
| Investments                                                           | 146,610              | -                                | 21,642,771                        | -                                 | 21,789,381           |
| Receivables (net of allowance<br>for uncollectibles):                 |                      |                                  |                                   |                                   |                      |
| Taxes receivable                                                      | 23,238,997           | -                                | -                                 | -                                 | 23,238,997           |
| Accounts receivable                                                   | 1,571,046            | -                                | -                                 | -                                 | 1,571,046            |
| Notes receivable                                                      | 629,342              | -                                | -                                 | -                                 | 629,342              |
| Due from other funds                                                  | 772,252              | -                                | 661,639                           | -                                 | 1,433,891            |
| Due from component unit                                               | 229,769              | -                                | -                                 | -                                 | 229,769              |
| Due from other governmental units                                     | 1,507,129            | 1,116,301                        | 473,486                           | -                                 | 3,096,916            |
| Inventories                                                           | 9,605                | -                                | -                                 | -                                 | 9,605                |
| Prepaid items                                                         | 144,872              | -                                | -                                 | -                                 | 144,872              |
| Restricted assets:                                                    |                      |                                  |                                   |                                   |                      |
| Cash and cash equivalents                                             | -                    | -                                | 1,581,314                         | -                                 | 1,581,314            |
| Total assets                                                          | <u>\$ 51,913,294</u> | <u>\$ 1,120,601</u>              | <u>\$ 28,525,606</u>              | <u>\$ 918,354</u>                 | <u>\$ 82,477,855</u> |
| <b>LIABILITIES</b>                                                    |                      |                                  |                                   |                                   |                      |
| Accounts payable                                                      | \$ 722,485           | \$ 77,107                        | \$ 1,459,289                      | \$ 575,486                        | \$ 2,834,367         |
| Accrued liabilities                                                   | 470,884              | 271,242                          | -                                 | -                                 | 742,126              |
| Due to other funds                                                    | -                    | 772,252                          | -                                 | 661,639                           | 1,433,891            |
| Due to component unit                                                 | 8,733,605            | -                                | -                                 | -                                 | 8,733,605            |
| Unearned revenue                                                      | 1,069,879            | -                                | -                                 | -                                 | 1,069,879            |
| Deposits held in escrow                                               | 1,387,219            | -                                | 104,355                           | -                                 | 1,491,574            |
| Total liabilities                                                     | <u>\$ 12,384,072</u> | <u>\$ 1,120,601</u>              | <u>\$ 1,563,644</u>               | <u>\$ 1,237,125</u>               | <u>\$ 16,305,442</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                                  |                                   |                                   |                      |
| Unavailable revenue - property taxes                                  | \$ 22,950,747        | \$ -                             | \$ -                              | \$ -                              | \$ 22,950,747        |
| Unavailable revenue - other                                           | 732,323              | -                                | -                                 | -                                 | 732,323              |
| Total deferred inflows of resources                                   | <u>\$ 23,683,070</u> | <u>\$ -</u>                      | <u>\$ -</u>                       | <u>\$ -</u>                       | <u>\$ 23,683,070</u> |
| <b>FUND BALANCES</b>                                                  |                      |                                  |                                   |                                   |                      |
| Nonspendable                                                          | \$ 154,477           | \$ -                             | \$ -                              | \$ -                              | \$ 154,477           |
| Restricted                                                            | 2,352,414            | -                                | 455,329                           | -                                 | 2,807,743            |
| Committed                                                             | 1,116,221            | -                                | 1,148,900                         | -                                 | 2,265,121            |
| Assigned                                                              | 221,784              | -                                | 25,357,733                        | -                                 | 25,579,517           |
| Unassigned                                                            | 12,001,256           | -                                | -                                 | (318,771)                         | 11,682,485           |
| Total fund balances                                                   | <u>\$ 15,846,152</u> | <u>\$ -</u>                      | <u>\$ 26,961,962</u>              | <u>\$ (318,771)</u>               | <u>\$ 42,489,343</u> |
| Total liabilities, deferred inflows<br>of resources and fund balances | <u>\$ 51,913,294</u> | <u>\$ 1,120,601</u>              | <u>\$ 28,525,606</u>              | <u>\$ 918,354</u>                 | <u>\$ 82,477,855</u> |

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

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2015

---

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

|                                                                                                                                                                                      |                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds                                                                                                               | \$ 42,489,343        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                            | 69,534,985           |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.                                    | 4,290,822            |
| Notes receivable - EDA loan                                                                                                                                                          | 480,000              |
| Equity interest in joint venture not reported in the funds.                                                                                                                          | 5,663,941            |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.                                                                   | (74,368,393)         |
| Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds. | 2,265,275            |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.      | <u>(4,419,234)</u>   |
| Net position of governmental activities                                                                                                                                              | <u>\$ 45,936,739</u> |

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

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

|                                                              | General         | Virginia<br>Public<br>Assistance | Debt<br>Service | County<br>Capital<br>Improvements | School<br>Capital<br>Improvements | Total          |
|--------------------------------------------------------------|-----------------|----------------------------------|-----------------|-----------------------------------|-----------------------------------|----------------|
| <b>REVENUES</b>                                              |                 |                                  |                 |                                   |                                   |                |
| General property taxes                                       | \$ 52,963,125   | \$ -                             | \$ -            | \$ -                              | \$ -                              | \$ 52,963,125  |
| Other local taxes                                            | 14,645,141      | -                                | -               | 25,956                            | -                                 | 14,671,097     |
| Permits, privilege fees,<br>and regulatory licenses          | 764,794         | -                                | -               | -                                 | -                                 | 764,794        |
| Fines and forfeitures                                        | 206,125         | -                                | -               | -                                 | -                                 | 206,125        |
| Revenue from the use of<br>money and property                | 567,927         | -                                | -               | 26,635                            | -                                 | 594,562        |
| Charges for services                                         | 3,447,155       | 142,772                          | -               | -                                 | -                                 | 3,589,927      |
| Miscellaneous                                                | 270,000         | -                                | -               | 149,271                           | 13,518                            | 432,789        |
| Recovered costs                                              | 137,935         | 1,296,929                        | -               | 996,041                           | -                                 | 2,430,905      |
| Intergovernmental revenues:                                  |                 |                                  |                 |                                   |                                   |                |
| Commonwealth                                                 | 12,010,541      | 5,146,137                        | -               | 2,731,576                         | -                                 | 19,888,254     |
| Federal                                                      | 865,802         | 6,125,470                        | -               | 137,311                           | -                                 | 7,128,583      |
| Total revenues                                               | \$ 85,878,545   | \$ 12,711,308                    | \$ -            | \$ 4,066,790                      | \$ 13,518                         | \$ 102,670,161 |
| <b>EXPENDITURES</b>                                          |                 |                                  |                 |                                   |                                   |                |
| Current:                                                     |                 |                                  |                 |                                   |                                   |                |
| General government administration                            | \$ 4,673,312    | \$ -                             | \$ -            | \$ -                              | \$ -                              | \$ 4,673,312   |
| Judicial administration                                      | 1,839,987       | -                                | -               | -                                 | -                                 | 1,839,987      |
| Public safety                                                | 18,173,128      | -                                | -               | -                                 | -                                 | 18,173,128     |
| Public works                                                 | 3,465,517       | -                                | -               | -                                 | -                                 | 3,465,517      |
| Health and welfare                                           | 1,233,795       | 15,155,471                       | -               | -                                 | -                                 | 16,389,266     |
| Education                                                    | 37,852,654      | -                                | -               | -                                 | -                                 | 37,852,654     |
| Parks, recreation and cultural                               | 2,685,441       | -                                | -               | -                                 | -                                 | 2,685,441      |
| Community development                                        | 1,447,545       | -                                | -               | -                                 | -                                 | 1,447,545      |
| Nondepartmental                                              | 144,535         | -                                | -               | -                                 | -                                 | 144,535        |
| Capital projects                                             | -               | -                                | -               | 10,265,328                        | 2,747,495                         | 13,012,823     |
| Debt service:                                                |                 |                                  |                 |                                   |                                   |                |
| Principal retirement                                         | -               | -                                | 5,554,182       | -                                 | -                                 | 5,554,182      |
| Interest and other fiscal charges                            | -               | -                                | 2,440,691       | -                                 | -                                 | 2,440,691      |
| Total expenditures                                           | \$ 71,515,914   | \$ 15,155,471                    | \$ 7,994,873    | \$ 10,265,328                     | \$ 2,747,495                      | \$ 107,679,081 |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ 14,362,631   | \$ (2,444,163)                   | \$ (7,994,873)  | \$ (6,198,538)                    | \$ (2,733,977)                    | \$ (5,008,920) |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                 |                                  |                 |                                   |                                   |                |
| Transfers in                                                 | \$ 724,735      | \$ 2,444,163                     | \$ 7,994,873    | \$ 4,374,787                      | \$ 2,000,000                      | \$ 17,538,558  |
| Transfers out                                                | (14,173,480)    | -                                | -               | (3,365,078)                       | -                                 | (17,538,558)   |
| Issuance of revenue bonds                                    | -               | -                                | -               | 2,185,655                         | -                                 | 2,185,655      |
| Total other financing sources (uses), net                    | \$ (13,448,745) | \$ 2,444,163                     | \$ 7,994,873    | \$ 3,195,364                      | \$ 2,000,000                      | \$ 2,185,655   |
| Net change in fund balances                                  | \$ 913,886      | \$ -                             | \$ -            | \$ (3,003,174)                    | \$ (733,977)                      | \$ (2,823,265) |
| Fund balances - beginning                                    | 14,932,266      | -                                | -               | 29,965,136                        | 415,206                           | 45,312,608     |
| Fund balances - ending                                       | \$ 15,846,152   | \$ -                             | \$ -            | \$ 26,961,962                     | \$ (318,771)                      | \$ 42,489,343  |

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

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2015

---

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

|                                                        |                |
|--------------------------------------------------------|----------------|
| Net change in fund balances - total governmental funds | \$ (2,823,265) |
|--------------------------------------------------------|----------------|

|                                                                                                                                                                                                                                                                                                               |             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. | (3,525,841) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

|                                                                                                                                                             |          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to decrease net assets. | (29,995) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|

|                                                                                                                                    |         |
|------------------------------------------------------------------------------------------------------------------------------------|---------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 622,630 |
|------------------------------------------------------------------------------------------------------------------------------------|---------|

|                             |         |
|-----------------------------|---------|
| Notes receivable - EDA loan | 480,000 |
|-----------------------------|---------|

|                                                                                                 |     |
|-------------------------------------------------------------------------------------------------|-----|
| Revenues related to the equity interest in joint venture not reported as revenues in the funds. | 663 |
|-------------------------------------------------------------------------------------------------|-----|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of 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. | 3,368,527 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                                                                                     |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 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. | (1,012,683) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

|                                                        |                  |
|--------------------------------------------------------|------------------|
| Deferred outflows of resources - pension contributions | <u>2,265,275</u> |
|--------------------------------------------------------|------------------|

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Change in net position of governmental activities | <u>\$ (654,689)</u> |
|---------------------------------------------------|---------------------|

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

Statement of Net Position  
 Fiduciary Funds  
 June 30, 2015

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|                                                                           | <b>Agency<br/>Funds</b> |
|---------------------------------------------------------------------------|-------------------------|
| <b>ASSETS</b>                                                             |                         |
| Cash and cash equivalents                                                 | \$ 5,584,871            |
| Other receivables                                                         | 668,494                 |
| Prepaid expenses                                                          | 560,000                 |
| Total assets                                                              | <u>\$ 6,813,365</u>     |
| <b>LIABILITIES</b>                                                        |                         |
| Accounts payable                                                          | \$ 749,745              |
| Accrued liabilities                                                       | 336,284                 |
| Other liabilities                                                         | 3,366,170               |
| Amounts held for Social Services Clients                                  | 156,233                 |
| Amounts held for Shenandoah Valley Regional Program for Special Education | 963,057                 |
| Amounts held for Valley Alcohol Safety Action Program                     | 169,853                 |
| Amounts held for Valley Career and Technical Education Center             | 163,673                 |
| Amounts held for Valley Children's Center                                 | 22,439                  |
| Amounts held for Insurance Trust                                          | 885,911                 |
| Total liabilities                                                         | <u>\$ 6,813,365</u>     |

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

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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#### **Note 1—Summary of Significant Accounting Policies:**

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The financial statements of the County 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 County of Augusta, Virginia (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, 2015.

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

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 JUNE 30, 2015 (CONTINUED)

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#### Note 1—Summary of Significant Accounting Policies: (Continued)

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##### 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, 2015 is as follows:

|                     | County of<br>Augusta | City of<br>Staunton | City of<br>Waynesboro |
|---------------------|----------------------|---------------------|-----------------------|
| Revenues            | \$ 1,296,728         | \$ 477,295          | \$ 697,594            |
| % of Total Revenues | 52.47%               | 19.31%              | 28.22%                |

The County's net investment is recorded on the Statement of Net Position. The County's equity interest as of June 30, 2015 was \$5,663,941.

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, 2015 as follows:

|                     | County of<br>Augusta | City of<br>Staunton | City of<br>Waynesboro |
|---------------------|----------------------|---------------------|-----------------------|
| Operations          | \$ 2,950,201         | \$ 586,123          | \$ 618,285            |
| % of Total Revenues | 71.01%               | 14.11%              | 14.88%                |

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 \$140,505 for operations to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, \$103,108 to the Shenandoah Valley Juvenile Detention Home and \$1,901,743 to the Middle River Regional Jail Authority. The School Board contributed \$1,263,003 to the Shenandoah Valley Regional Program for operations.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**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 not properly included among 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 1—Summary of Significant Accounting Policies: (Continued)**

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

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.

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. Agency funds include Special Welfare, Shenandoah Valley Regional Program for Special Education, Valley Alcohol Safety Action Program, Valley Career and Technical Center, Valley Children's Center, Self-Insurance Trust, Matthew's Training Private-Purpose Trust and Augusta County School Activity Funds.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 1—Summary of Significant Accounting Policies: (Continued)**

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

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.

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**

**1. Deposits and Investments**

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

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

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Assets, liabilities, deferred inflows/outflows and net position/fund balance (continued)**

**3. *Inventory and Prepaid Items***

Inventory is valued using the *first in, first out* method. Inventories in the General Fund and the Discretely Presented Component Unit - School Board consist 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 services items are used.

**4. *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.

**5. *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, 2015, the General Fund had allowances of \$883,173 for property taxes and \$248,632 for EMS transport fees. The allowance for property taxes represents .29 percent of the total levies for the previous six years.

**6. *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.

**7. *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 estimated fair market 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.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 (CONTINUED)**

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**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Assets, liabilities, deferred inflows/outflows and net position/fund balance (continued)**

**7. Capital Assets (continued)**

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         |

**8. 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 Assets. 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.

**9. 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.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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Note 1—Summary of Significant Accounting Policies: (Continued)

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D. Assets, liabilities, deferred inflows/outflows and net position/fund balance (continued)

10. 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.

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 County establishes (and modifies or rescinds) fund balance commitments by formal Board action. This is typically done through adoption and amendment of the budget. Action to commit resources 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Assets, liabilities, deferred inflows/outflows and net position/fund balance (continued)**

**10. Fund Equity (continued)**

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 unassigned General Fund balance shall be included and highlighted in the County's adopted budget. The County currently meets the fund balance policy and no such adjustments are necessary. However, the County 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 \$1,551,179. See Note 18 for more information on fund balance designations.

**11. 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.

**12. Restricted Assets**

The primary government has restricted assets in the amount of \$1,581,314 for unspent debt proceeds at June 30, 2015. These funds will be spent during fiscal year 2016 for county capital projects.

**13. 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 Component Unit only have one item that qualifies for reporting in this category. It is the employer's fiscal year 2015 Virginia Retirement System contributions and is reported in the government-wide Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Assets, liabilities, deferred inflows/outflows and net position/fund balance (continued)**

**13. Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statement of financial 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. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable (\$22,950,747) and other deferred revenues (\$732,323) are reported in the governmental funds balance sheet. The property taxes amount is comprised of uncollected property taxes due prior to June 30 and second half installments levied during the fiscal year but due after June 30. The other revenues portion is comprised of uncollected amounts owed to the County. These amounts are deferred and recognized as an inflow of resources in the period the amount becomes available. Under the accrual basis, second half installments levied during the fiscal year but due after June 30 and other unavailable revenues are reported as deferred inflows of resources. Land held for investment is also recorded as unavailable revenue and is deferred and recognized as an inflow of resources in the period the land is sold. The County and Component Unit have deferred inflows of resources representing the net difference between projected and actual earnings on the Virginia Retirement System's plan investments.

**14. 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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 (\$74,368,393) and (\$95,574,902) differences for the primary government and discretely presented component unit, respectively, are as follows:

|                                                                                                                                | <b>Primary<br/>Government</b> | <b>Component<br/>Unit School<br/>Board</b> |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------|
| Bonds payable                                                                                                                  | \$ (56,654,741)               | \$ -                                       |
| Unamortized premium on bonds                                                                                                   | (3,199,756)                   | -                                          |
| Accrued interest payable                                                                                                       | (1,028,551)                   | -                                          |
| Net OPEB obligation                                                                                                            | (1,396,000)                   | (3,684,000)                                |
| Net pension liability                                                                                                          | (10,451,518)                  | (89,972,743)                               |
| Compensated absences                                                                                                           | (1,637,827)                   | (1,918,159)                                |
| Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i> | <u>\$ (74,368,393)</u>        | <u>\$ (95,574,902)</u>                     |

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 (\$3,525,841) and \$1,564,328 differences for the primary government and discretely presented component unit, respectively, are as follows:

|                                                                                                                                                                           | <b>Primary<br/>Government</b> | <b>Component<br/>Unit School<br/>Board</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------|
| Capital outlay                                                                                                                                                            | \$ 3,557,670                  | \$ 2,025,500                               |
| Depreciation and amortization expense                                                                                                                                     | (1,933,065)                   | (5,611,618)                                |
| Allocation of debt financed school assets based on current year repayments                                                                                                | (5,150,446)                   | 5,150,446                                  |
| 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> | <u>\$ (3,525,841)</u>         | <u>\$ 1,564,328</u>                        |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities (continued)**

Another element of that reconciliation states that 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 this \$3,368,527 difference in the primary government are as follows:

|                                                                                                                                                                | <b>Primary<br/>Government</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Principal repayments:                                                                                                                                          |                               |
| General obligation debt                                                                                                                                        | \$ 5,554,182                  |
| Other:                                                                                                                                                         |                               |
| Issuance of long-term debt                                                                                                                                     | (1,876,055)                   |
| Premium on issuance of long-term debt                                                                                                                          | (309,600)                     |
| 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> | \$ <u>3,368,527</u>           |

Another element of that reconciliation states that some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of these \$(1,012,683) and \$(7,169,123) differences for the primary government and discretely presented component unit, respectively, are as follows:

|                                                                                                                                                                | <b>Primary<br/>Government</b> | <b>Component<br/>Unit School<br/>Board</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------|
| Compensated absences                                                                                                                                           | \$ (32,818)                   | \$ 70,253                                  |
| Net OPEB obligation                                                                                                                                            | (157,000)                     | (830,000)                                  |
| Pension expense                                                                                                                                                | (1,126,469)                   | (6,409,376)                                |
| Accrued interest                                                                                                                                               | 88,499                        | -                                          |
| Amortization of bond premium                                                                                                                                   | 215,105                       | -                                          |
| 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> | \$ <u>(1,012,683)</u>         | \$ <u>(7,169,123)</u>                      |

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### **Note 3—Stewardship, Compliance, and Accountability:**

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##### **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 Projects Fund, Debt Service Fund, Head Start Fund, Governor's School Fund and County Capital Improvement 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.
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, 2015, the School Cafeteria Fund had expenditures exceeding appropriations due to a non-cash adjustment for USDA inventories.

##### **C. Deficit Fund Equity**

At June 30, 2015, the School Capital Improvements Fund had a deficit fund balance. The County advanced funds for the design of three school construction projects until at such time, bonds are issued for the construction costs.

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### **Note 4—Deposits and Investments:**

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##### **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, 2015, all of the County’s investments were held in accordance with this policy.

##### **Credit Risk of Debt Securities**

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

# COUNTY OF AUGUSTA, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

### Note 4—Deposits and Investments: (Continued)

The County's rated debt investments as of June 30, 2015 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

#### County's Rated Debt Investments' Values

|                                   | Fair Quality Ratings |            |               |              |              |
|-----------------------------------|----------------------|------------|---------------|--------------|--------------|
|                                   | AAA <sub>m</sub>     | AAA        | AA+           | AA           | AA-          |
| U.S. Agencies                     | \$ -                 | \$ -       | \$ 13,578,188 | \$ -         | \$ -         |
| Corporate Debt                    | -                    | -          | 2,000,990     | 2,823,582    | 1,008,136    |
| Local Government Investment Pool  | 146,610              | -          | -             | -            | -            |
| Repurchase Agreements-Underlying: |                      |            |               |              |              |
| Municipal Public Bonds            | -                    | 500,070    | 817,188       | 914,617      | -            |
| Total                             | \$ 146,610           | \$ 500,070 | \$ 16,396,366 | \$ 3,738,199 | \$ 1,008,136 |

#### 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.

#### 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 Maturities (in years)

| Investment Type | Fair Value    | Less than 1 Year | 1-5 Years     |
|-----------------|---------------|------------------|---------------|
| Municipal Bonds | \$ 2,231,875  | \$ 1,828,787     | \$ 403,088    |
| Corporate Debt  | 5,832,708     | 3,657,455        | 2,175,253     |
| U.S. Agencies   | 13,578,188    | 2,914,114        | 10,664,074    |
| Total           | \$ 21,642,771 | \$ 8,400,356     | \$ 13,242,415 |

#### 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 fair value of the position of the LGIP is the same as the value of the pool shares, i.e. the LGIP maintains a stable net asset value of \$1 per share. The maturity of the LGIP is less than one year.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

**Note 5—Due from Other Governmental Units:**

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

|                                            | <u>Primary<br/>Government</u> | <u>Component<br/>Unit</u> |
|--------------------------------------------|-------------------------------|---------------------------|
| <u>Shenandoah Valley Regional Program:</u> |                               |                           |
| <u>for Special Education</u>               |                               |                           |
| VRS net pension liability                  | \$ -                          | \$ 713,137                |
| <u>Commonwealth of Virginia:</u>           |                               |                           |
| Local sales tax                            | 912,948                       | -                         |
| State sales tax                            | -                             | 2,007,232                 |
| Motor vehicle carrier's tax                | 85,883                        | -                         |
| State recordation tax                      | 42,789                        | -                         |
| Titling tax                                | 37,209                        | -                         |
| Reimbursement of shared services           | 355,585                       | -                         |
| Auto rental tax                            | 11,728                        | -                         |
| Wireless PSAP                              | 25,002                        | -                         |
| Transportation                             | 353,949                       | -                         |
| School                                     | -                             | 24,419                    |
| Other                                      | 2,677                         | -                         |
| Comprehensive services act                 | 414,274                       | -                         |
| Virginia public assistance                 | 227,346                       | -                         |
| <u>Federal Government:</u>                 |                               |                           |
| Virginia public assistance                 | 474,684                       | -                         |
| Criminal justice                           | 33,605                        | -                         |
| Watershed                                  | 119,237                       | -                         |
| School grants                              | -                             | 630,279                   |
| Headstart                                  | -                             | 474,505                   |
| Totals                                     | \$ <u>3,096,916</u>           | \$ <u>3,849,572</u>       |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

**Note 6—Interfund/Entity Obligations:**

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

| <u>Fund</u>                  | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> | <u>Due to<br/>Primary<br/>Government/<br/>Component<br/>Unit</u> | <u>Due from<br/>Primary<br/>Government/<br/>Component<br/>Unit</u> |
|------------------------------|---------------------------------|------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| Primary Government:          |                                 |                              |                                                                  |                                                                    |
| General Fund                 | \$ 772,252                      | \$ -                         | \$ 8,733,605                                                     | \$ 229,769                                                         |
| VPA Fund                     | -                               | 772,252                      | -                                                                | -                                                                  |
| County Capital Improvements  | 661,639                         | -                            | -                                                                | -                                                                  |
| School Capital Improvements  | -                               | 661,639                      | -                                                                | -                                                                  |
| Total                        | <u>\$ 1,433,891</u>             | <u>\$ 1,433,891</u>          | <u>\$ 8,733,605</u>                                              | <u>\$ 229,769</u>                                                  |
| Component Unit-School Board: |                                 |                              |                                                                  |                                                                    |
| School Operating Fund        | \$ -                            | \$ -                         | \$ -                                                             | \$ 8,732,957                                                       |
| Head Start Fund              | -                               | -                            | -                                                                | 648                                                                |
| Governor's School Fund       | -                               | -                            | 229,769                                                          | -                                                                  |
| Total                        | <u>\$ -</u>                     | <u>\$ -</u>                  | <u>\$ 229,769</u>                                                | <u>\$ 8,733,605</u>                                                |

**Note 7—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

| <u>Fund</u>                      | <u>Transfers In</u>  | <u>Transfers Out</u> |
|----------------------------------|----------------------|----------------------|
| Primary Government:              |                      |                      |
| General Fund                     | \$ 724,735           | \$ 14,173,480        |
| Virginia Public Assistance Fund  | 2,444,163            | -                    |
| School Capital Projects Fund     | 2,000,000            | -                    |
| Debt Service Fund                | 7,994,873            | -                    |
| County Capital Improvements Fund | 4,374,787            | 3,365,078            |
| Total                            | <u>\$ 17,538,558</u> | <u>\$ 17,538,558</u> |

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  
JUNE 30, 2015 (CONTINUED)

**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, 2015.

|                             | Balance<br>July 1,<br>2014 | Issuances           | Retirements         | Balance<br>June 30,<br>2015 |
|-----------------------------|----------------------------|---------------------|---------------------|-----------------------------|
| General obligation bonds    | \$ 54,161,138              | \$ -                | \$ 5,241,505        | \$ 48,919,633               |
| Revenue bonds               | 6,171,730                  | 1,876,055           | 312,677             | 7,735,108                   |
| Premiums on bond issues     | 3,105,261                  | 309,600             | 215,105             | 3,199,756                   |
| Net OPEB obligation         | 1,239,000                  | 505,000             | 348,000             | 1,396,000                   |
| Compensated absences        | 1,605,009                  | 747,930             | 715,112             | 1,637,827                   |
| Total Long-Term Liabilities | <u>\$ 66,282,138</u>       | <u>\$ 3,438,585</u> | <u>\$ 6,832,399</u> | <u>\$ 62,888,324</u>        |

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

| Year Ending<br>June 30, | General Obligation Bonds |                      | Revenue Bonds       |                     |
|-------------------------|--------------------------|----------------------|---------------------|---------------------|
|                         | Principal                | Interest             | Principal           | Interest            |
| 2016                    | \$ 5,293,675             | \$ 1,969,331         | \$ 472,677          | \$ 260,831          |
| 2017                    | 4,421,880                | 1,742,365            | 487,676             | 249,122             |
| 2018                    | 4,475,707                | 1,540,887            | 497,677             | 234,347             |
| 2019                    | 4,526,668                | 1,341,632            | 517,676             | 214,553             |
| 2020                    | 3,826,804                | 1,157,992            | 537,677             | 193,759             |
| 2021-2025               | 17,214,623               | 3,652,432            | 3,028,382           | 636,636             |
| 2026-2030               | 7,760,276                | 807,413              | 1,933,383           | 135,150             |
| 2031-2033               | 1,400,000                | 97,598               | 259,960             | -                   |
| Total                   | <u>\$ 48,919,633</u>     | <u>\$ 12,309,650</u> | <u>\$ 7,735,108</u> | <u>\$ 1,924,398</u> |

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)****Note 8—Long-Term Obligations: (Continued)****Primary Government-Governmental Activity Indebtedness (continued)**

Details of long-term indebtedness:

|                                                                                                                                                                                                                                                                                                                       | <u>Total<br/>Amount</u> | <u>Amount<br/>Due Within<br/>One Year</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------|
| <b><u>General obligation bonds (issued for school construction):</u></b>                                                                                                                                                                                                                                              |                         |                                           |
| \$6,000,000 1995A Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments of \$300,000 through July 15, 2015, plus semi-annual interest at 5.1%.                                                                                                                         | \$ 300,000              | \$ 300,000                                |
| \$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments of \$618,601 through July 15, 2015 plus semi-annual interest at 5.1%.                                                                                                                         | 618,601                 | 618,601                                   |
| \$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$699,588 to \$742,320 through July 15, 2018, plus semi-annual interest at 5.1%.                                                                                                         | 2,882,364               | 699,588                                   |
| \$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%.                                                                                                                         | 500,000                 | 100,000                                   |
| \$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$329,308 to \$369,360 through July 15, 2019, plus semi-annual interest at 6.1%.                                                                                                          | 1,743,617               | 329,308                                   |
| \$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.                  | 2,925,000               | 295,000                                   |
| \$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$324,418 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. | 3,487,665               | 324,418                                   |
| \$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.                | 15,960,000              | 1,330,000                                 |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

**Primary Government-Governmental Activity Indebtedness (continued)**

Details of long-term indebtedness: (continued)

|                                                                                                                                                                                                                                                                                                                        | Total<br>Amount | Amount<br>Due Within<br>One Year |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------|
| <b><u>General obligation bonds (issued for school construction): (continued)</u></b>                                                                                                                                                                                                                                   |                 |                                  |
| \$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$608,010 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. | \$ 8,702,386    | \$ 608,010                       |
| \$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.    | 5,625,000       | 468,750                          |
| \$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$220,000 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.      | 6,175,000       | 220,000                          |
| Sub-total General obligation bonds payable                                                                                                                                                                                                                                                                             | \$ 48,919,633   | \$ 5,293,675                     |
| Unamortized premium on general obligation bonds                                                                                                                                                                                                                                                                        | \$ 2,219,770    | \$ 167,220                       |
| <b><u>Revenue bonds:</u></b>                                                                                                                                                                                                                                                                                           |                 |                                  |
| \$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.                                                                                                                                       | \$ 1,650,108    | \$ 92,677                        |
| \$4,415,000 2013A Series, issued June 5, 2013, Virginia Resources Authority Bonds due in annual installments from \$220,000 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.        | 4,195,000       | 225,000                          |
| \$1,890,000 2014C Series, issued November 19, 2014, Virginia Resources Authority Bonds due in annual installments from \$155,000 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. | 1,890,000       | 155,000                          |
| Sub-total revenue bonds payable                                                                                                                                                                                                                                                                                        | \$ 7,735,108    | \$ 472,677                       |
| Unamortized premium on revenue bonds                                                                                                                                                                                                                                                                                   | \$ 979,986      | \$ 78,845                        |
| Net OPEB obligation (payable from General Fund)                                                                                                                                                                                                                                                                        | \$ 1,396,000    | \$ -                             |
| Compensated absences (payable from the General Fund)                                                                                                                                                                                                                                                                   | \$ 1,637,827    | \$ 147,404                       |
| Total                                                                                                                                                                                                                                                                                                                  | \$ 62,888,324   | \$ 6,159,821                     |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 8—Long-Term Obligations: (Continued)**

**Primary Government-Governmental Activity Indebtedness (continued)**

Arbitrage Rebate Compliance:

As of June 30, 2015 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

**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, 2015:

|                             | Balance<br>July 1,<br>2014 | Issuances           | Retirements         | Balance<br>June 30,<br>2015 |
|-----------------------------|----------------------------|---------------------|---------------------|-----------------------------|
| Net OPEB obligation         | \$ 2,854,000               | \$ 1,731,000        | \$ 901,000          | \$ 3,684,000                |
| Compensated absences        | 1,988,412                  | 751,149             | 821,402             | 1,918,159                   |
| Total Long-Term Liabilities | <u>\$ 4,842,412</u>        | <u>\$ 2,482,149</u> | <u>\$ 1,722,402</u> | <u>\$ 5,602,159</u>         |

Details of long-term indebtedness:

|                                                             | Total<br>Amount     | Amount<br>Due Within<br>One Year |
|-------------------------------------------------------------|---------------------|----------------------------------|
| Net OPEB obligation (payable from the School Fund)          | \$ 3,684,000        | \$ -                             |
| Accrued compensated absences (payable from the School Fund) | 1,918,159           | 366,735                          |
| Total long-term obligations                                 | <u>\$ 5,602,159</u> | <u>\$ 366,735</u>                |

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### Note 9—Pension Plan:

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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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>About Plan 1</b><br>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. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. | <b>About Plan 2</b><br>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. Employees are eligible for 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. | <b>About the Hybrid Retirement Plan</b><br>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• 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.</li></ul> |

# COUNTY OF AUGUSTA, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

### Note 9—Pension Plan: (Continued)

#### A. Plan Description (Continued)

| Plan 1                                                                                                                                                                                                      | Plan 2                                                                                                                                                                                                               | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                             |                                                                                                                                                                                                                      | <b>About the Hybrid Retirement Plan (Continued)</b> <ul style="list-style-type: none"> <li>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.</li> </ul>                                                                                                  |
| <b>Eligible Members</b><br>Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.                                                             | <b>Eligible Members</b><br>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.            | <b>Eligible Members</b><br>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"> <li>Political subdivision employees.*</li> <li>School division employees (teachers).</li> <li>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.</li> </ul> |
| <b>Hybrid Opt-In Election</b><br>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. | <b>Hybrid Opt-In Election</b><br>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 1 members who opted in was July 1, 2014.                                                                                                      | The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.                                                                                                               | <b>*Non-Eligible Members</b><br>Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>                                                                                                                                                                                                         |
| If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.                                                                   | 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.                       | 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.                               | 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 JUNE 30, 2015 (CONTINUED)

### Note 9—Pension Plan: (Continued)

#### A. Plan Description (Continued)

| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Plan 2                                                                                                                                                                                                                                                                                                                                           | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Retirement Contributions</b><br/>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution, but all employees will be paying the full 5% by July 1, 2016. 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.</p> | <p><b>Retirement Contributions</b><br/>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.</p> | <p><b>Retirement Contributions</b><br/>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.</p>                                                                |
| <p><b>Creditable Service</b><br/>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.</p>                                                                       | <p><b>Creditable Service</b><br/>Same as Plan 1.</p>                                                                                                                                                                                                                                                                                             | <p><b>Creditable Service</b><br/><b><u>Defined Benefit Component</u></b><br/>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.</p> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                  | <p><b><u>Defined Contribution Component</u></b><br/>Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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Note 9—Pension Plan: (Continued)

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A. Plan Description (Continued)

| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Plan 2                                       | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Vesting</b></p> <p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p> | <p><b>Vesting</b></p> <p>Same as Plan 1.</p> | <p><b>Vesting</b></p> <p><b><u>Defined Benefit Component</u></b></p> <p>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.</p> <p><b><u>Defined Contribution Component</u></b></p> <p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>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.</p> |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Plan 2                                                                                                                                                                  | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                         | <b>Vesting (Continued)</b><br><b><u>Defined Contribution Component</u></b><br><b>(Continued)</b> <ul style="list-style-type: none"><li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li><li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li><li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li></ul> |
| <b>Calculating the Benefit</b><br>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.<br><br>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. | <b>Calculating the Benefit</b><br>See definition under Plan 1.                                                                                                          | Distribution is not required by law until age 70 1/2.                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                         | <b>Calculating the Benefit</b><br><b><u>Defined Benefit Component</u></b><br>See definition under Plan 1.<br><br><b><u>Defined Contribution Component</u></b><br>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.                                                                                                                         |
| <b>Average Final Compensation</b><br>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.                                                                                                                                                                                                                                                                                                                 | <b>Average Final Compensation</b><br>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. | <b>Average Final Compensation</b><br>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.                                                                                                                                                                                                                                                                                                                    |

# COUNTY OF AUGUSTA, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

### Note 9—Pension Plan: (Continued)

#### A. Plan Description (Continued)

| Plan 1                                                                                                                                                                                                                                          | Plan 2                                                                                                                                                                                                                                        | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Service Retirement Multiplier</b><br>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%.                                   | <b>Service Retirement Multiplier</b><br>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. | <b>Service Retirement Multiplier</b><br><b><u>Defined Benefit Component</u></b><br>The retirement multiplier for the defined benefit component is 1.0%.<br><br>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. |
| <b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.                                                                                                           | <b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.                                                                                                                                                                            | <b>Sheriffs and regional jail superintendents:</b> Not applicable.                                                                                                                                                                                                                                                                                                            |
| <b>Political subdivision hazardous duty employees:</b> 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. | <b>Political subdivision hazardous duty employees:</b> Same as Plan 1.                                                                                                                                                                        | <b>Political subdivision hazardous duty employees:</b> Not applicable.<br><br><b><u>Defined Contribution Component</u></b><br>Not applicable.                                                                                                                                                                                                                                 |
| <b>Normal Retirement Age</b><br>Age 65.                                                                                                                                                                                                         | <b>Normal Retirement Age</b><br>Normal Social Security retirement age.                                                                                                                                                                        | <b>Normal Retirement Age</b><br><b><u>Defined Benefit Component</u></b><br>Same as Plan 2.                                                                                                                                                                                                                                                                                    |
| <b>Political subdivisions hazardous duty employees:</b> Age 60.                                                                                                                                                                                 | <b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.                                                                                                                                                                       | <b>Political subdivisions hazardous duty employees:</b> Not applicable.<br><br><b><u>Defined Contribution Component</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.                                                                                                                                                |
| <b>Earliest Unreduced Retirement Eligibility</b><br>Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.                                                                | <b>Earliest Unreduced Retirement Eligibility</b><br>Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.                                                 | <b>Earliest Unreduced Retirement Eligibility</b><br><b><u>Defined Benefit Component</u></b><br>Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.                                                                                                                                      |
| <b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.                                                                           | <b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.                                                                                                                                                                       | <b>Political subdivisions hazardous duty employees:</b> Not applicable.                                                                                                                                                                                                                                                                                                       |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Plan 2                                                                                                                                                                                                                                                             | Hybrid Retirement Plan                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                    | <b><u>Defined Contribution Component</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions.                                                                                |
| <b>Earliest Reduced Retirement Eligibility</b><br>Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.                                                                                                                                                                                                                                                                                                          | <b>Earliest Reduced Retirement Eligibility</b><br>Age 60 with at least five years (60 months) of creditable service.                                                                                                                                               | <b>Earliest Reduced Retirement Eligibility</b><br><b><u>Defined Benefit Component</u></b><br>Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.          |
| <b>Political subdivisions hazardous duty employees:</b> Age 50 with at least five years of creditable service.                                                                                                                                                                                                                                                                                                                                                                       | <b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.                                                                                                                                                                                            | <b>Political subdivisions hazardous duty employees:</b> Not applicable.<br><br><b><u>Defined Contribution Component</u></b><br>Members are eligible to receive distributions upon leaving employment, subject to restrictions. |
| <b>Cost-of-Living Adjustment (COLA) in Retirement</b><br>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%.                                                                                                                                                                                                                   | <b>Cost-of-Living Adjustment (COLA) in Retirement</b><br>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%. | <b>Cost-of-Living Adjustment (COLA) in Retirement</b><br><b><u>Defined Benefit Component</u></b><br>Same as Plan 2.<br><br><b><u>Defined Contribution Component</u></b><br>Not applicable.                                     |
| <b><u>Eligibility:</u></b><br>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.<br><br>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. | <b><u>Eligibility:</u></b><br>Same as Plan 1.                                                                                                                                                                                                                      | <b><u>Eligibility:</u></b><br>Same as Plan 1 and Plan 2.                                                                                                                                                                       |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Plan 2                                                                                                                                                                                                               | Hybrid Retirement Plan                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b><br><br><b><u>Exceptions to COLA Effective Dates:</u></b><br><b>School Division (Teachers) and Political Subdivision Employees:</b><br>The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b><br><br><b><u>Exceptions to COLA Effective Dates:</u></b><br><b>School Division (Teachers) and Political Subdivision Employees:</b> Same as Plan 1. | <b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b><br><br><b><u>Exceptions to COLA Effective Dates:</u></b><br><b>School Division (Teachers) and Political Subdivision Employees:</b> Same as Plan 1 and Plan 2. |
| <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• 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.</li> <li>• 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.</li> <li>• <b>Political Subdivision Employees:</b> The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> </ul> |                                                                                                                                                                                                                      |                                                                                                                                                                                                                                 |

# COUNTY OF AUGUSTA, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

### Note 9—Pension Plan: (Continued)

#### A. Plan Description (Continued)

| Plan 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Plan 2                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Hybrid Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Disability Coverage</b><br><br><b>Political subdivision employees:</b> 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.<br><br>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.                                                                                                                                                           | <b>Disability Coverage</b><br><br><b>Political subdivision employees:</b> 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.<br><br>Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. | <b>Disability Coverage</b><br><br>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.<br><br>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.                                                                                                                                                                                                                  |
| <b>Purchase of Prior Service</b><br>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. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay. | <b>Purchase of Prior Service</b><br>Same as Plan 1.                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Purchase of Prior Service</b><br><br><u><b>Defined Benefit Component</b></u><br>Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> <li>The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.</li> </ul><br><u><b>Defined Contribution Component</b></u><br>Not applicable. |

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### Note 9—Pension Plan: (Continued)

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##### A. Plan Description (Continued)

###### County

###### ***Employees Covered by Benefit Terms***

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|                                                                      | Number |
|----------------------------------------------------------------------|--------|
| Inactive members or their beneficiaries currently receiving benefits | 253    |
| Inactive members:                                                    |        |
| Vested                                                               | 56     |
| Non-vested                                                           | 88     |
| Active elsewhere in VRS                                              | 276    |
| Total inactive members                                               | 420    |
| Active members                                                       | 412    |
| Total covered employees                                              | 1,085  |

###### ***Contributions***

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. 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 5 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 County's contractually required contribution rate for the year ended June 30, 2015 was 12.55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$2,265,275 and \$2,210,642 for the years ended June 30, 2015 and 2014, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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Note 9—Pension Plan: (Continued)

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A. Plan Description (Continued)

**School Board Non-Professional**

***Employees Covered by Benefit Terms***

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|                                                                      | Number |
|----------------------------------------------------------------------|--------|
| Inactive members or their beneficiaries currently receiving benefits | 46     |
| Inactive members:                                                    |        |
| Vested                                                               | 11     |
| Non-vested                                                           | 47     |
| Active elsewhere in VRS                                              | 16     |
| Total inactive members                                               | 74     |
| Active members                                                       | 94     |
| Total covered employees                                              | 214    |

***Contributions***

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. 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 5 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 non-professional's contractually required contribution rate for the year ended June 30, 2015 was 8.57% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$225,699 and \$218,931 for the years ended June 30, 2015 and 2014, respectively.

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### Note 9—Pension Plan: (Continued)

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##### A. Plan Description (Continued)

###### **School Board Professional**

###### ***Contributions***

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 5 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, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 14.50%. 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 100% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board for the professional plan were \$8,414,967 and \$6,291,642 for the years ended June 30, 2015 and 2014, respectively.

##### B. Net Pension Liability

The County and the School Board's non-professional plan net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

At June 30, 2015, the School Board reported a liability for the professional plan of \$89,167,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 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, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the School Board's proportion was 0.73785% as compared to 0.73799% at June 30, 2013.

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### Note 9—Pension Plan: (Continued)

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##### B. Net Pension Liability (Continued)

###### **Actuarial Assumptions – 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, 2013, 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, 2014.

|                                       |                                                                    |
|---------------------------------------|--------------------------------------------------------------------|
| 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 benefits.

|                   |                                                                                                                                        |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates:  | 14% of deaths are assumed to be service related.                                                                                       |
| Pre-retirement:   | RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.          |
| Post-retirement:  | RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.                                        |
| Post-disablement: | RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement. |

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### Note 9—Pension Plan: (Continued)

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##### B. Net Pension Liability (Continued)

###### **Actuarial Assumptions – Public Safety Employees**

The total pension liability for Public Safety employees in the County's retirement plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

|                                       |                                                                   |
|---------------------------------------|-------------------------------------------------------------------|
| 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:  | 60% of deaths are assumed to be service related.                                                                                       |
| Pre-retirement:   | RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.             |
| Post-retirement:  | RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.                                        |
| Post-disablement: | RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement. |

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### Note 9—Pension Plan: (Continued)

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##### B. Net Pension Liability (Continued)

##### **Actuarial Assumptions – School Board Professional Plan**

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

|                                       |                                                                   |
|---------------------------------------|-------------------------------------------------------------------|
| 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-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years.            |
| Post-retirement:  | RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years.            |
| Post-disablement: | RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement. |

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

**Long-Term Expected Rate of Return**

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 |
|---------------------------|--------------------------------------|----------------------------------------------|----------------------------------------------------|
| U.S. Equity               | 19.50%                               | 6.46%                                        | 1.26%                                              |
| Developed Non-U.S. Equity | 16.50%                               | 6.28%                                        | 1.04%                                              |
| Emerging Market Equity    | 6.00%                                | 10.00%                                       | 0.60%                                              |
| Fixed Income              | 15.00%                               | 0.09%                                        | 0.01%                                              |
| Emerging Debt             | 3.00%                                | 3.51%                                        | 0.11%                                              |
| Rate Sensitive Credit     | 4.50%                                | 3.51%                                        | 0.16%                                              |
| Non-Rate Sensitive Credit | 4.50%                                | 5.00%                                        | 0.23%                                              |
| Convertibles              | 3.00%                                | 4.81%                                        | 0.14%                                              |
| Public Real Estate        | 2.25%                                | 6.12%                                        | 0.14%                                              |
| Private Real Estate       | 12.75%                               | 7.10%                                        | 0.91%                                              |
| Private Equity            | 12.00%                               | 10.41%                                       | 1.25%                                              |
| Cash                      | 1.00%                                | -1.50%                                       | -0.02%                                             |
| Total                     | 100.00%                              |                                              | 5.83%                                              |
|                           | Inflation                            |                                              | 2.50%                                              |
|                           | * Expected arithmetic nominal return |                                              | 8.33%                                              |

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

**Discount Rate**

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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and the School Board's retirement plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed 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.

C. Changes in the Net Pension Liability

**County**

|                                                                  | Total<br>Pension<br>Liability | Plan<br>Fiduciary<br>Net Position | Net Pension<br>Liability |
|------------------------------------------------------------------|-------------------------------|-----------------------------------|--------------------------|
| Balances at June 30, 2013                                        | \$ 79,020,284                 | \$ 63,065,359                     | \$ 15,954,925            |
| Changes for the Year:                                            |                               |                                   |                          |
| Service cost                                                     | 2,078,481                     | -                                 | 2,078,481                |
| Interest                                                         | 5,396,036                     | -                                 | 5,396,036                |
| Contributions – employer                                         | -                             | 2,210,642                         | (2,210,642)              |
| Contributions – employee                                         | -                             | 909,646                           | (909,646)                |
| Net investment income                                            | -                             | 9,910,591                         | (9,910,591)              |
| Benefit payments, including<br>refunds of employee contributions | (3,868,114)                   | (3,868,114)                       | -                        |
| Administrative expense                                           | -                             | (53,478)                          | 53,478                   |
| Other changes                                                    | -                             | 523                               | (523)                    |
| Net changes                                                      | 3,606,403                     | 9,109,810                         | (5,503,407)              |
| Balances at June 30, 2014                                        | \$ 82,626,687                 | \$ 72,175,169                     | \$ 10,451,518            |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

C. Changes in the Net Pension Liability (Continued)

**School Board Non-Professional**

|                                                                  | Total<br>Pension<br>Liability | Plan<br>Fiduciary<br>Net Position | Net Pension<br>Liability |
|------------------------------------------------------------------|-------------------------------|-----------------------------------|--------------------------|
| Balances at June 30, 2013                                        | \$ 10,830,741                 | \$ 9,234,345                      | \$ 1,596,396             |
| Changes for the Year:                                            |                               |                                   |                          |
| Service cost                                                     | 257,529                       | -                                 | 257,529                  |
| Interest                                                         | 739,629                       | -                                 | 739,629                  |
| Contributions – employer                                         | -                             | 218,931                           | (218,931)                |
| Contributions – employee                                         | -                             | 131,504                           | (131,504)                |
| Net investment income                                            | -                             | 1,445,168                         | (1,445,168)              |
| Benefit payments, including<br>refunds of employee contributions | (529,213)                     | (529,213)                         | -                        |
| Administrative expense                                           | -                             | (7,868)                           | 7,868                    |
| Other changes                                                    | -                             | 76                                | (76)                     |
| Net changes                                                      | 467,945                       | 1,258,598                         | (790,653)                |
| Balances at June 30, 2014                                        | \$ 11,298,686                 | \$ 10,492,943                     | \$ 805,743               |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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%<br>Decrease<br>(6.00%) | Current<br>Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|----------------------------------------------------------------|---------------------------|----------------------------------------|---------------------------|
| County net pension liability                                   | \$ 21,320,644             | \$ 10,451,518                          | \$ 1,463,419              |
| School Board non-professional net<br>pension liability (asset) | 2,240,144                 | 805,743                                | (388,062)                 |
| School Board professional net<br>pension liability             | 130,932,855               | 89,167,000                             | 54,779,998                |

# COUNTY OF AUGUSTA, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

### Note 9—Pension Plan: (Continued)

#### C. Changes in the Net Pension Liability (Continued)

Detailed information about the pension plans' fiduciary net position are available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules and the VRS Teacher Retirement Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR is publicly available through the About VRS link on the VRS website at [www.varetire.org](http://www.varetire.org), or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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

##### County

For the year ended June 30, 2015, the County recognized pension expense of \$1,126,469. The County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

|                                                                                  | Deferred<br>Outflows<br>of<br>Resources | Deferred<br>Inflows<br>of<br>Resources |
|----------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ -                                    | \$ 4,419,234                           |
| Employer contributions subsequent to the measurement date                        | 2,265,275                               | -                                      |
| Total                                                                            | \$ 2,265,275                            | \$ 4,419,234                           |

\$2,265,275 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 ended June 30, 2016.

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount              |
|----------------------|---------------------|
| 2016                 | \$ 1,104,809        |
| 2017                 | 1,104,809           |
| 2018                 | 1,104,809           |
| 2019                 | 1,104,807           |
|                      | <u>\$ 4,419,234</u> |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

**School Board Non-Professional**

For the year ended June 30, 2015, the School Board recognized pension expense related to its non-professional plan of \$72,513. 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<br>Outflows<br>of<br>Resources | Deferred<br>Inflows<br>of<br>Resources |
|----------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ -                                    | \$ 644,235                             |
| Employer contributions subsequent to the measurement date                        | 225,699                                 | -                                      |
| Total                                                                            | <u>\$ 225,699</u>                       | <u>\$ 644,235</u>                      |

\$225,699 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 ended June 30, 2016.

Amounts reported as deferred inflows of resources related to pensions for the School Board non-professional plan will be recognized in pension expense as follows:

| Year Ending June 30, | Amount            |
|----------------------|-------------------|
| 2016                 | \$ 161,059        |
| 2017                 | 161,059           |
| 2018                 | 161,059           |
| 2019                 | <u>161,058</u>    |
|                      | <u>\$ 644,235</u> |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 9—Pension Plan: (Continued)**

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

**School Board Professional**

For the year ended June 30, 2015, the School Board recognized pension expense related to the professional plan of \$7,050,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, 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 post employment 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 \$713,137 has been allocated and reported as due from the Program.

At June 30, 2015, 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<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments                              | \$ -                                 | \$ 13,233,000                       |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -                                    | 16,000                              |
| Employer contributions subsequent to the measurement date                                                     | 8,414,967                            | -                                   |
| Total                                                                                                         | <u>\$ 8,414,967</u>                  | <u>\$ 13,249,000</u>                |

\$8,414,967 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 ended June 30, 2016.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 9—Pension Plan: (Continued)**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>        |
|-----------------------------|----------------------|
| 2016                        | \$ 3,311,000         |
| 2017                        | 3,311,000            |
| 2018                        | 3,311,000            |
| 2019                        | 3,311,000            |
| 2020                        | 5,000                |
|                             | <u>\$ 13,249,000</u> |

**Note 10—Other Postemployment Benefits Program:**

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Beginning in fiscal year 2009, the County and School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the County and School Board retiree health benefit subsidy. Historically, the County and School Board's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County and School Board accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employee's active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the County and School Board. This funding methodology mirrors the funding approach used for pension benefits. A separate audited employment benefit plan is not available for the County or School Board.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 10—Other Postemployment Benefits Program: (Continued)**

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**County:**

**A. Plan Description:**

The County offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The County will pay 75% of the monthly premium, not to exceed \$2,500 per fiscal year. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the County for retirees regardless of age if he/she has been employed by the County for at least 10 years immediately prior to the disability. The County reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

**B. Funding Policy:**

The County establishes employer contribution rates for plan participants as part of the budgetary process each year. Retiree contributions are adjusted as insurance rates change, with the maximum County subsidy remaining at \$2,500 per year.

**C. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay-as-you-go cost for OPEB benefits is \$505,000 for fiscal year 2015. The County has paid \$348,000 toward this obligation during fiscal year 2015. The County's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis.

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)****Note 10—Other Postemployment Benefits Program: (Continued)****County: (continued)****C. Annual OPEB Cost and Net OPEB Obligation: (continued)**

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

|                                         |    |                  |
|-----------------------------------------|----|------------------|
| Annual Required Contribution (ARC)      | \$ | 527,000          |
| Interest on OPEB Obligation             |    | 50,000           |
| Adjustment to ARC                       |    | (72,000)         |
| Annual OPEB cost                        | \$ | 505,000          |
| Contributions Made                      |    | (348,000)        |
| Increase in Net OPEB Obligation         | \$ | 157,000          |
| Net OPEB Obligation - beginning of year |    | 1,239,000        |
| Net OPEB Obligation - end of year       | \$ | <u>1,396,000</u> |

For 2015, the County's cash payment of \$348,000 was \$157,000 short of the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

| <b>Fiscal<br/>Year<br/>Ended</b> | <b>Annual<br/>OPEB<br/>Cost</b> | <b>Percentage<br/>of Annual<br/>OPEB Cost<br/>Contributed</b> | <b>Net<br/>OPEB<br/>Obligation</b> |
|----------------------------------|---------------------------------|---------------------------------------------------------------|------------------------------------|
| 6/30/15                          | \$ 505,000                      | 68.91%                                                        | \$ 1,396,000                       |
| 6/30/14                          | 490,000                         | 66.94%                                                        | 1,239,000                          |
| 6/30/13                          | 481,000                         | 64.66%                                                        | 1,077,000                          |

**D. Funded Status and Funding Progress:**

The funded status of the plan as of the July 1, 2013, the most recent actuarial valuation, is as follows:

|                                                   |    |            |
|---------------------------------------------------|----|------------|
| Actuarial accrued liability (AAL)                 | \$ | 4,171,000  |
| Actuarial value of plan assets                    | \$ | -          |
| Unfunded actuarial accrued liability              | \$ | 4,171,000  |
| Funded ratio (actuarial value of plan assets/AAL) |    | 0.00%      |
| Covered payroll (active plan members)             | \$ | 15,701,000 |
| UAAL as a percentage of covered payroll           |    | 26.60%     |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 10—Other Postemployment Benefits Program: (Continued)**

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**County: (continued)**

**D. Funded Status and Funding Progress: (continued)**

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions:**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Cost Method**

The Entry Age Normal cost method is used to determine the Plan's funding of liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. Data is net of any retiree contributions.

**Actuarial Assumptions**

|                                   |                        |
|-----------------------------------|------------------------|
| Funding interest rate             | 4.00%                  |
| Annual amortization increase rate | 2.50%                  |
| Medical trend rate                | 8% graded down to 5.0% |
| Amortization period               | 20 years/open funded   |
| Inflation rate                    | 2.50%                  |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 10—Other Postemployment Benefits Program: (Continued)**

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**School Board:**

**Health Insurance Plan**

**A. Plan Description:**

The School Board offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Spouses and dependents may maintain coverage after the death of the retiree as long as they meet the eligibility requirements of the plan and assume full responsibility for the premiums. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

**B. Funding Policy:**

The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. Retiree contributions are adjusted as insurance rates change.

**C. Annual OPEB Cost and Net OPEB Obligation:**

The annual cost of other post-employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay-as-you go cost for OPEB benefits is \$1,731,000 for fiscal year 2015. The School Board has paid \$901,000 toward this obligation during fiscal year 2015. The School Board's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis.

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)****Note 10—Other Post-Employment Benefits Program: (Continued)****School Board: (continued)****Health Insurance Plan (continued)****C. Annual OPEB Cost and Net OPEB Obligation: (continued)**

The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation:

|                                         |              |
|-----------------------------------------|--------------|
| Annual Required Contribution (ARC)      | \$ 1,783,000 |
| Interest on OPEB Obligation             | 114,000      |
| Adjustment to ARC                       | (166,000)    |
| Annual OPEB cost                        | \$ 1,731,000 |
| Contributions Made                      | (901,000)    |
| Increase in Net OPEB Obligation         | \$ 830,000   |
| Net OPEB Obligation - beginning of year | 2,854,000    |
| Net OPEB Obligation - end of year       | \$ 3,684,000 |

For 2015, the School Board's cash payment of \$901,000 was \$830,000 short of the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 are as follows:

| <b>Fiscal<br/>Year<br/>Ended</b> | <b>Annual<br/>OPEB<br/>Cost</b> | <b>Percentage<br/>of Annual<br/>OPEB Cost<br/>Contributed</b> | <b>Net<br/>OPEB<br/>Obligation</b> |
|----------------------------------|---------------------------------|---------------------------------------------------------------|------------------------------------|
| 6/30/15                          | \$ 1,731,000                    | 52.05%                                                        | \$ 3,684,000                       |
| 6/30/14                          | 1,763,000                       | 60.86%                                                        | 2,854,000                          |
| 6/30/13                          | 1,733,000                       | 57.36%                                                        | 2,164,000                          |

**D. Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2013, the most recent actuarial valuation, is as follows:

|                                                    |               |
|----------------------------------------------------|---------------|
| Actuarial accrued liability (AAL)                  | \$ 14,726,000 |
| Actuarial value of plan assets                     | \$ -          |
| Unfunded actuarial accrued liability               | \$ 14,726,000 |
| Funded ratio (actuarial value of plan assets/ AAL) | 0.00%         |
| Covered payroll (active plan members)              | \$ 53,221,000 |
| UAAL as a percentage of covered payroll            | 27.70%        |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 10—Other Post-Employment Benefits Program: (Continued)**

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**School Board: (continued)**

**Health Insurance Plan (continued)**

**D. Funded Status and Funding Progress (continued)**

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Cost Method**

The Entry Age Normal cost method is used to determine the Plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active Participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. Data is net of any retiree contributions.

**Actuarial Assumptions**

|                                   |                        |
|-----------------------------------|------------------------|
| Funding interest rate             | 4.00%                  |
| Annual amortization increase rate | 2.50%                  |
| Medical trend                     | 8% graded down to 5.0% |
| Amortization period               | 20 years/open funded   |
| Inflation rate                    | 2.50%                  |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 10—Other Post-Employment Benefits Program: (Continued)**

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**School Board: (continued)**

**VRS Health Insurance Credit Program**

**A. Plan Description**

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. The School Board participates in the program for the professional pool employees only. VRS issues separate financial statements as previously discussed in Note 9.

**B. Funding Policy**

The School Board is required to contribute, an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$589,569, \$598,945, and \$588,051, respectively and equaled the required contributions for each year.

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)**

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**Note 11—Unearned Revenue:**

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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 \$1,069,879 and \$172,260 is comprised of the following:

|                                  | Governmental<br>Activities | School<br>Board   |
|----------------------------------|----------------------------|-------------------|
| Federal payment in lieu of taxes | \$ 330,764                 | \$ -              |
| Asset forfeiture                 | 6,164                      | -                 |
| Prepaid property taxes           | 732,951                    | -                 |
| ITCV grant                       | -                          | 110,098           |
| Prepaid meals-cafeteria          | -                          | 62,162            |
| Total                            | <u>\$ 1,069,879</u>        | <u>\$ 172,260</u> |

**Note 12—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, 2015 totaled \$23,683,070 for the fund financial statements and deferred revenue totaled \$20,025,598 for government-wide financial statements. It is comprised of the following:

|                                                                              | Property Taxes       | Other             | Land Held for<br>Investment |
|------------------------------------------------------------------------------|----------------------|-------------------|-----------------------------|
| Property taxes receivable, net of allowance<br>(reported on Fund statements) | \$ 4,290,822         | \$ -              | \$ -                        |
| Unbilled property taxes for second half 2015                                 | 18,659,925           | -                 | -                           |
| Land held for investment<br>(reported on Government-wide statements)         | -                    | -                 | 633,350                     |
| Repayment of loans from fire departments                                     | -                    | 629,342           | -                           |
| EMS transport fees                                                           | -                    | 90,084            | -                           |
| Other                                                                        | -                    | 12,897            | -                           |
| Total                                                                        | <u>\$ 22,950,747</u> | <u>\$ 732,323</u> | <u>\$ 633,350</u>           |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

**Note 13—Capital Assets:**

**Primary Government**

Capital asset activity for the year ended June 30, 2015 was as follows:

| <b>Governmental Activities</b>              | <b>Beginning<br/>Balance</b> | <b>Increase</b> | <b>Decrease</b> | <b>Transfers</b> | <b>Ending<br/>Balance</b> |
|---------------------------------------------|------------------------------|-----------------|-----------------|------------------|---------------------------|
| Capital assets not being depreciated:       |                              |                 |                 |                  |                           |
| Land                                        | \$ 5,391,546                 | \$ 125,000      | \$ (29,995)     | \$ -             | \$ 5,486,551              |
| Construction in progress                    | 218,516                      | 2,186,272       | -               | (68,797)         | 2,335,991                 |
| Total capital assets not being depreciated  | \$ 5,610,062                 | \$ 2,311,272    | \$ (29,995)     | \$ (68,797)      | \$ 7,822,542              |
| Capital assets being depreciated:           |                              |                 |                 |                  |                           |
| Buildings                                   | 81,427,522                   | -               | -               | (5,241,505)      | 76,186,017                |
| Machinery and equipment                     | 11,915,940                   | 1,246,398       | (334,722)       | 68,797           | 12,896,413                |
| Land Improvements                           | 5,019,683                    | -               | -               | -                | 5,019,683                 |
| Total capital assets being depreciated      | \$ 98,363,145                | \$ 1,246,398    | \$ (334,722)    | \$ (5,172,708)   | \$ 94,102,113             |
| Accumulated depreciation for:               |                              |                 |                 |                  |                           |
| Buildings                                   | (21,350,356)                 | (728,965)       | -               | 91,059           | (21,988,262)              |
| Machinery and equipment                     | (8,607,449)                  | (931,891)       | 334,722         | -                | (9,204,618)               |
| Land Improvements                           | (924,581)                    | (272,209)       | -               | -                | (1,196,790)               |
| Total accumulated depreciation              | \$ (30,882,386)              | \$ (1,933,065)  | \$ 334,722      | \$ 91,059        | \$ (32,389,670)           |
| Total capital assets being depreciated, net | \$ 67,480,759                | \$ (686,667)    | \$ -            | \$ (5,081,649)   | \$ 61,712,443             |
| Governmental activities capital assets, net | \$ 73,090,821                | \$ 1,624,605    | \$ (29,995)     | \$ (5,150,446)   | \$ 69,534,985             |

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

|                                                     |              |
|-----------------------------------------------------|--------------|
| Governmental activities:                            |              |
| General government                                  | \$ 1,145,522 |
| Judicial administration                             | 14,157       |
| Public safety                                       | 645,189      |
| Public works                                        | 44,879       |
| Health and welfare                                  | 30,639       |
| Parks, recreation, and cultural                     | 42,089       |
| Community development                               | 10,590       |
| Total depreciation expenses-governmental activities | \$ 1,933,065 |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2015 was as follows:

|                                                | Beginning<br>Balance | Increase       | Decrease    | Transfers    | Ending<br>Balance |
|------------------------------------------------|----------------------|----------------|-------------|--------------|-------------------|
| Capital assets not being<br>depreciated:       |                      |                |             |              |                   |
| Land                                           | \$ 1,842,711         | \$ -           | \$ -        | \$ -         | \$ 1,842,711      |
| Construction in progress                       | 62,141               | 1,506,198      | -           | (52,641)     | 1,515,698         |
| Total capital assets not<br>being depreciated  | \$ 1,904,852         | \$ 1,506,198   | \$ -        | \$ (52,641)  | \$ 3,358,409      |
| Capital assets being<br>depreciated:           |                      |                |             |              |                   |
| Buildings                                      | 125,105,118          | 463,923        | -           | 5,264,146    | 130,833,187       |
| Machinery and equipment                        | 23,288,196           | 504,858        | (10,000)    | 30,000       | 23,813,054        |
| Total capital assets being<br>depreciated:     | \$ 148,393,314       | \$ 968,781     | \$ (10,000) | \$ 5,294,146 | \$ 154,646,241    |
| Accumulated depreciation for:                  |                      |                |             |              |                   |
| Buildings                                      | (56,353,084)         | (4,904,461)    | -           | (91,059)     | (61,348,604)      |
| Machinery and equipment                        | (20,101,300)         | (707,157)      | 10,000      | -            | (20,798,457)      |
| Total accumulated depreciation                 | \$ (76,454,384)      | \$ (5,611,618) | \$ 10,000   | \$ (91,059)  | \$ (82,147,061)   |
| Total capital assets being<br>depreciated, net | \$ 71,938,930        | \$ (4,642,837) | \$ -        | \$ 5,203,087 | \$ 72,499,180     |
| School Board capital assets, net               | \$ 73,843,782        | \$ (3,136,639) | \$ -        | \$ 5,150,446 | \$ 75,857,589     |

Depreciation expense charged to education was \$5,611,618.

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 (CONTINUED)

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#### Note 13—Capital Assets: (Continued)

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##### 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, 2015, is that school financed assets in the amount of \$48,919,633 are reported in the Primary Government for financial reporting purposes.

#### Note 14—Risk Management:

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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 JUNE 30, 2015 (CONTINUED)

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#### **Note 15—Contingent Liabilities:**

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

#### **Note 16—Joint Venture – Augusta Regional Landfill: Landfill Closure and Post-closure Costs:**

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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, 2015, the Augusta Regional Landfill reported as its landfill closure liability \$4,350,332 which represents the cumulative amount reported to date based on the use of 89.9% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and the stockpile financial assurance liability. The Augusta Regional Landfill reported a post-closure monitoring liability of \$2,884,180 at June 30, 2015. 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 89.9% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.71% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2015 for both landfill permits are \$7,234,512. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$611,405 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$3,011,693 for the newly constructed Phase 4 cell as it is filled in the next six to eight years. Both Permit #21 and Permit #585 closure and post-closure costs are based on DEQ approved factors which are conservative. The costs are inflated annually based on a DEQ-approved inflation rate. However, actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Capital Improvements Fund.

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  
JUNE 30, 2015 (CONTINUED)**

**Note 17—Construction Contracts Outstanding:**

The Primary Government had the following material contracts outstanding at June 30, 2015:

| <b>Project</b>                        | <b>Original<br/>Contract<br/>Amount</b> | <b>Amount<br/>Spent as of<br/>June 30, 2015</b> | <b>Amount of<br/>Contract<br/>Remaining<br/>at Year End</b> |
|---------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------------------------------------------------|
| Mill Place water tank construction    | \$ 1,783,000                            | \$ 1,341,400                                    | \$ 441,600                                                  |
| Todd Lake rehabilitation              | 2,976,062                               | 183,441                                         | 2,792,621                                                   |
| Wilson Middle School addition design  | 312,909                                 | 86,210                                          | 226,699                                                     |
| Hugh Cassell Elementary School design | 971,101                                 | 303,469                                         | 667,632                                                     |
| Riverheads Elementary School design   | 1,151,229                               | 359,797                                         | 791,432                                                     |
| Total                                 | <u>\$ 7,194,301</u>                     | <u>\$ 2,274,317</u>                             | <u>\$ 4,919,984</u>                                         |

**Note 18—Fund Balance:**

Fund balance had the following classifications at June 30, 2015:

|                             | <b>General</b>       | <b>County<br/>Capital<br/>Improvements</b> | <b>School Capital<br/>Improvements</b> | <b>Total</b>         |
|-----------------------------|----------------------|--------------------------------------------|----------------------------------------|----------------------|
| Fund Balances:              |                      |                                            |                                        |                      |
| Nonspendable:               |                      |                                            |                                        |                      |
| Inventories                 | \$ 9,605             | \$ -                                       | \$ -                                   | \$ 9,605             |
| Prepaid items               | 144,872              | -                                          | -                                      | 144,872              |
| Restricted for:             |                      |                                            |                                        |                      |
| Fire revolving loan program | 2,347,002            | -                                          | -                                      | 2,347,002            |
| Drug enforcement            | 5,412                | -                                          | -                                      | 5,412                |
| Capital projects            | -                    | 455,329                                    | -                                      | 455,329              |
| Committed to:               |                      |                                            |                                        |                      |
| Education                   | 544,068              | -                                          | -                                      | 544,068              |
| Emergency medical services  | 572,153              | -                                          | -                                      | 572,153              |
| Other capital projects      | -                    | 1,148,900                                  | -                                      | 1,148,900            |
| Assigned to:                |                      |                                            |                                        |                      |
| Fire revolving loan program | 171,722              | -                                          | -                                      | 171,722              |
| Drug enforcement            | 50,062               | -                                          | -                                      | 50,062               |
| Other capital projects      | -                    | 25,357,733                                 | -                                      | 25,357,733           |
| Unassigned                  | 12,001,256           | -                                          | (318,771)                              | 11,682,485           |
| Total                       | <u>\$ 15,846,152</u> | <u>\$ 26,961,962</u>                       | <u>\$ (318,771)</u>                    | <u>\$ 42,489,343</u> |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

**Note 19—Prior Period Adjustment:**

A prior period adjustment to beginning net position of the Primary Government is required to correctly state the impact of the VRS net pension liability in the prior fiscal year. A prior period adjustment to beginning net position of the Component Unit is required to correctly state the impact of the VRS net pension liability in the prior fiscal year. The following adjustment has been recorded:

|                                                                                                                                                       | <u>Government-Wide Statements</u> |                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------|
|                                                                                                                                                       | <u>Primary<br/>Government</u>     | <u>Component<br/>Unit</u> |
| Net position, as originally reported, July 1, 2014                                                                                                    | \$ 60,335,711                     | \$ 70,548,821             |
| Change in accounting principle for the implementation<br>of GASB Statement No. 68 - to record the<br>VRS net pension liability and related components | <u>(13,744,283)</u>               | <u>(96,743,465)</u>       |
| Net position, as adjusted, July 1, 2014                                                                                                               | \$ <u>46,591,428</u>              | \$ <u>(26,194,644)</u>    |

**Note 20—Note Receivable:**

Note 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 4.75% per annum. 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, 2015 include:

| <u>Year</u> | <u>Principal</u>  | <u>Interest</u>  |
|-------------|-------------------|------------------|
| 2016        | \$ 60,000         | \$ 18,000        |
| 2017        | 60,000            | 15,750           |
| 2018        | 60,000            | 13,500           |
| 2019        | 60,000            | 11,250           |
| 2020        | 60,000            | 9,000            |
| 2021        | 60,000            | 6,750            |
| 2022        | 60,000            | 4,500            |
| 2023        | 60,000            | 2,250            |
|             | \$ <u>480,000</u> | \$ <u>81,000</u> |

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 (CONTINUED)

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**Note 21—Upcoming Pronouncements:**

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At June 30, 2015, 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. 72, *Fair Value Measurement and Application*, will improve measurement and application by state and local governments for fair value. Statement No. 72 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will improve accounting and financial reporting by state and local governments for pensions. It will also improve the comparability of pension-related information. Statement No. 73 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will improve financial reporting by state and local governments for OPEB. It also provides information for changes in OPEB liabilities from year to year. Statement No. 74 will be effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will improve accounting and financial reporting by state and local governments for OPEB. It will also require the recognition of the entire OPEB liability and a comprehensive measure of OPEB expense. Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will improve financial reporting for state and local governments by providing greater reporting guidance to provide less variation in financial reporting. Statement No. 76 will be effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires a state or local government to disclose information about tax abatement. GASB Statement No. 77 will be effective for fiscal years beginning after December 15, 2015.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Note to Required Supplementary Information**

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

## General Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2015

|                                                  | Budgeted Amounts       |                        |                        | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--------------------------------------------------|------------------------|------------------------|------------------------|----------------------------------------------------|
|                                                  | Original               | Final                  | Actual<br>Amounts      |                                                    |
| REVENUES                                         |                        |                        |                        |                                                    |
| General property taxes                           | \$ 53,455,000          | \$ 53,095,500          | \$ 52,963,125          | \$ (132,375)                                       |
| Other local taxes                                | 13,736,044             | 13,981,044             | 14,645,141             | 664,097                                            |
| Permits, privilege fees, and regulatory licenses | 572,600                | 751,600                | 764,794                | 13,194                                             |
| Fines and forfeitures                            | 216,300                | 223,500                | 206,125                | (17,375)                                           |
| Revenue from the use of money and property       | 543,300                | 573,300                | 567,927                | (5,373)                                            |
| Charges for services                             | 3,370,100              | 3,496,100              | 3,447,155              | (48,945)                                           |
| Miscellaneous                                    | 239,000                | 262,000                | 270,000                | 8,000                                              |
| Recovered costs                                  | 154,610                | 142,100                | 137,935                | (4,165)                                            |
| Intergovernmental revenues:                      |                        |                        |                        |                                                    |
| Commonwealth                                     | 12,291,960             | 12,238,145             | 12,010,541             | (227,604)                                          |
| Federal                                          | 786,220                | 929,095                | 865,802                | (63,293)                                           |
| Total revenues                                   | <u>\$ 85,365,134</u>   | <u>\$ 85,692,384</u>   | <u>\$ 85,878,545</u>   | <u>\$ 186,161</u>                                  |
| EXPENDITURES                                     |                        |                        |                        |                                                    |
| Current:                                         |                        |                        |                        |                                                    |
| General government administration                | \$ 4,784,821           | \$ 4,774,365           | \$ 4,673,312           | \$ 101,053                                         |
| Judicial administration                          | 1,915,145              | 1,906,855              | 1,839,987              | 66,868                                             |
| Public safety                                    | 19,274,278             | 19,129,351             | 18,173,128             | 956,223                                            |
| Public works                                     | 3,579,185              | 3,583,770              | 3,465,517              | 118,253                                            |
| Health and welfare                               | 1,174,973              | 1,230,268              | 1,233,795              | (3,527)                                            |
| Education                                        | 38,550,582             | 38,550,582             | 37,852,654             | 697,928                                            |
| Parks, recreation and cultural                   | 2,805,685              | 2,783,634              | 2,685,441              | 98,193                                             |
| Community development                            | 1,494,704              | 1,546,395              | 1,447,545              | 98,850                                             |
| Nondepartmental                                  | 174,405                | 147,497                | 144,535                | 2,962                                              |
| Total expenditures                               | <u>\$ 73,753,778</u>   | <u>\$ 73,652,717</u>   | <u>\$ 71,515,914</u>   | <u>\$ 2,136,803</u>                                |
| Excess of revenues over expenditures             | <u>\$ 11,611,356</u>   | <u>\$ 12,039,667</u>   | <u>\$ 14,362,631</u>   | <u>\$ 2,322,964</u>                                |
| OTHER FINANCING SOURCES (USES)                   |                        |                        |                        |                                                    |
| Transfers in                                     | \$ 811,000             | \$ 750,000             | \$ 724,735             | \$ (25,265)                                        |
| Transfers out                                    | <u>(12,443,841)</u>    | <u>(14,089,238)</u>    | <u>(14,173,480)</u>    | <u>(84,242)</u>                                    |
| Total other financing sources (uses), net        | <u>\$ (11,632,841)</u> | <u>\$ (13,339,238)</u> | <u>\$ (13,448,745)</u> | <u>\$ (109,507)</u>                                |
| Net change in fund balances                      | \$ (21,485)            | \$ (1,299,571)         | \$ 913,886             | \$ 2,213,457                                       |
| Fund balances - beginning                        | <u>21,485</u>          | <u>1,299,571</u>       | <u>14,932,266</u>      | <u>13,632,695</u>                                  |
| Fund balances - ending                           | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ 15,846,152</u>   | <u>\$ 15,846,152</u>                               |

Special Revenue Fund - Virginia Public Assistance Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

|                                           | <u>Budgeted Amounts</u> |                       | <u>Actual</u>         | <u>Variance with</u>  |
|-------------------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
|                                           | <u>Original</u>         | <u>Final</u>          | <u>Amounts</u>        | <u>Final Budget -</u> |
|                                           |                         |                       |                       | <u>Over</u>           |
|                                           |                         |                       |                       | <u>(Under)</u>        |
| <b>REVENUES</b>                           |                         |                       |                       |                       |
| Charges for services                      | \$ 149,688              | \$ 153,005            | \$ 142,772            | \$ (10,233)           |
| Recovered costs                           | 1,296,929               | 1,296,929             | 1,296,929             | -                     |
| Intergovernmental revenues:               |                         |                       |                       |                       |
| Commonwealth                              | 5,287,759               | 5,421,523             | 5,146,137             | (275,386)             |
| Federal                                   | 6,094,630               | 6,229,690             | 6,125,470             | (104,220)             |
| Total revenues                            | <u>\$ 12,829,006</u>    | <u>\$ 13,101,147</u>  | <u>\$ 12,711,308</u>  | <u>\$ (389,839)</u>   |
| <b>EXPENDITURES</b>                       |                         |                       |                       |                       |
| Current:                                  |                         |                       |                       |                       |
| Health and welfare                        | \$ 15,037,670           | \$ 15,550,961         | \$ 15,155,471         | \$ 395,490            |
| Total expenditures                        | <u>\$ 15,037,670</u>    | <u>\$ 15,550,961</u>  | <u>\$ 15,155,471</u>  | <u>\$ 395,490</u>     |
| Deficiency of revenues under expenditures | <u>\$ (2,208,664)</u>   | <u>\$ (2,449,814)</u> | <u>\$ (2,444,163)</u> | <u>\$ 5,651</u>       |
| <b>OTHER FINANCING SOURCES</b>            |                         |                       |                       |                       |
| Transfers in                              | \$ 2,208,664            | \$ 2,449,814          | \$ 2,444,163          | \$ (5,651)            |
| Total other financing sources             | <u>\$ 2,208,664</u>     | <u>\$ 2,449,814</u>   | <u>\$ 2,444,163</u>   | <u>\$ (5,651)</u>     |
| Net change in fund balances               | \$ -                    | \$ -                  | \$ -                  | \$ -                  |
| Fund balances - beginning                 | -                       | -                     | -                     | -                     |
| Fund balances - ending                    | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           |

Other Postemployment Benefit Program  
Schedule of Funding Progress

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**PRIMARY GOVERNMENT:****County Other Postemployment Benefit Program**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(AVA)<br>( a ) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>( b ) | Unfunded<br>(Excess<br>Funded)<br>Actuarial<br>Accrued<br>Liability<br>(UAAL)<br>( b-a ) | Funded<br>Ratio<br>( a/b ) | Annual<br>Covered<br>Payroll<br>( c ) | UAAL as<br>% of<br>Covered<br>Payroll<br>( (b-a)/c ) |
|--------------------------------|---------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------|---------------------------------------|------------------------------------------------------|
| 07/01/13                       | \$ -                                              | \$ 4,171,000                                        | \$ 4,171,000                                                                             | 0.00%                      | \$ 15,701,000                         | 26.6%                                                |
| 07/01/11                       | -                                                 | 4,365,000                                           | 4,365,000                                                                                | 0.00%                      | 14,711,000                            | 29.7%                                                |
| 07/01/09                       | -                                                 | 3,656,000                                           | 3,656,000                                                                                | 0.00%                      | 14,876,000                            | 24.6%                                                |
| 07/01/07                       | -                                                 | 3,714,000                                           | 3,714,000                                                                                | 0.00%                      | 14,112,000                            | 26.3%                                                |

**DISCRETELY PRESENTED COMPONENT UNIT:****School Board Other Postemployment Benefit Program**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(AVA)<br>( a ) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>( b ) | Unfunded<br>(Excess<br>Funded)<br>Actuarial<br>Accrued<br>Liability<br>(UAAL)<br>( b-a ) | Funded<br>Ratio<br>( a/b ) | Annual<br>Covered<br>Payroll<br>( c ) | UAAL as<br>% of<br>Covered<br>Payroll<br>( (b-a)/c ) |
|--------------------------------|---------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------|---------------------------------------|------------------------------------------------------|
| 07/01/13                       | \$ -                                              | \$ 14,726,000                                       | \$ 14,726,000                                                                            | 0.00%                      | \$ 53,221,000                         | 27.7%                                                |
| 07/01/11                       | -                                                 | 17,200,000                                          | 17,200,000                                                                               | 0.00%                      | 55,880,000                            | 30.8%                                                |
| 07/01/09                       | -                                                 | 14,154,000                                          | 14,154,000                                                                               | 0.00%                      | 53,465,000                            | 26.5%                                                |
| 07/01/07                       | -                                                 | 12,047,000                                          | 12,047,000                                                                               | 0.00%                      | 55,425,000                            | 21.7%                                                |

## Note:

Fiscal Year 2009 was the first year of implementation of GASB 45 for the Primary Government and Discretely Presented Component Unit School Board.

## Schedule of Changes in the County Net Pension Liability and Related Ratios - Virginia Retirement System

|                                                                            | June 30, 2014               |
|----------------------------------------------------------------------------|-----------------------------|
| Total Pension Liability                                                    |                             |
| Service cost                                                               | \$ 2,078,481                |
| Interest                                                                   | 5,396,036                   |
| Benefit payments, including refunds of employee contributions              | (3,868,114)                 |
| <b>Net change in total pension liability</b>                               | <b>\$ 3,606,403</b>         |
| Total pension liability - beginning                                        | \$ 79,020,284               |
| Total pension liability - ending (a)                                       | <u><u>\$ 82,626,687</u></u> |
| Plan Fiduciary Net Position                                                |                             |
| Contributions - employer                                                   | \$ 2,210,642                |
| Contributions - employee                                                   | 909,646                     |
| Net investment income                                                      | 9,910,591                   |
| Benefit payments, including refunds of employee contributions              | (3,868,114)                 |
| Administrative expense                                                     | (53,478)                    |
| Other                                                                      | 523                         |
| <b>Net change in plan fiduciary net position</b>                           | <b>\$ 9,109,810</b>         |
| Plan fiduciary net position - beginning                                    | \$ 63,065,359               |
| Plan fiduciary net position - ending (b)                                   | <u><u>\$ 72,175,169</u></u> |
| County's net pension liability - ending (a) - (b)                          | <u><u>\$ 10,451,518</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 87.35%                      |
| Covered-employee payroll                                                   | \$ 17,685,136               |
| County's net pension liability as a percentage of covered-employee payroll | 59.10%                      |

**Notes to Schedule:**

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
- |                                                           |                                                       |
|-----------------------------------------------------------|-------------------------------------------------------|
| <b>LEOS:</b>                                              | <b>NON-LEOS:</b>                                      |
| a. Update mortality table                                 | a. Update mortality table                             |
| b. Adjustments to rates of service retirement for females | b. Decrease in rates of service retirement            |
| c. Increase in rates of withdrawal                        | c. Decrease in rates of disability retirement         |
| d. Decrease in male and female rates of disability        | d. Reduce rates of salary increases by 0.25% per year |
- (3) 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

|                                                                                                   | June 30, 2014               |
|---------------------------------------------------------------------------------------------------|-----------------------------|
| Total Pension Liability                                                                           |                             |
| Service cost                                                                                      | \$ 257,529                  |
| Interest                                                                                          | 739,629                     |
| Benefit payments, including refunds of employee contributions                                     | (529,213)                   |
| <b>Net change in total pension liability</b>                                                      | <b>\$ 467,945</b>           |
| Total pension liability - beginning                                                               | \$ 10,830,741               |
| Total pension liability - ending (a)                                                              | <u><u>\$ 11,298,686</u></u> |
| Plan Fiduciary Net Position                                                                       |                             |
| Contributions - employer                                                                          | \$ 218,931                  |
| Contributions - employee                                                                          | 131,504                     |
| Net investment income                                                                             | 1,445,168                   |
| Benefit payments, including refunds of employee contributions                                     | (529,213)                   |
| Administrative expense                                                                            | (7,868)                     |
| Other                                                                                             | 76                          |
| <b>Net change in plan fiduciary net position</b>                                                  | <b>\$ 1,258,598</b>         |
| Plan fiduciary net position - beginning                                                           | \$ 9,234,345                |
| Plan fiduciary net position - ending (b)                                                          | <u><u>\$ 10,492,943</u></u> |
| School Board's non-professional net pension liability - ending (a) - (b)                          | <u><u>\$ 805,743</u></u>    |
| Plan fiduciary net position as a percentage of the total pension liability                        | 92.87%                      |
| Covered-employee payroll                                                                          | \$ 2,593,969                |
| School Board's non-professional net pension liability as a percentage of covered-employee payroll | 31.06%                      |

**Notes to Schedule:**

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
  - a. Update mortality table
  - b. Adjustments to rates of service retirement for females
  - c. Increase in rates of withdrawal
  - d. Decrease in male and female rates of disability
- (3) 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

---

|                                                                                                             | June 30, 2014 |
|-------------------------------------------------------------------------------------------------------------|---------------|
| Employer's proportion of the net pension liability                                                          | 0.73785%      |
| Employer's proportionate share of the net pension liability                                                 | \$ 89,167,000 |
| Employer's covered-employee payroll                                                                         | \$ 53,959,194 |
| Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 165.25%       |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 70.88%        |

**Notes to Schedule:**

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
  - a. Update mortality table
  - b. Adjustments to rates of service retirement for females
  - c. Decrease in rate of withdrawals for 3 through 9 years of service
  - d. Decrease in rates of availability
  - e. Reduce rates of salary increase by 0.25% per year
- (3) 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<br>June 30, 2014 |
|-----------------------------------------------------------|------------------------------|
| Contractually required contribution (CRC)                 | \$ 2,210,642                 |
| Contributions in relation to the CRC                      | <u>2,210,642</u>             |
| Contribution deficiency (excess)                          | \$ <u><u>-</u></u>           |
| Employer's covered-employee payroll                       | \$ 17,685,136                |
| Contributions as a percentage of covered-employee payroll | 12.50%                       |

**Notes to Schedule:**

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
- |                               |                                     |
|-------------------------------|-------------------------------------|
| Actuarial cost method         | Entry age                           |
| Amortization method           | Level percentage of payroll, closed |
| Remaining amortization period | 20-29 years                         |
| Asset valuation method        | 5-year smoothed market              |
| Cost-of-living adjustments    | 2.50%                               |
| Projected salary increases    | 3.50%-5.35%                         |
| Investment rate of return     | 7.0%, including inflation at 2.50%  |
- (4) 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 Contributions - Virginia Retirement System

|                                                           |    | Fiscal Year<br>June 30, 2014 |
|-----------------------------------------------------------|----|------------------------------|
| Contractually required contribution (CRC)                 | \$ | 218,931                      |
| Contributions in relation to the CRC                      |    | <u>218,931</u>               |
| Contribution deficiency (excess)                          | \$ | <u><u>-</u></u>              |
| Employer's covered-employee payroll                       | \$ | 2,593,969                    |
| Contributions as a percentage of covered-employee payroll |    | 8.44%                        |

**Notes to Schedule:**

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
- |                               |                                     |
|-------------------------------|-------------------------------------|
| Actuarial cost method         | Entry age                           |
| Amortization method           | Level percentage of payroll, closed |
| Remaining amortization period | 20-29 years                         |
| Asset valuation method        | 5-year smoothed market              |
| Cost-of-living adjustments    | 2.50%                               |
| Projected salary increases    | 3.50%-5.35%                         |
| Investment rate of return     | 7.0%, including inflation at 2.50%  |
- (4) 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 Professional Contributions - Virginia Retirement System

|                                                           | Fiscal Year<br>June 30, 2014 |
|-----------------------------------------------------------|------------------------------|
| Contractually required contribution (CRC)                 | \$ 6,291,642                 |
| Contributions in relation to the CRC                      | <u>6,291,642</u>             |
| Contribution deficiency (excess)                          | \$ <u><u>-</u></u>           |
| Employer's covered-employee payroll                       | \$ 53,959,194                |
| Contributions as a percentage of covered-employee payroll | 11.66%                       |

**Notes to Schedule:**

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
- |                               |                                     |
|-------------------------------|-------------------------------------|
| Actuarial cost method         | Entry age                           |
| Amortization method           | Level percentage of payroll, closed |
| Remaining amortization period | 20-29 years                         |
| Asset valuation method        | 5-year smoothed market              |
| Cost-of-living adjustments    | 2.50%                               |
| Projected salary increases    | 3.50%-5.35%                         |
| Investment rate of return     | 7.0%, including inflation at 2.50%  |
- (4) 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.

## **OTHER SUPPLEMENTARY INFORMATION**

## Debt Service Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2015

|                                           | <b>Budgeted Amounts</b> |                       | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|-------------------------------------------|-------------------------|-----------------------|---------------------------|--------------------------------------------------------------|
|                                           | <b>Original</b>         | <b>Final</b>          |                           |                                                              |
| <b>EXPENDITURES</b>                       |                         |                       |                           |                                                              |
| Debt service:                             |                         |                       |                           |                                                              |
| Principal retirement                      | \$ 5,554,182            | \$ 5,554,182          | \$ 5,554,182              | \$ -                                                         |
| Interest and other fiscal charges         | 2,428,646               | 2,443,094             | 2,440,691                 | 2,403                                                        |
| Total expenditures                        | <u>\$ 7,982,828</u>     | <u>\$ 7,997,276</u>   | <u>\$ 7,994,873</u>       | <u>\$ 2,403</u>                                              |
| Deficiency of revenues under expenditures | <u>\$ (7,982,828)</u>   | <u>\$ (7,997,276)</u> | <u>\$ (7,994,873)</u>     | <u>\$ 2,403</u>                                              |
| <b>OTHER FINANCING SOURCES</b>            |                         |                       |                           |                                                              |
| Transfers in                              | \$ 7,912,306            | \$ 7,961,755          | \$ 7,994,873              | \$ 33,118                                                    |
| Other                                     | 70,522                  | 35,521                | -                         | (35,521)                                                     |
| Total other financing sources             | <u>\$ 7,982,828</u>     | <u>\$ 7,997,276</u>   | <u>\$ 7,994,873</u>       | <u>\$ (2,403)</u>                                            |
| Net change in fund balances               | \$ -                    | \$ -                  | \$ -                      | \$ -                                                         |
| Fund balances - beginning                 | \$ -                    | \$ -                  | \$ -                      | \$ -                                                         |
| Fund balances - ending                    | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ -</u>               | <u>\$ -</u>                                                  |

County Capital Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

|                                            | <b>Budgeted Amounts</b> |                       | <b>Actual</b>         | <b>Variance with</b>                       |
|--------------------------------------------|-------------------------|-----------------------|-----------------------|--------------------------------------------|
|                                            | <b>Original</b>         | <b>Final</b>          | <b>Amounts</b>        | <b>Final Budget -<br/>Over<br/>(Under)</b> |
| <b>REVENUES</b>                            |                         |                       |                       |                                            |
| Other local taxes                          | \$ 25,956               | \$ 25,956             | \$ 25,956             | \$ -                                       |
| Revenue from the use of money and property | 5,500                   | 28,450                | 26,635                | (1,815)                                    |
| Miscellaneous                              | 200                     | 163,300               | 149,271               | (14,029)                                   |
| Recovered costs                            | 15,200                  | 916,045               | 996,041               | 79,996                                     |
| Intergovernmental revenues:                |                         |                       |                       |                                            |
| Commonwealth                               | 1,656,000               | 3,511,150             | 2,731,576             | (779,574)                                  |
| Federal                                    | 150,000                 | 33,875                | 137,311               | 103,436                                    |
| Total revenues                             | <u>\$ 1,852,856</u>     | <u>\$ 4,678,776</u>   | <u>\$ 4,066,790</u>   | <u>\$ (611,986)</u>                        |
| <b>EXPENDITURES</b>                        |                         |                       |                       |                                            |
| Capital projects                           | \$ 6,136,624            | \$ 11,414,775         | \$ 10,265,328         | \$ 1,149,447                               |
| Total expenditures                         | <u>\$ 6,136,624</u>     | <u>\$ 11,414,775</u>  | <u>\$ 10,265,328</u>  | <u>\$ 1,149,447</u>                        |
| Deficiency of revenues under expenditures  | <u>\$ (4,283,768)</u>   | <u>\$ (6,735,999)</u> | <u>\$ (6,198,538)</u> | <u>\$ 537,461</u>                          |
| <b>OTHER FINANCING SOURCES (USES)</b>      |                         |                       |                       |                                            |
| Transfers in                               | \$ 2,948,768            | \$ 4,318,014          | \$ 4,374,787          | \$ 56,773                                  |
| Transfers out                              | (2,436,897)             | (3,390,345)           | (3,365,078)           | 25,267                                     |
| Issuance of revenue bonds                  | -                       | 2,287,255             | 2,185,655             | (101,600)                                  |
| Total other financing sources, net         | <u>\$ 511,871</u>       | <u>\$ 3,214,924</u>   | <u>\$ 3,195,364</u>   | <u>\$ (19,560)</u>                         |
| Net change in fund balances                | \$ (3,771,897)          | \$ (3,521,075)        | \$ (3,003,174)        | \$ 517,901                                 |
| Fund balances - beginning                  | 3,771,897               | 3,521,075             | 29,965,136            | 26,444,061                                 |
| Fund balances - ending                     | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ 26,961,962</u>  | <u>\$ 26,961,962</u>                       |

School Capital Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

|                                           | <b>Budgeted Amounts</b> |                | <b>Actual</b>  | <b>Variance with<br/>Final Budget<br/>Over<br/>(Under)</b> |
|-------------------------------------------|-------------------------|----------------|----------------|------------------------------------------------------------|
|                                           | <b>Original</b>         | <b>Final</b>   |                |                                                            |
| <b>REVENUES</b>                           |                         |                |                |                                                            |
| Miscellaneous                             | \$ 13,506               | \$ 13,506      | \$ 13,518      | \$ 12                                                      |
| Total revenues                            | \$ 13,506               | \$ 13,506      | \$ 13,518      | \$ 12                                                      |
| <b>EXPENDITURES</b>                       |                         |                |                |                                                            |
| Current:                                  |                         |                |                |                                                            |
| Capital projects                          | \$ 1,000,000            | \$ 3,167,853   | \$ 2,747,495   | \$ 420,358                                                 |
| Total expenditures                        | \$ 1,000,000            | \$ 3,167,853   | \$ 2,747,495   | \$ 420,358                                                 |
| Deficiency of revenues under expenditures | \$ (986,494)            | \$ (3,154,347) | \$ (2,733,977) | \$ 420,370                                                 |
| <b>OTHER FINANCING SOURCES</b>            |                         |                |                |                                                            |
| Transfers in                              | \$ 1,000,000            | \$ 2,000,000   | \$ 2,000,000   | \$ -                                                       |
| Total other financing sources             | \$ 1,000,000            | \$ 2,000,000   | \$ 2,000,000   | \$ -                                                       |
| Net change in fund balances               | \$ 13,506               | \$ (1,154,347) | \$ (733,977)   | \$ 420,370                                                 |
| Fund balances - beginning                 | (13,506)                | 1,154,347      | 415,206        | (739,141)                                                  |
| Fund balances - ending                    | \$ -                    | \$ -           | \$ (318,771)   | \$ (318,771)                                               |

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

Combining Statement of Net Position  
 Fiduciary Funds  
 June 30, 2015

|                                                                              | Agency Funds       |                                                                         |                                                  |                                                          |                                |                     | Total               |
|------------------------------------------------------------------------------|--------------------|-------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|--------------------------------|---------------------|---------------------|
|                                                                              | Special<br>Welfare | Shenandoah<br>Valley<br>Regional<br>Program<br>for Special<br>Education | Valley<br>Alcohol<br>Safety<br>Action<br>Program | Valley<br>Career and<br>Technical<br>Education<br>Center | Valley<br>Children's<br>Center | Insurance<br>Trust  |                     |
| <b>ASSETS</b>                                                                |                    |                                                                         |                                                  |                                                          |                                |                     |                     |
| Cash and cash equivalents                                                    | \$ 156,233         | \$ 2,234,905                                                            | \$ 144,267                                       | \$ 386,207                                               | \$ 16,792                      | \$ 2,646,467        | \$ 5,584,871        |
| Other receivables                                                            | -                  | 575,687                                                                 | 68,193                                           | 18,967                                                   | 5,647                          | -                   | 668,494             |
| Prepaid expenses                                                             | -                  | -                                                                       | -                                                | -                                                        | -                              | 560,000             | 560,000             |
| Total assets                                                                 | <u>\$ 156,233</u>  | <u>\$ 2,810,592</u>                                                     | <u>\$ 212,460</u>                                | <u>\$ 405,174</u>                                        | <u>\$ 22,439</u>               | <u>\$ 3,206,467</u> | <u>\$ 6,813,365</u> |
| <b>LIABILITIES</b>                                                           |                    |                                                                         |                                                  |                                                          |                                |                     |                     |
| Accounts payable                                                             | \$ -               | \$ 92,456                                                               | \$ 10,500                                        | \$ 146,173                                               | \$ -                           | \$ 500,616          | \$ 749,745          |
| Accrued liabilities                                                          | -                  | 208,849                                                                 | 32,107                                           | 95,328                                                   | -                              | -                   | 336,284             |
| Other liabilities                                                            | -                  | 1,546,230                                                               | -                                                | -                                                        | -                              | 1,819,940           | 3,366,170           |
| Amounts held for social<br>services clients                                  | 156,233            | -                                                                       | -                                                | -                                                        | -                              | -                   | 156,233             |
| Amounts held for Shenandoah Valley<br>Regional Program for Special Education | -                  | 963,057                                                                 | -                                                | -                                                        | -                              | -                   | 963,057             |
| Amounts held for Valley Alcohol<br>Safety Action Program                     | -                  | -                                                                       | 169,853                                          | -                                                        | -                              | -                   | 169,853             |
| Amounts held for Valley Career and<br>Technical Education Center             | -                  | -                                                                       | -                                                | 163,673                                                  | -                              | -                   | 163,673             |
| Amounts held for Valley Children's<br>Center                                 | -                  | -                                                                       | -                                                | -                                                        | 22,439                         | -                   | 22,439              |
| Amounts held for Insurance Trust                                             | -                  | -                                                                       | -                                                | -                                                        | -                              | 885,911             | 885,911             |
| Total liabilities                                                            | <u>\$ 156,233</u>  | <u>\$ 2,810,592</u>                                                     | <u>\$ 212,460</u>                                | <u>\$ 405,174</u>                                        | <u>\$ 22,439</u>               | <u>\$ 3,206,467</u> | <u>\$ 6,813,365</u> |

Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2015

|                                                                           | Balance<br>Beginning<br>of Year | Additions            | Deletions            | Balance<br>End<br>of Year |
|---------------------------------------------------------------------------|---------------------------------|----------------------|----------------------|---------------------------|
| <b>Special Welfare Fund:</b>                                              |                                 |                      |                      |                           |
| <b>ASSETS</b>                                                             |                                 |                      |                      |                           |
| Cash and cash equivalents                                                 | \$ 163,221                      | \$ 291,521           | \$ 298,509           | \$ 156,233                |
| Total assets                                                              | <u>\$ 163,221</u>               | <u>\$ 291,521</u>    | <u>\$ 298,509</u>    | <u>\$ 156,233</u>         |
| <b>LIABILITIES</b>                                                        |                                 |                      |                      |                           |
| Amounts held for social services clients                                  | \$ 163,221                      | \$ 291,521           | \$ 298,509           | \$ 156,233                |
| Total liabilities                                                         | <u>\$ 163,221</u>               | <u>\$ 291,521</u>    | <u>\$ 298,509</u>    | <u>\$ 156,233</u>         |
| <b>Shenandoah Valley Regional Program for Special Education Fund:</b>     |                                 |                      |                      |                           |
| <b>ASSETS</b>                                                             |                                 |                      |                      |                           |
| Cash and cash equivalents                                                 | \$ 2,275,279                    | \$ 9,984,747         | \$ 10,025,121        | \$ 2,234,905              |
| Other receivables                                                         | 221,128                         | 575,687              | 221,128              | 575,687                   |
| Total assets                                                              | <u>\$ 2,496,407</u>             | <u>\$ 10,560,434</u> | <u>\$ 10,246,249</u> | <u>\$ 2,810,592</u>       |
| <b>LIABILITIES</b>                                                        |                                 |                      |                      |                           |
| Accounts payable                                                          | \$ 131,702                      | \$ 92,456            | \$ 131,702           | \$ 92,456                 |
| Accrued liabilities                                                       | 182,695                         | 208,849              | 182,695              | 208,849                   |
| Other liabilities                                                         | 1,211,794                       | 1,546,230            | 1,211,794            | 1,546,230                 |
| Amounts held for Shenandoah Valley Regional Program for Special Education | 970,216                         | 9,984,747            | 9,991,906            | 963,057                   |
| Total liabilities                                                         | <u>\$ 2,496,407</u>             | <u>\$ 11,832,282</u> | <u>\$ 11,518,097</u> | <u>\$ 2,810,592</u>       |
| <b>Valley Alcohol Safety Action Program Fund:</b>                         |                                 |                      |                      |                           |
| <b>ASSETS</b>                                                             |                                 |                      |                      |                           |
| Cash and cash equivalents                                                 | \$ 149,516                      | \$ 454,064           | \$ 459,313           | \$ 144,267                |
| Other receivables                                                         | 117,933                         | 68,193               | 117,933              | 68,193                    |
| Total assets                                                              | <u>\$ 267,449</u>               | <u>\$ 522,257</u>    | <u>\$ 577,246</u>    | <u>\$ 212,460</u>         |
| <b>LIABILITIES</b>                                                        |                                 |                      |                      |                           |
| Accounts payable                                                          | \$ 10,314                       | \$ 10,500            | \$ 10,314            | \$ 10,500                 |
| Accrued liabilities                                                       | 8,903                           | 32,107               | 8,903                | 32,107                    |
| Amounts held for Valley Alcohol Safety Action Program                     | 248,232                         | 454,064              | 532,443              | 169,853                   |
| Total liabilities                                                         | <u>\$ 267,449</u>               | <u>\$ 496,671</u>    | <u>\$ 551,660</u>    | <u>\$ 212,460</u>         |
| <b>Valley Career and Technical Education Center Fund:</b>                 |                                 |                      |                      |                           |
| <b>ASSETS</b>                                                             |                                 |                      |                      |                           |
| Cash and cash equivalents                                                 | \$ 408,494                      | \$ 4,256,329         | \$ 4,278,616         | \$ 386,207                |
| Other receivables                                                         | 15,257                          | 18,967               | 15,257               | 18,967                    |
| Prepaid expenses                                                          | 44,593                          | -                    | 44,593               | -                         |
| Total assets                                                              | <u>\$ 468,344</u>               | <u>\$ 4,275,296</u>  | <u>\$ 4,338,466</u>  | <u>\$ 405,174</u>         |
| <b>LIABILITIES</b>                                                        |                                 |                      |                      |                           |
| Accounts payable                                                          | \$ 228,280                      | \$ 146,173           | \$ 228,280           | \$ 146,173                |
| Accrued liabilities                                                       | 98,770                          | 95,328               | 98,770               | 95,328                    |
| Amounts held for Valley Career and Technical Education Center             | 141,294                         | 4,256,329            | 4,233,950            | 163,673                   |
| Total liabilities                                                         | <u>\$ 468,344</u>               | <u>\$ 4,497,830</u>  | <u>\$ 4,561,000</u>  | <u>\$ 405,174</u>         |
| <b>Valley Children's Center Fund:</b>                                     |                                 |                      |                      |                           |
| <b>ASSETS</b>                                                             |                                 |                      |                      |                           |
| Cash and cash equivalents                                                 | \$ 20,488                       | \$ 124,016           | \$ 127,712           | \$ 16,792                 |
| Other receivables                                                         | 4,615                           | 5,647                | 4,615                | 5,647                     |
| Total assets                                                              | <u>\$ 25,103</u>                | <u>\$ 129,663</u>    | <u>\$ 132,327</u>    | <u>\$ 22,439</u>          |
| <b>LIABILITIES</b>                                                        |                                 |                      |                      |                           |
| Other liabilities                                                         | \$ 10,000                       | \$ -                 | \$ 10,000            | \$ -                      |
| Amounts held for Valley Children's Center                                 | 15,103                          | 134,016              | 126,680              | 22,439                    |
| Total liabilities                                                         | <u>\$ 25,103</u>                | <u>\$ 134,016</u>    | <u>\$ 136,680</u>    | <u>\$ 22,439</u>          |
| <b>Insurance Trust Fund:</b>                                              |                                 |                      |                      |                           |
| <b>ASSETS</b>                                                             |                                 |                      |                      |                           |
| Cash and cash equivalents                                                 | \$ -                            | \$ 10,925,814        | \$ 8,279,347         | \$ 2,646,467              |
| Prepaid expenses                                                          | -                               | 560,000              | -                    | 560,000                   |
| Total assets                                                              | <u>\$ -</u>                     | <u>\$ 11,485,814</u> | <u>\$ 8,279,347</u>  | <u>\$ 3,206,467</u>       |
| <b>LIABILITIES</b>                                                        |                                 |                      |                      |                           |
| Accounts payable                                                          | \$ -                            | \$ 500,616           | \$ -                 | \$ 500,616                |
| Incurred but not reported (IBNR) payable                                  | -                               | 1,819,940            | -                    | 1,819,940                 |
| Amounts held for Insurance Trust                                          | -                               | 10,925,814           | 10,039,903           | 885,911                   |
| Total liabilities                                                         | <u>\$ -</u>                     | <u>\$ 13,246,370</u> | <u>\$ 10,039,903</u> | <u>\$ 3,206,467</u>       |

Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2015 (Continued)

|                                                                           | Balance<br>Beginning<br>of Year | Additions            | Deletions            | Balance<br>End<br>of Year |
|---------------------------------------------------------------------------|---------------------------------|----------------------|----------------------|---------------------------|
| <b>Totals - All Agency Funds:</b>                                         |                                 |                      |                      |                           |
| <b>ASSETS</b>                                                             |                                 |                      |                      |                           |
| Cash and cash equivalents                                                 | \$ 3,016,998                    | \$ 26,036,491        | \$ 23,468,618        | \$ 5,584,871              |
| Other receivables                                                         | 358,933                         | 668,494              | 358,933              | 668,494                   |
| Prepaid expenses                                                          | 44,593                          | 560,000              | 44,593               | 560,000                   |
| Total assets                                                              | <u>\$ 3,420,524</u>             | <u>\$ 27,264,985</u> | <u>\$ 23,872,144</u> | <u>\$ 6,813,365</u>       |
| <b>LIABILITIES</b>                                                        |                                 |                      |                      |                           |
| Accounts payable                                                          | \$ 370,296                      | \$ 749,745           | \$ 370,296           | \$ 749,745                |
| Accrued liabilities                                                       | 290,368                         | 336,284              | 290,368              | 336,284                   |
| Other liabilities                                                         | 1,221,794                       | 3,366,170            | 1,221,794            | 3,366,170                 |
| Amounts held for social services clients                                  | 163,221                         | 291,521              | 298,509              | 156,233                   |
| Amounts held for Shenandoah Valley Regional Program for Special Education | 970,216                         | 9,984,747            | 9,991,906            | 963,057                   |
| Amounts held for Valley Alcohol Safety Action Program                     | 248,232                         | 454,064              | 532,443              | 169,853                   |
| Amounts held for Valley Career and Technical Education Center             | 141,294                         | 4,256,329            | 4,233,950            | 163,673                   |
| Amounts held for Valley Children's Center                                 | 15,103                          | 134,016              | 126,680              | 22,439                    |
| Amounts held for Insurance Trust                                          | -                               | 10,925,814           | 10,039,903           | 885,911                   |
| Total liabilities                                                         | <u>\$ 3,420,524</u>             | <u>\$ 19,572,876</u> | <u>\$ 17,065,946</u> | <u>\$ 6,813,365</u>       |

**CAPITAL ASSETS – USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS**

Capital Assets Used in the Operation of Governmental Funds  
 Comparative Schedules by Source  
 June 30, 2015 and 2014

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|                                                       | <u>2015</u>           | <u>2014</u>           |
|-------------------------------------------------------|-----------------------|-----------------------|
| Governmental capital assets:                          |                       |                       |
| Land                                                  | \$ 5,486,551          | \$ 5,391,546          |
| Buildings                                             | 76,186,017            | 81,427,522            |
| Machinery and equipment                               | 12,896,413            | 11,915,940            |
| Land improvement                                      | 5,019,683             | 5,019,683             |
| Construction in progress                              | 2,335,991             | 218,516               |
| Total governmental capital assets                     | <u>\$ 101,924,655</u> | <u>\$ 103,973,207</u> |
| Investments in governmental capital assets by source: |                       |                       |
| General fund                                          | \$ 101,585,652        | \$ 103,670,060        |
| Special revenue funds                                 | 339,003               | 303,147               |
| Total governmental capital assets by source           | <u>\$ 101,924,655</u> | <u>\$ 103,973,207</u> |

Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2015

| Function and Activity                   | Land         | Land<br>Improvements | Buildings     | Machinery<br>and<br>Equipment | Construction<br>in<br>Progress | Total          |
|-----------------------------------------|--------------|----------------------|---------------|-------------------------------|--------------------------------|----------------|
| General government administration:      |              |                      |               |                               |                                |                |
| Board of supervisors                    | \$ 3,795,744 | \$ 4,803,853         | \$ 26,294,337 | \$ 878,750                    | \$ 1,784,222                   | \$ 37,556,906  |
| County administrator                    | -            | -                    | -             | 21,220                        | -                              | 21,220         |
| Commissioner of revenue                 | -            | -                    | -             | 53,071                        | -                              | 53,071         |
| Central accounting                      | -            | -                    | -             | 33,740                        | -                              | 33,740         |
| Management information systems          | -            | -                    | -             | 1,242,463                     | -                              | 1,242,463      |
| Total general government administration | \$ 3,795,744 | \$ 4,803,853         | \$ 26,294,337 | \$ 2,229,244                  | \$ 1,784,222                   | \$ 38,907,400  |
| Judicial administration:                |              |                      |               |                               |                                |                |
| Clerk of Circuit Court                  | \$ -         | \$ -                 | \$ -          | \$ 187,795                    | \$ -                           | \$ 187,795     |
| General District Court                  | -            | -                    | -             | 19,252                        | -                              | 19,252         |
| Commonwealth's Attorney                 | -            | -                    | -             | 68,669                        | -                              | 68,669         |
| Total judicial administration           | \$ -         | \$ -                 | \$ -          | \$ 275,716                    | \$ -                           | \$ 275,716     |
| Public safety:                          |              |                      |               |                               |                                |                |
| Sheriff                                 | \$ -         | \$ -                 | \$ -          | \$ 2,756,194                  | \$ -                           | \$ 2,756,194   |
| Emergency operations                    | -            | -                    | -             | 1,684,570                     | 517,811                        | 2,202,381      |
| Fire department                         | 62,000       | -                    | 363,937       | 3,904,233                     | -                              | 4,330,170      |
| Emergency services                      | -            | -                    | -             | 38,371                        | -                              | 38,371         |
| Juvenile detention and probation        | -            | -                    | 12,520        | 32,313                        | -                              | 44,833         |
| Building inspections                    | -            | -                    | -             | 171,082                       | -                              | 171,082        |
| Animal control                          | -            | -                    | -             | 78,800                        | -                              | 78,800         |
| Drug enforcement                        | -            | -                    | -             | 71,284                        | -                              | 71,284         |
| Total public safety                     | \$ 62,000    | \$ -                 | \$ 376,457    | \$ 8,736,847                  | \$ 517,811                     | \$ 9,693,115   |
| Public works:                           |              |                      |               |                               |                                |                |
| Sanitation and waste removal            | \$ 60,446    | \$ -                 | \$ -          | \$ 169,209                    | \$ -                           | \$ 229,655     |
| Maintenance of buildings and grounds    | 45,700       | 162,207              | 283,628       | 226,756                       | -                              | 718,291        |
| Total public works                      | \$ 106,146   | \$ 162,207           | \$ 283,628    | \$ 395,965                    | \$ -                           | \$ 947,946     |
| Education:                              |              |                      |               |                               |                                |                |
| Schools                                 | \$ -         | \$ -                 | \$ 48,919,633 | \$ -                          | \$ -                           | \$ 48,919,633  |
| Total education                         | \$ -         | \$ -                 | \$ 48,919,633 | \$ -                          | \$ -                           | \$ 48,919,633  |
| Health and welfare:                     |              |                      |               |                               |                                |                |
| Social services                         | \$ -         | \$ -                 | \$ -          | \$ 339,003                    | \$ -                           | \$ 339,003     |
| Total health and welfare                | \$ -         | \$ -                 | \$ -          | \$ 339,003                    | \$ -                           | \$ 339,003     |
| Parks, recreation, and cultural:        |              |                      |               |                               |                                |                |
| Parks and recreation                    | \$ 1,522,661 | \$ 53,623            | \$ 311,962    | \$ 499,581                    | \$ -                           | \$ 2,387,827   |
| Library                                 | -            | -                    | -             | 248,397                       | 33,958                         | 282,355        |
| Total parks, recreation, and cultural   | \$ 1,522,661 | \$ 53,623            | \$ 311,962    | \$ 747,978                    | \$ 33,958                      | \$ 2,670,182   |
| Community development:                  |              |                      |               |                               |                                |                |
| Community development                   | \$ -         | \$ -                 | \$ -          | \$ 150,440                    | \$ -                           | \$ 150,440     |
| Economic development                    | -            | -                    | -             | 21,220                        | -                              | 21,220         |
| Total community development             | \$ -         | \$ -                 | \$ -          | \$ 171,660                    | \$ -                           | \$ 171,660     |
| Total governmental capital assets       | \$ 5,486,551 | \$ 5,019,683         | \$ 76,186,017 | \$ 12,896,413                 | \$ 2,335,991                   | \$ 101,924,655 |

Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes By Function and Activity  
For the Year Ended June 30, 2015

| Function and Activity                   | Governmental<br>Funds Capital<br>Assets<br>June 30, 2014 | Additions    | Deductions   | Transfers      | Governmental<br>Funds Capital<br>Assets<br>June 30, 2015 |
|-----------------------------------------|----------------------------------------------------------|--------------|--------------|----------------|----------------------------------------------------------|
| General government administration:      |                                                          |              |              |                |                                                          |
| Board of supervisors                    | \$ 35,677,675                                            | \$ 1,909,226 | \$ (29,995)  | \$ -           | \$ 37,556,906                                            |
| County administrator                    | 44,171                                                   | -            | (22,951)     | -              | 21,220                                                   |
| Commissioner of revenue                 | 53,071                                                   | -            | -            | -              | 53,071                                                   |
| Central accounting                      | 12,654                                                   | 21,086       | -            | -              | 33,740                                                   |
| Management information systems          | 855,420                                                  | 435,436      | (48,393)     | -              | 1,242,463                                                |
| Total general government administration | \$ 36,642,991                                            | \$ 2,365,748 | \$ (101,339) | \$ -           | \$ 38,907,400                                            |
| Judicial administration:                |                                                          |              |              |                |                                                          |
| Clerk of Circuit Court                  | \$ 187,795                                               | \$ -         | \$ -         | \$ -           | \$ 187,795                                               |
| General District Court                  | 19,252                                                   | -            | -            | -              | 19,252                                                   |
| Commonwealth's Attorney                 | -                                                        | 68,669       | -            | -              | 68,669                                                   |
| Total judicial administration           | \$ 207,047                                               | \$ 68,669    | \$ -         | \$ -           | \$ 275,716                                               |
| Public safety:                          |                                                          |              |              |                |                                                          |
| Sheriff                                 | \$ 2,735,258                                             | \$ 201,376   | \$ (180,440) | \$ -           | \$ 2,756,194                                             |
| Emergency operations                    | 1,855,033                                                | 347,348      | -            | -              | 2,202,381                                                |
| Fire department                         | 3,968,865                                                | 361,305      | -            | -              | 4,330,170                                                |
| Emergency services                      | 62,258                                                   | -            | (23,887)     | -              | 38,371                                                   |
| Juvenile detention and probation        | 44,833                                                   | -            | -            | -              | 44,833                                                   |
| Building inspections                    | 119,540                                                  | 51,542       | -            | -              | 171,082                                                  |
| Animal control                          | 78,800                                                   | -            | -            | -              | 78,800                                                   |
| Drug enforcement                        | 71,284                                                   | -            | -            | -              | 71,284                                                   |
| Total public safety                     | \$ 8,935,871                                             | \$ 961,571   | \$ (204,327) | \$ -           | \$ 9,693,115                                             |
| Public works:                           |                                                          |              |              |                |                                                          |
| Sanitation and waste removal            | \$ 229,655                                               | \$ -         | \$ -         | \$ -           | \$ 229,655                                               |
| Maintenance of buildings and grounds    | 690,386                                                  | 28,105       | (200)        | -              | 718,291                                                  |
| Total public works                      | \$ 920,041                                               | \$ 28,105    | \$ (200)     | \$ -           | \$ 947,946                                               |
| Education:                              |                                                          |              |              |                |                                                          |
| Schools                                 | \$ 54,161,138                                            | \$ -         | \$ -         | \$ (5,241,505) | \$ 48,919,633                                            |
| Total education                         | \$ 54,161,138                                            | \$ -         | \$ -         | \$ (5,241,505) | \$ 48,919,633                                            |
| Health and welfare:                     |                                                          |              |              |                |                                                          |
| Social services                         | \$ 303,147                                               | \$ 78,768    | \$ (42,912)  | \$ -           | \$ 339,003                                               |
| Total health and welfare                | \$ 303,147                                               | \$ 78,768    | \$ (42,912)  | \$ -           | \$ 339,003                                               |
| Parks, recreation, and cultural:        |                                                          |              |              |                |                                                          |
| Parks and recreation                    | \$ 2,382,915                                             | \$ 20,851    | \$ (15,939)  | \$ -           | \$ 2,387,827                                             |
| Library                                 | 248,397                                                  | 33,958       | -            | -              | 282,355                                                  |
| Total parks, recreation, and cultural   | \$ 2,631,312                                             | \$ 54,809    | \$ (15,939)  | \$ -           | \$ 2,670,182                                             |
| Community development:                  |                                                          |              |              |                |                                                          |
| Community development                   | \$ 150,440                                               | \$ -         | \$ -         | \$ -           | \$ 150,440                                               |
| Economic development                    | 21,220                                                   | -            | -            | -              | 21,220                                                   |
| Total community development             | \$ 171,660                                               | \$ -         | \$ -         | \$ -           | \$ 171,660                                               |
| Total governmental capital assets       | \$ 103,973,207                                           | \$ 3,557,670 | \$ (364,717) | \$ (5,241,505) | \$ 101,924,655                                           |

**DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2015

|                                                       | <b>School<br/>Operating<br/>Fund</b> | <b>School<br/>Cafeteria<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-------------------------------------------------------|--------------------------------------|--------------------------------------|------------------------------------------------------|-----------------------------------------|
| <b>ASSETS</b>                                         |                                      |                                      |                                                      |                                         |
| Cash and cash equivalents                             | \$ -                                 | \$ 1,896,002                         | \$ 334,746                                           | \$ 2,230,748                            |
| Cash in custody of others                             | 3,000                                | -                                    | -                                                    | 3,000                                   |
| Receivables (net of allowance<br>for uncollectibles): |                                      |                                      |                                                      |                                         |
| Accounts receivable                                   | 117,442                              | -                                    | -                                                    | 117,442                                 |
| Due from primary government                           | 8,732,957                            | -                                    | 648                                                  | 8,733,605                               |
| Due from other governmental units                     | 2,661,930                            | -                                    | 474,505                                              | 3,136,435                               |
| Total assets                                          | <u>\$ 11,515,329</u>                 | <u>\$ 1,896,002</u>                  | <u>\$ 809,899</u>                                    | <u>\$ 14,221,230</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>                  |                                      |                                      |                                                      |                                         |
| Liabilities:                                          |                                      |                                      |                                                      |                                         |
| Reconciled overdraft                                  | \$ -                                 | \$ -                                 | \$ 229,418                                           | \$ 229,418                              |
| Accounts payable                                      | 6,076,021                            | 146,082                              | 170,037                                              | 6,392,140                               |
| Accrued liabilities                                   | 5,329,210                            | 140,607                              | 180,675                                              | 5,650,492                               |
| Due to primary government                             | -                                    | -                                    | 229,769                                              | 229,769                                 |
| Unearned revenue                                      | 110,098                              | 62,162                               | -                                                    | 172,260                                 |
| Total liabilities                                     | <u>\$ 11,515,329</u>                 | <u>\$ 348,851</u>                    | <u>\$ 809,899</u>                                    | <u>\$ 12,674,079</u>                    |
| Fund balances:                                        |                                      |                                      |                                                      |                                         |
| Assigned                                              | \$ -                                 | \$ 1,547,151                         | \$ -                                                 | \$ 1,547,151                            |
| Total fund balances                                   | <u>\$ -</u>                          | <u>\$ 1,547,151</u>                  | <u>\$ -</u>                                          | <u>\$ 1,547,151</u>                     |
| Total liabilities and fund balances                   | <u>\$ 11,515,329</u>                 | <u>\$ 1,896,002</u>                  | <u>\$ 809,899</u>                                    | <u>\$ 14,221,230</u>                    |

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

|                                                                                                                                                                                      |                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Total fund balances per above                                                                                                                                                        | \$ 1,547,151           |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                            | 75,857,589             |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.                                                                   | (95,574,902)           |
| Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds. | 8,640,666              |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.      | (13,893,235)           |
| Long-term due from other government - pension plan                                                                                                                                   | <u>713,137</u>         |
| Net position of governmental activities                                                                                                                                              | <u>\$ (22,709,594)</u> |

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2015

|                                            | <b>School<br/>Operating<br/>Fund</b> | <b>School<br/>Cafeteria<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------------------|--------------------------------------|--------------------------------------|------------------------------------------------------|-----------------------------------------|
| <b>REVENUES</b>                            |                                      |                                      |                                                      |                                         |
| Revenue from the use of money and property | \$ 30,615                            | \$ 4,226                             | \$ -                                                 | \$ 34,841                               |
| Charges for services                       | 571,203                              | 1,830,942                            | 854,963                                              | 3,257,108                               |
| Miscellaneous                              | 957,812                              | -                                    | 42,079                                               | 999,891                                 |
| Intergovernmental revenues:                |                                      |                                      |                                                      |                                         |
| Local government                           | 37,917,459                           | -                                    | -                                                    | 37,917,459                              |
| Commonwealth                               | 53,560,084                           | 70,596                               | 571,999                                              | 54,202,679                              |
| Federal                                    | 4,196,329                            | 2,611,612                            | 2,389,085                                            | 9,197,026                               |
| Total revenues                             | <u>\$ 97,233,502</u>                 | <u>\$ 4,517,376</u>                  | <u>\$ 3,858,126</u>                                  | <u>\$ 105,609,004</u>                   |
| <b>EXPENDITURES</b>                        |                                      |                                      |                                                      |                                         |
| Current:                                   |                                      |                                      |                                                      |                                         |
| Education                                  | \$ 97,233,502                        | \$ 4,517,676                         | \$ 3,788,321                                         | \$ 105,539,499                          |
| Contribution to primary government         | -                                    | -                                    | 69,805                                               | 69,805                                  |
| Total expenditures                         | <u>\$ 97,233,502</u>                 | <u>\$ 4,517,676</u>                  | <u>\$ 3,858,126</u>                                  | <u>\$ 105,609,304</u>                   |
| Deficiency of revenues under expenditures  | \$ -                                 | \$ (300)                             | \$ -                                                 | \$ (300)                                |
| Net change in fund balances                | \$ -                                 | \$ (300)                             | \$ -                                                 | \$ (300)                                |
| Fund balances - beginning                  | -                                    | 1,547,451                            | -                                                    | 1,547,451                               |
| Fund balances - ending                     | <u>\$ -</u>                          | <u>\$ 1,547,151</u>                  | <u>\$ -</u>                                          | <u>\$ 1,547,151</u>                     |

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

|                                                                                                                                                                                                                                                                                                               |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Net change in fund balances - total governmental funds - per above                                                                                                                                                                                                                                            | \$ (300)            |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. | 1,564,328           |
| The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.                                                                                                                                                                      | 449,479             |
| 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.                                                                                                                            | (7,169,123)         |
| Deferred outflows of resources - pension contributions                                                                                                                                                                                                                                                        | <u>8,640,666</u>    |
| Change in net position of governmental activities                                                                                                                                                                                                                                                             | <u>\$ 3,485,050</u> |

**County of Augusta, Virginia**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2015

|                                            | School Operating Fund |                      |                      | Variance with<br>Final Budget<br>Over<br>(Under) |
|--------------------------------------------|-----------------------|----------------------|----------------------|--------------------------------------------------|
|                                            | Budgeted Amounts      |                      |                      |                                                  |
|                                            | Original              | Final                | Actual               |                                                  |
| REVENUES                                   |                       |                      |                      |                                                  |
| Revenue from the use of money and property | \$ 31,600             | \$ 30,180            | \$ 30,615            | \$ 435                                           |
| Charges for services                       | 608,200               | 571,993              | 571,203              | (790)                                            |
| Miscellaneous                              | 1,088,884             | 1,162,092            | 957,812              | (204,280)                                        |
| Intergovernmental revenues:                |                       |                      |                      |                                                  |
| Local government                           | 38,545,582            | 38,545,582           | 37,917,459           | (628,123)                                        |
| Commonwealth                               | 54,038,879            | 53,517,107           | 53,560,084           | 42,977                                           |
| Federal                                    | 4,604,272             | 4,348,384            | 4,196,329            | (152,055)                                        |
| Total revenues                             | <u>\$ 98,917,417</u>  | <u>\$ 98,175,338</u> | <u>\$ 97,233,502</u> | <u>\$ (941,836)</u>                              |
| EXPENDITURES                               |                       |                      |                      |                                                  |
| Current:                                   |                       |                      |                      |                                                  |
| Education                                  | <u>\$ 98,917,417</u>  | <u>\$ 98,175,338</u> | <u>\$ 97,233,502</u> | <u>\$ 941,836</u>                                |
| Total expenditures                         | <u>\$ 98,917,417</u>  | <u>\$ 98,175,338</u> | <u>\$ 97,233,502</u> | <u>\$ 941,836</u>                                |
| Deficiency of revenues under expenditures  | \$ -                  | \$ -                 | \$ -                 | \$ -                                             |
| Net change in fund balances                | \$ -                  | \$ -                 | \$ -                 | \$ -                                             |
| Fund balances - beginning                  | -                     | -                    | -                    | -                                                |
| Fund balances - ending                     | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>                                      |

Exhibit 27

| School Cafeteria Fund |                     |                     |                                                  |
|-----------------------|---------------------|---------------------|--------------------------------------------------|
| Budgeted Amounts      |                     | Actual              | Variance with<br>Final Budget<br>Over<br>(Under) |
| Original              | Final               |                     |                                                  |
| \$ 8,000              | \$ 5,000            | \$ 4,226            | \$ (774)                                         |
| 2,140,000             | 1,994,755           | 1,830,942           | (163,813)                                        |
| -                     | -                   | -                   | -                                                |
| -                     | -                   | -                   | -                                                |
| 72,622                | 70,595              | 70,596              | 1                                                |
| 2,370,000             | 2,359,000           | 2,611,612           | 252,612                                          |
| <u>\$ 4,590,622</u>   | <u>\$ 4,429,350</u> | <u>\$ 4,517,376</u> | <u>\$ 88,026</u>                                 |
| <br>                  |                     |                     |                                                  |
| <u>\$ 4,590,622</u>   | <u>\$ 4,429,350</u> | <u>\$ 4,517,676</u> | <u>\$ (88,326)</u>                               |
| <u>\$ 4,590,622</u>   | <u>\$ 4,429,350</u> | <u>\$ 4,517,676</u> | <u>\$ (88,326)</u>                               |
| <br>                  |                     |                     |                                                  |
| <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ (300)</u>     | <u>\$ (300)</u>                                  |
| <br>                  |                     |                     |                                                  |
| <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ (300)</u>     | <u>\$ (300)</u>                                  |
| <u>-</u>              | <u>-</u>            | <u>1,547,451</u>    | <u>1,547,451</u>                                 |
| <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ 1,547,151</u> | <u>\$ 1,547,151</u>                              |

Statement of Net Position  
Fiduciary Fund - Discretely Presented Component Unit School Board  
June 30, 2015

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|                                | <b>Matthews<br/>Training<br/>Private-<br/>Purpose<br/>Trust</b> |
|--------------------------------|-----------------------------------------------------------------|
|                                | <hr/>                                                           |
| <b>ASSETS</b>                  |                                                                 |
| Cash and cash equivalents      | \$ <u>87,437</u>                                                |
| <b>NET POSITION</b>            |                                                                 |
| Held in trust for scholarships | \$ <u>87,437</u>                                                |

Statement of Changes in Net Position  
Fiduciary Funds - Discretely Presented Component Unit School Board  
For the Year Ended June 30, 2015

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|                          | <b>Matthews<br/>Training<br/>Private-<br/>Purpose<br/>Trust</b> |
|--------------------------|-----------------------------------------------------------------|
| <b>ADDITIONS</b>         |                                                                 |
| Contributions:           |                                                                 |
| Private donations        | \$ 5,878                                                        |
| Total additions          | <u>\$ 5,878</u>                                                 |
| Change in net position   | \$ 5,878                                                        |
| Net position - beginning | <u>81,559</u>                                                   |
| Net position - ending    | <u><u>\$ 87,437</u></u>                                         |

Combining Balance Sheet  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 June 30, 2015

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|                                   | <b>Head Start<br/>Fund</b> | <b>Governor's<br/>School<br/>Fund</b> | <b>Total</b>      |
|-----------------------------------|----------------------------|---------------------------------------|-------------------|
| <b>ASSETS</b>                     |                            |                                       |                   |
| Cash and cash equivalents         | \$ -                       | \$ 334,746                            | \$ 334,746        |
| Due from primary government       | 648                        | -                                     | 648               |
| Due from other governmental units | 474,505                    | -                                     | 474,505           |
| Total assets                      | <u>\$ 475,153</u>          | <u>\$ 334,746</u>                     | <u>\$ 809,899</u> |
| <b>LIABILITIES</b>                |                            |                                       |                   |
| Liabilities:                      |                            |                                       |                   |
| Reconciled overdraft              | \$ 229,418                 | \$ -                                  | \$ 229,418        |
| Accounts payable                  | 119,693                    | 50,344                                | 170,037           |
| Accrued liabilities               | 126,042                    | 54,633                                | 180,675           |
| Due to primary government         | -                          | 229,769                               | 229,769           |
| Total liabilities                 | <u>\$ 475,153</u>          | <u>\$ 334,746</u>                     | <u>\$ 809,899</u> |

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2015

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|                                              | Head Start<br>Fund  | Governor's<br>School<br>Fund | Total               |
|----------------------------------------------|---------------------|------------------------------|---------------------|
| <b>REVENUES</b>                              |                     |                              |                     |
| Charges for services                         | \$ -                | \$ 854,963                   | \$ 854,963          |
| Miscellaneous                                | -                   | 42,079                       | 42,079              |
| Intergovernmental revenues:                  |                     |                              |                     |
| Commonwealth                                 | -                   | 571,999                      | 571,999             |
| Federal                                      | 2,389,085           | -                            | 2,389,085           |
| Total revenues                               | <u>\$ 2,389,085</u> | <u>\$ 1,469,041</u>          | <u>\$ 3,858,126</u> |
| <b>EXPENDITURES</b>                          |                     |                              |                     |
| Current:                                     |                     |                              |                     |
| Education                                    | \$ 2,388,502        | \$ 1,399,819                 | \$ 3,788,321        |
| Contribution to primary government           | 583                 | 69,222                       | 69,805              |
| Total expenditures                           | <u>\$ 2,389,085</u> | <u>\$ 1,469,041</u>          | <u>\$ 3,858,126</u> |
| Deficiency of revenues under<br>expenditures | \$ -                | \$ -                         | \$ -                |
| Net change in fund balances                  | \$ -                | \$ -                         | \$ -                |
| Fund balances - beginning                    | -                   | -                            | -                   |
| Fund balances - ending                       | <u>\$ -</u>         | <u>\$ -</u>                  | <u>\$ -</u>         |

County of Augusta, Virginia

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2015

|                                              | Head Start Fund  |              |              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|------------------|--------------|--------------|---------------------------------------------------------|
|                                              | Budgeted Amounts |              | Actual       |                                                         |
|                                              | Original         | Final        |              |                                                         |
| REVENUES                                     |                  |              |              |                                                         |
| Charges for services                         | \$ -             | \$ -         | \$ -         | \$ -                                                    |
| Miscellaneous                                | -                | -            | -            | -                                                       |
| Intergovernmental revenues:                  |                  |              |              |                                                         |
| Commonwealth                                 | -                | -            | -            | -                                                       |
| Federal                                      | 2,070,961        | 2,782,304    | 2,389,085    | (393,219)                                               |
| Total revenues                               | \$ 2,070,961     | \$ 2,782,304 | \$ 2,389,085 | \$ (393,219)                                            |
| EXPENDITURES                                 |                  |              |              |                                                         |
| Current:                                     |                  |              |              |                                                         |
| Education                                    | \$ 2,070,961     | \$ 2,782,304 | \$ 2,388,502 | \$ 393,802                                              |
| Contribution to primary government           | -                | -            | 583          | (583)                                                   |
| Total expenditures                           | \$ 2,070,961     | \$ 2,782,304 | \$ 2,389,085 | \$ 393,219                                              |
| Deficiency of revenues under<br>expenditures | \$ -             | \$ -         | \$ -         | \$ -                                                    |
| Net change in fund balances                  | \$ -             | \$ -         | \$ -         | \$ -                                                    |
| Fund balances - beginning                    | -                | -            | -            | -                                                       |
| Fund balances - ending                       | \$ -             | \$ -         | \$ -         | \$ -                                                    |

Exhibit 32

| Governor's School Fund |                     |                     |                                                         |
|------------------------|---------------------|---------------------|---------------------------------------------------------|
| Budgeted Amounts       |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| Original               | Final               |                     |                                                         |
| \$ 834,642             | \$ 852,428          | \$ 854,963          | \$ 2,535                                                |
| 10,000                 | 2,801               | 42,079              | 39,278                                                  |
| 575,790                | 567,417             | 571,999             | 4,582                                                   |
| -                      | -                   | -                   | -                                                       |
| <u>\$ 1,420,432</u>    | <u>\$ 1,422,646</u> | <u>\$ 1,469,041</u> | <u>\$ 46,395</u>                                        |
|                        |                     |                     |                                                         |
| \$ 1,420,432           | \$ 1,422,646        | \$ 1,399,819        | \$ 22,827                                               |
| -                      | -                   | 69,222              | (69,222)                                                |
| <u>\$ 1,420,432</u>    | <u>\$ 1,422,646</u> | <u>\$ 1,469,041</u> | <u>\$ (46,395)</u>                                      |
|                        |                     |                     |                                                         |
| \$ -                   | \$ -                | \$ -                | \$ -                                                    |
|                        |                     |                     |                                                         |
| \$ -                   | \$ -                | \$ -                | \$ -                                                    |
| -                      | -                   | -                   | -                                                       |
| <u>\$ -</u>            | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>                                             |

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Comparative Schedules by Source  
 June 30, 2015 and 2014

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|                                                             | <u>2015</u>           | <u>2014</u>           |
|-------------------------------------------------------------|-----------------------|-----------------------|
| Governmental funds capital assets:                          |                       |                       |
| Land                                                        | \$ 1,842,711          | \$ 1,842,711          |
| Buildings                                                   | 130,833,187           | 125,105,118           |
| Machinery and equipment                                     | 23,813,054            | 23,288,196            |
| Construction in progress                                    | 1,515,698             | 62,141                |
| Total governmental funds capital assets                     | <u>\$ 158,004,650</u> | <u>\$ 150,298,166</u> |
| Investments in governmental funds capital assets by source: |                       |                       |
| Special revenue funds                                       | \$ 158,004,650        | \$ 150,298,166        |
| Total governmental funds capital assets                     | <u>\$ 158,004,650</u> | <u>\$ 150,298,166</u> |

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Schedule by Function and Activity  
 June 30, 2015

| <u>Function and Activity</u>            | <u>Land</u>                | <u>Buildings</u>             | <u>Machinery<br/>and<br/>Equipment</u> | <u>Construction<br/>in<br/>Progress</u> | <u>Total</u>                 |
|-----------------------------------------|----------------------------|------------------------------|----------------------------------------|-----------------------------------------|------------------------------|
| Education:                              |                            |                              |                                        |                                         |                              |
| Schools                                 | \$ <u>1,842,711</u>        | \$ <u>130,833,187</u>        | \$ <u>23,813,054</u>                   | \$ <u>1,515,698</u>                     | \$ <u>158,004,650</u>        |
| Total governmental funds capital assets | \$ <u><u>1,842,711</u></u> | \$ <u><u>130,833,187</u></u> | \$ <u><u>23,813,054</u></u>            | \$ <u><u>1,515,698</u></u>              | \$ <u><u>158,004,650</u></u> |

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Schedule of Changes By Function and Activity  
 For the Year Ended June 30, 2015

| <u>Function and Activity</u>            | <u>Governmental<br/>Funds Capital<br/>Assets<br/>June 30, 2014</u> | <u>Additions</u>    | <u>Deductions</u>  | <u>Transfers</u>    | <u>Governmental<br/>Funds Capital<br/>Assets<br/>June 30, 2015</u> |
|-----------------------------------------|--------------------------------------------------------------------|---------------------|--------------------|---------------------|--------------------------------------------------------------------|
| Education:                              |                                                                    |                     |                    |                     |                                                                    |
| Schools                                 | \$ 150,298,166                                                     | \$ 2,474,979        | \$ (10,000)        | \$ 5,241,505        | \$ 158,004,650                                                     |
| Total governmental funds capital assets | <u>\$ 150,298,166</u>                                              | <u>\$ 2,474,979</u> | <u>\$ (10,000)</u> | <u>\$ 5,241,505</u> | <u>\$ 158,004,650</u>                                              |

Statement of Changes in Net Position - Agency Fund  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2015

|                                     | <u>Balance</u><br><u>June 30, 2014</u> | <u>Additions</u>    | <u>Deductions</u>   | <u>Balance</u><br><u>June 30, 2015</u> |
|-------------------------------------|----------------------------------------|---------------------|---------------------|----------------------------------------|
| <b><u>School Activity Funds</u></b> |                                        |                     |                     |                                        |
| Assets:                             |                                        |                     |                     |                                        |
| Cash and temporary investments      | \$ 1,979,211                           | \$ 3,924,107        | \$ 3,977,590        | \$ 1,925,728                           |
| Total assets                        | <u>\$ 1,979,211</u>                    | <u>\$ 3,924,107</u> | <u>\$ 3,977,590</u> | <u>\$ 1,925,728</u>                    |
| Liabilities:                        |                                        |                     |                     |                                        |
| Collections held in trust           | \$ 1,979,211                           | \$ 3,924,107        | \$ 3,977,590        | \$ 1,925,728                           |
| Total liabilities                   | <u>\$ 1,979,211</u>                    | <u>\$ 3,924,107</u> | <u>\$ 3,977,590</u> | <u>\$ 1,925,728</u>                    |

## **SUPPORTING SCHEDULES**

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2015

| Entity, Fund, Major and Minor Revenue Source           | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--------------------------------------------------------|--------------------|-----------------|---------------|----------------------------------------------------|
| <b>Primary Government:</b>                             |                    |                 |               |                                                    |
| <b>General Fund:</b>                                   |                    |                 |               |                                                    |
| Revenue from local sources:                            |                    |                 |               |                                                    |
| General property taxes:                                |                    |                 |               |                                                    |
| Real property tax                                      | \$ 38,430,000      | \$ 37,413,000   | \$ 37,280,609 | \$ (132,391)                                       |
| Real and personal public service corporation tax       | 1,367,000          | 1,718,500       | 1,751,561     | 33,061                                             |
| Personal property tax                                  | 9,635,000          | 9,818,000       | 9,704,602     | (113,398)                                          |
| Mobile home tax                                        | 173,000            | 153,000         | 154,704       | 1,704                                              |
| Machinery and tools tax                                | 3,250,000          | 3,393,000       | 3,380,019     | (12,981)                                           |
| Penalties                                              | 325,000            | 325,000         | 350,025       | 25,025                                             |
| Interest                                               | 275,000            | 275,000         | 341,605       | 66,605                                             |
| Total general property taxes                           | \$ 53,455,000      | \$ 53,095,500   | \$ 52,963,125 | \$ (132,375)                                       |
| Other local taxes:                                     |                    |                 |               |                                                    |
| Local sales and use tax                                | \$ 4,950,000       | \$ 4,950,000    | \$ 4,984,203  | \$ 34,203                                          |
| Consumers' utility tax                                 | 1,715,000          | 1,730,000       | 1,749,332     | 19,332                                             |
| Business license tax                                   | 3,200,000          | 3,300,000       | 3,734,050     | 434,050                                            |
| Utility license tax                                    | 275,000            | 280,000         | 270,445       | (9,555)                                            |
| Bank stock tax                                         | 222,000            | 227,000         | 287,265       | 60,265                                             |
| Tax on recordation and wills                           | 645,000            | 660,000         | 687,357       | 27,357                                             |
| Hotel and motel room tax                               | 470,000            | 530,000         | 552,797       | 22,797                                             |
| Restaurant food tax                                    | 2,214,044          | 2,254,044       | 2,320,903     | 66,859                                             |
| Interest on local tax                                  | 45,000             | 50,000          | 58,789        | 8,789                                              |
| Total other local taxes                                | \$ 13,736,044      | \$ 13,981,044   | \$ 14,645,141 | \$ 664,097                                         |
| Permits, privilege fees, and regulatory licenses:      |                    |                 |               |                                                    |
| Animal licenses                                        | \$ 55,000          | \$ 55,000       | \$ 58,515     | \$ 3,515                                           |
| Land use application fees                              | 29,000             | 28,000          | 27,538        | (462)                                              |
| Transfer fees                                          | 2,000              | 2,000           | 2,038         | 38                                                 |
| Cellular tower fees                                    | 9,800              | 9,800           | 9,000         | (800)                                              |
| Permits and other licenses                             | 476,800            | 656,800         | 667,703       | 10,903                                             |
| Total permits, privilege fees, and regulatory licenses | \$ 572,600         | \$ 751,600      | \$ 764,794    | \$ 13,194                                          |
| Fines and forfeitures:                                 |                    |                 |               |                                                    |
| Court fines and forfeitures                            | \$ 201,300         | \$ 200,500      | \$ 183,718    | \$ (16,782)                                        |
| Dog violation fines                                    | 15,000             | 23,000          | 22,407        | (593)                                              |
| Total fines and forfeitures                            | \$ 216,300         | \$ 223,500      | \$ 206,125    | \$ (17,375)                                        |
| Revenue from use of money and property:                |                    |                 |               |                                                    |
| Revenue from use of money                              | \$ 187,300         | \$ 187,600      | \$ 167,523    | \$ (20,077)                                        |
| Revenue from use of property                           | 356,000            | 385,700         | 400,404       | 14,704                                             |
| Total revenue from use of money and property           | \$ 543,300         | \$ 573,300      | \$ 567,927    | \$ (5,373)                                         |
| Charges for services:                                  |                    |                 |               |                                                    |
| Excess fees of clerk                                   | \$ 34,000          | \$ 18,000       | \$ 3,349      | \$ (14,651)                                        |
| Charges for law enforcement and traffic control        | 7,600              | 7,600           | 6,806         | (794)                                              |
| Charges for courthouse maintenance                     | 80,000             | 80,000          | 63,540        | (16,460)                                           |
| Treasurer's collection fees                            | 88,000             | 88,000          | 89,907        | 1,907                                              |
| Concealed weapons permits                              | 40,000             | 40,000          | 29,830        | (10,170)                                           |
| Courthouse fees                                        | 130,000            | 165,000         | 148,600       | (16,400)                                           |
| Charges for Commonwealth's Attorney                    | 7,000              | 7,000           | 6,629         | (371)                                              |
| Miscellaneous jail and inmate fees                     | 15,000             | 8,000           | 6,443         | (1,557)                                            |
| Charges for sanitation and waste removal               | 1,000,000          | 1,100,000       | 1,065,703     | (34,297)                                           |
| Charges for parks and recreation                       | 423,500            | 414,000         | 382,476       | (31,524)                                           |
| Charges for after school programs                      | 313,000            | 293,000         | 280,737       | (12,263)                                           |
| Charges for day care                                   | 97,000             | 97,000          | 97,592        | 592                                                |
| Charges for library                                    | 15,000             | 13,500          | 11,808        | (1,692)                                            |
| EMS transport service                                  | 1,120,000          | 1,165,000       | 1,253,735     | 88,735                                             |
| Total charges for services                             | \$ 3,370,100       | \$ 3,496,100    | \$ 3,447,155  | \$ (48,945)                                        |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

| Entity, Fund, Major and Minor Revenue Source    | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Over<br>(Under) |
|-------------------------------------------------|--------------------|-----------------|---------------|----------------------------------------------------|
| <b>Primary Government: (Continued)</b>          |                    |                 |               |                                                    |
| <b>General Fund: (Continued)</b>                |                    |                 |               |                                                    |
| Revenue from local sources: (Continued)         |                    |                 |               |                                                    |
| Miscellaneous revenue:                          |                    |                 |               |                                                    |
| Miscellaneous                                   | \$ 76,000          | \$ 89,000       | \$ 86,971     | \$ (2,029)                                         |
| Repayment of loans from fire companies          | 163,000            | 173,000         | 174,630       | 1,630                                              |
| Seized funds                                    | -                  | -               | 8,399         | 8,399                                              |
| Total miscellaneous revenue                     | \$ 239,000         | \$ 262,000      | \$ 270,000    | \$ 8,000                                           |
| Recovered costs:                                |                    |                 |               |                                                    |
| Fiscal agent fees-MRRJA                         | \$ 89,000          | \$ 89,000       | \$ 88,939     | \$ (61)                                            |
| Juvenile and domestic relations court costs     | 10,510             | 10,600          | 8,771         | (1,829)                                            |
| Other                                           | 55,100             | 42,500          | 40,225        | (2,275)                                            |
| Total recovered costs                           | \$ 154,610         | \$ 142,100      | \$ 137,935    | \$ (4,165)                                         |
| Total revenue from local sources                | \$ 72,286,954      | \$ 72,525,144   | \$ 73,002,202 | \$ 477,058                                         |
| Intergovernmental Revenues:                     |                    |                 |               |                                                    |
| Revenue from the Commonwealth:                  |                    |                 |               |                                                    |
| Noncategorical aid:                             |                    |                 |               |                                                    |
| Motor vehicle carriers' tax                     | \$ 92,000          | \$ 87,000       | \$ 85,882     | \$ (1,118)                                         |
| Mobile home titling tax                         | 115,000            | 115,000         | 89,419        | (25,581)                                           |
| Communications sales and use tax                | 2,600,000          | 2,550,000       | 2,492,537     | (57,463)                                           |
| Timber sales                                    | 2,000              | 23,000          | 9             | (22,991)                                           |
| Motor vehicle rental tax                        | 70,000             | 70,000          | 58,352        | (11,648)                                           |
| State recordation tax                           | 185,000            | 200,000         | 195,384       | (4,616)                                            |
| Personal property tax relief funds              | 4,296,000          | 4,296,000       | 4,295,993     | (7)                                                |
| Reduction in state aid                          | -                  | (56,375)        | (120,187)     | (63,812)                                           |
| Total noncategorical aid                        | \$ 7,360,000       | \$ 7,284,625    | \$ 7,097,389  | \$ (187,236)                                       |
| Categorical aid:                                |                    |                 |               |                                                    |
| Shared expenses:                                |                    |                 |               |                                                    |
| Commonwealth's Attorney                         | \$ 556,800         | \$ 579,400      | \$ 573,915    | \$ (5,485)                                         |
| Sheriff                                         | 2,756,900          | 2,742,400       | 2,755,471     | 13,071                                             |
| Commissioner of revenue                         | 207,500            | 205,800         | 202,759       | (3,041)                                            |
| Treasurer                                       | 160,100            | 158,300         | 159,151       | 851                                                |
| Registrar/electoral board                       | 45,300             | 46,500          | 46,007        | (493)                                              |
| Clerk of the Circuit Court                      | 429,800            | 416,000         | 419,916       | 3,916                                              |
| Total shared expenses                           | \$ 4,156,400       | \$ 4,148,400    | \$ 4,157,219  | \$ 8,819                                           |
| Other categorical aid:                          |                    |                 |               |                                                    |
| Emergency medical services                      | \$ 79,000          | \$ 80,000       | \$ 77,798     | \$ (2,202)                                         |
| Department of health - fire instructional grant | 5,000              | 5,000           | 7,811         | 2,811                                              |
| Litter control grant                            | 17,000             | 17,900          | 17,864        | (36)                                               |
| Library grant                                   | 157,640            | 157,640         | 157,759       | 119                                                |
| Grant for restoration of records                | 25,000             | 25,000          | -             | (25,000)                                           |
| Victim-witness grant                            | 71,920             | 74,080          | 47,934        | (26,146)                                           |
| Performing arts grant                           | 5,000              | 5,000           | 5,000         | -                                                  |
| Tourism grant                                   | -                  | 10,000          | -             | (10,000)                                           |
| Firemans' insurance fund                        | 218,000            | 232,000         | 230,726       | (1,274)                                            |
| Technology trust fund                           | 45,000             | 41,500          | 33,333        | (8,167)                                            |
| Seized funds                                    | 10,000             | 10,000          | 25,390        | 15,390                                             |
| E-911 wireless funding                          | 140,000            | 145,000         | 150,436       | 5,436                                              |
| Spay and neuter funds                           | 2,000              | 2,000           | 1,882         | (118)                                              |
| Total other categorical aid                     | \$ 775,560         | \$ 805,120      | \$ 755,933    | \$ (49,187)                                        |
| Total categorical aid                           | \$ 4,931,960       | \$ 4,953,520    | \$ 4,913,152  | \$ (40,368)                                        |
| Total revenue from the Commonwealth             | \$ 12,291,960      | \$ 12,238,145   | \$ 12,010,541 | \$ (227,604)                                       |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

| Entity, Fund, Major and Minor Revenue Source | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Over<br>(Under) |
|----------------------------------------------|--------------------|-----------------|---------------|----------------------------------------------------|
| <b>Primary Government: (Continued)</b>       |                    |                 |               |                                                    |
| <b>General Fund: (Continued)</b>             |                    |                 |               |                                                    |
| Intergovernmental Revenues: (Continued)      |                    |                 |               |                                                    |
| Revenue from the federal government:         |                    |                 |               |                                                    |
| Payments in lieu of taxes                    | \$ 290,000         | \$ 349,000      | \$ 348,938    | \$ (62)                                            |
| Categorical aid:                             |                    |                 |               |                                                    |
| DMV ground transportation safety grant       | \$ 35,000          | \$ 45,000       | \$ 41,646     | \$ (3,354)                                         |
| Domestic violence grant                      | 31,020             | 31,020          | 34,171        | 3,151                                              |
| Sane grant                                   | 15,200             | 15,200          | 22,071        | 6,871                                              |
| Seized funds                                 | -                  | 5,000           | 19,816        | 14,816                                             |
| DEQ royalty grant                            | 1,000              | 1,000           | 959           | (41)                                               |
| Justice assistance grant                     | 5,000              | 5,000           | 12,519        | 7,519                                              |
| Bulletproof vest partnership grant           | -                  | 20,175          | 14,118        | (6,057)                                            |
| Homeland security grant                      | 409,000            | 451,000         | 363,693       | (87,307)                                           |
| FEMA disaster relief                         | -                  | 5,200           | 7,871         | 2,671                                              |
| Stormwater program development grant         | -                  | 1,500           | -             | (1,500)                                            |
| Total categorical aid                        | \$ 496,220         | \$ 580,095      | \$ 516,864    | \$ (63,231)                                        |
| Total revenue from the federal government    | \$ 786,220         | \$ 929,095      | \$ 865,802    | \$ (63,293)                                        |
| Total intergovernmental revenues             | \$ 13,078,180      | \$ 13,167,240   | \$ 12,876,343 | \$ (290,897)                                       |
| Total General Fund                           | \$ 85,365,134      | \$ 85,692,384   | \$ 85,878,545 | \$ 186,161                                         |
| <b>Special Revenue Fund:</b>                 |                    |                 |               |                                                    |
| <b>Virginia Public Assistance Fund:</b>      |                    |                 |               |                                                    |
| Revenue from local sources:                  |                    |                 |               |                                                    |
| Charges for services:                        |                    |                 |               |                                                    |
| Public assistance and welfare administration | \$ 149,688         | \$ 153,005      | \$ 142,772    | \$ (10,233)                                        |
| Recovered costs:                             |                    |                 |               |                                                    |
| City of Staunton, Virginia                   | \$ 673,401         | \$ 673,401      | \$ 673,401    | \$ -                                               |
| City of Waynesboro, Virginia                 | 623,528            | 623,528         | 623,528       | -                                                  |
| Total recovered costs                        | \$ 1,296,929       | \$ 1,296,929    | \$ 1,296,929  | \$ -                                               |
| Total revenue from local sources             | \$ 1,446,617       | \$ 1,449,934    | \$ 1,439,701  | \$ (10,233)                                        |
| Intergovernmental Revenues:                  |                    |                 |               |                                                    |
| Revenue from the Commonwealth:               |                    |                 |               |                                                    |
| Categorical aid:                             |                    |                 |               |                                                    |
| Public assistance and welfare administration | \$ 3,012,759       | \$ 3,079,523    | \$ 2,873,538  | \$ (205,985)                                       |
| Comprehensive Services Act program           | 2,275,000          | 2,342,000       | 2,272,599     | (69,401)                                           |
| Total categorical aid                        | \$ 5,287,759       | \$ 5,421,523    | \$ 5,146,137  | \$ (275,386)                                       |
| Revenue from the federal government:         |                    |                 |               |                                                    |
| Categorical aid:                             |                    |                 |               |                                                    |
| Public assistance and welfare administration | \$ 6,094,630       | \$ 6,229,690    | \$ 5,812,996  | \$ (416,694)                                       |
| Comprehensive Services Act program           | -                  | -               | 312,474       | 312,474                                            |
| Total categorical aid                        | \$ 6,094,630       | \$ 6,229,690    | \$ 6,125,470  | \$ (104,220)                                       |
| Total revenue from the federal government    | \$ 6,094,630       | \$ 6,229,690    | \$ 6,125,470  | \$ (104,220)                                       |
| Total intergovernmental revenues             | \$ 11,382,389      | \$ 11,651,213   | \$ 11,271,607 | \$ (379,606)                                       |
| Total Virginia Public Assistance Fund        | \$ 12,829,006      | \$ 13,101,147   | \$ 12,711,308 | \$ (389,839)                                       |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

| Entity, Fund, Major and Minor Revenue Source           | Original<br>Budget | Final<br>Budget | Actual         | Variance with<br>Final Budget -<br>Over<br>(Under) |
|--------------------------------------------------------|--------------------|-----------------|----------------|----------------------------------------------------|
| <b>Primary Government: (Continued)</b>                 |                    |                 |                |                                                    |
| <b>Capital Projects Funds:</b>                         |                    |                 |                |                                                    |
| <b>County Capital Improvements Fund:</b>               |                    |                 |                |                                                    |
| Revenue from local sources:                            |                    |                 |                |                                                    |
| Other local taxes:                                     |                    |                 |                |                                                    |
| Restaurant food tax                                    | \$ 25,956          | \$ 25,956       | \$ 25,956      | \$ -                                               |
| Total other local taxes                                | \$ 25,956          | \$ 25,956       | \$ 25,956      | \$ -                                               |
| Revenue from use of money and property:                |                    |                 |                |                                                    |
| Revenue from the use of money                          | \$ 3,000           | \$ 23,450       | \$ 23,605      | \$ 155                                             |
| Revenue from the use of property                       | 2,500              | 5,000           | 3,030          | (1,970)                                            |
| Total revenue from use of money and property           | \$ 5,500           | \$ 28,450       | \$ 26,635      | \$ (1,815)                                         |
| Miscellaneous revenue:                                 |                    |                 |                |                                                    |
| Other miscellaneous                                    | \$ 200             | \$ 163,300      | \$ 149,271     | \$ (14,029)                                        |
| Total miscellaneous revenue                            | \$ 200             | \$ 163,300      | \$ 149,271     | \$ (14,029)                                        |
| Recovered costs:                                       |                    |                 |                |                                                    |
| Other recovered costs                                  | \$ 15,200          | \$ 916,045      | \$ 996,041     | \$ 79,996                                          |
| Total recovered costs                                  | \$ 15,200          | \$ 916,045      | \$ 996,041     | \$ 79,996                                          |
| Total revenue from local sources                       | \$ 46,856          | \$ 1,133,751    | \$ 1,197,903   | \$ 64,152                                          |
| Intergovernmental Revenues:                            |                    |                 |                |                                                    |
| Revenue from the Commonwealth:                         |                    |                 |                |                                                    |
| Categorical aid:                                       |                    |                 |                |                                                    |
| Department of conservation grant                       | \$ 76,000          | \$ 24,705       | \$ -           | \$ (24,705)                                        |
| Department of fire programs training grant             | 70,000             | 35,710          | -              | (35,710)                                           |
| Hazardous Material Grant                               | 10,000             | 10,000          | 10,000         | -                                                  |
| Rescue squad assistance fund grant                     | -                  | 153,560         | 170,504        | 16,944                                             |
| Reimbursement Department of Transportation             | 1,400,000          | 3,083,920       | 2,421,506      | (662,414)                                          |
| E-911 wireless grant                                   | 100,000            | 102,000         | 100,449        | (1,551)                                            |
| Virginia Water Facilities Revolving Fund               | -                  | 101,255         | 29,117         | (72,138)                                           |
| Total categorical aid                                  | \$ 1,656,000       | \$ 3,511,150    | \$ 2,731,576   | \$ (779,574)                                       |
| Revenue from the federal government:                   |                    |                 |                |                                                    |
| Categorical aid:                                       |                    |                 |                |                                                    |
| Homeland security grant, regional radio communications | \$ 150,000         | \$ -            | \$ -           | \$ -                                               |
| Hazardous material grant                               | -                  | 12,575          | 1,174          | (11,401)                                           |
| Emergency planning grant                               | -                  | 21,300          | 16,900         | (4,400)                                            |
| Watershed grant                                        | -                  | -               | 119,237        | 119,237                                            |
| Total categorical aid                                  | \$ 150,000         | \$ 33,875       | \$ 137,311     | \$ 103,436                                         |
| Total intergovernmental revenues                       | \$ 1,806,000       | \$ 3,545,025    | \$ 2,868,887   | \$ (676,138)                                       |
| Total County Capital Improvements Fund                 | \$ 1,852,856       | \$ 4,678,776    | \$ 4,066,790   | \$ (611,986)                                       |
| <b>School Capital Improvements Fund:</b>               |                    |                 |                |                                                    |
| Revenue from local sources:                            |                    |                 |                |                                                    |
| Miscellaneous revenue:                                 |                    |                 |                |                                                    |
| Other miscellaneous                                    | \$ 13,506          | \$ 13,506       | \$ 13,518      | \$ 12                                              |
| Total miscellaneous revenue                            | \$ 13,506          | \$ 13,506       | \$ 13,518      | \$ 12                                              |
| Total revenue from local sources                       | \$ 13,506          | \$ 13,506       | \$ 13,518      | \$ 12                                              |
| Total School Capital Improvements Fund                 | \$ 13,506          | \$ 13,506       | \$ 13,518      | \$ 12                                              |
| Total Primary Government                               | \$ 100,060,502     | \$ 103,485,813  | \$ 102,670,161 | \$ (815,652)                                       |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

| Entity, Fund, Major and Minor Revenue Source               | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Over<br>(Under) |
|------------------------------------------------------------|--------------------|-----------------|---------------|----------------------------------------------------|
| <b>Discretely Presented Component Unit - School Board:</b> |                    |                 |               |                                                    |
| <b>School Operating Fund:</b>                              |                    |                 |               |                                                    |
| Revenue from local sources:                                |                    |                 |               |                                                    |
| Revenue from use of money and property:                    |                    |                 |               |                                                    |
| Revenue from the use of property                           | \$ 31,600          | \$ 30,180       | \$ 30,615     | \$ 435                                             |
| Total revenue from use of money and property               | \$ 31,600          | \$ 30,180       | \$ 30,615     | \$ 435                                             |
| Charges for services:                                      |                    |                 |               |                                                    |
| Charges for education                                      | \$ 319,104         | \$ 326,221      | \$ 327,828    | \$ 1,607                                           |
| Tuition and payments from other divisions                  | 289,096            | 245,772         | 243,375       | (2,397)                                            |
| Total charges for services                                 | \$ 608,200         | \$ 571,993      | \$ 571,203    | \$ (790)                                           |
| Miscellaneous revenue:                                     |                    |                 |               |                                                    |
| Other miscellaneous                                        | \$ 1,088,884       | \$ 1,162,092    | \$ 957,812    | \$ (204,280)                                       |
| Total revenue from local sources                           | \$ 1,728,684       | \$ 1,764,265    | \$ 1,559,630  | \$ (204,635)                                       |
| Intergovernmental revenues:                                |                    |                 |               |                                                    |
| Revenues from local governments:                           |                    |                 |               |                                                    |
| Contribution from County of Augusta, Virginia              | \$ 38,545,582      | \$ 38,545,582   | \$ 37,917,459 | \$ (628,123)                                       |
| Total revenues from local governments                      | \$ 38,545,582      | \$ 38,545,582   | \$ 37,917,459 | \$ (628,123)                                       |
| Revenue from the Commonwealth:                             |                    |                 |               |                                                    |
| Categorical aid:                                           |                    |                 |               |                                                    |
| Share of state sales tax                                   | \$ 10,900,000      | \$ 11,282,833   | \$ 11,107,878 | \$ (174,955)                                       |
| Basic school aid                                           | 29,356,501         | 28,712,658      | 28,904,007    | 191,349                                            |
| Regular foster care                                        | 66,780             | 48,599          | 69,923        | 21,324                                             |
| Adult secondary education                                  | 84,854             | 86,517          | 90,132        | 3,615                                              |
| Gifted and talented                                        | 311,273            | 307,936         | 308,290       | 354                                                |
| Remedial education                                         | 849,537            | 847,634         | 848,530       | 896                                                |
| Special education                                          | 966,933            | 956,566         | 957,665       | 1,099                                              |
| Textbook payment                                           | 637,249            | 630,417         | 631,141       | 724                                                |
| Standards of learning-project graduation                   | -                  | 29,082          | 43,352        | 14,270                                             |
| Vocational standards of quality payments                   | 1,238,469          | 1,225,191       | 1,226,599     | 1,408                                              |
| Vocational adult education                                 | 19,735             | 19,274          | 20,342        | 1,068                                              |
| Social security fringe benefits                            | 1,622,593          | 1,605,197       | 1,607,041     | 1,844                                              |
| Retirement fringe benefits                                 | 3,331,283          | 3,269,361       | 3,273,116     | 3,755                                              |
| Group life insurance instructional                         | 112,588            | 98,277          | 98,390        | 113                                                |
| Early reading intervention                                 | 169,875            | 137,128         | 137,128       | -                                                  |
| Homebound education                                        | 25,956             | 24,719          | 24,719        | -                                                  |
| Regional program tuition                                   | 800,597            | 724,719         | 687,858       | (36,861)                                           |
| Vocational education - equipment                           | 28,885             | 29,345          | 28,853        | (492)                                              |
| Vocational occupational preparedness                       | 187,771            | 164,028         | 174,980       | 10,952                                             |
| Mentor teacher program                                     | 8,585              | 5,873           | 5,873         | -                                                  |
| Special education - foster children                        | 77,785             | 56,608          | 35,359        | (21,249)                                           |
| At risk payments                                           | 593,675            | 587,079         | 587,820       | 741                                                |
| Primary class size                                         | 1,090,774          | 1,062,831       | 1,062,831     | -                                                  |
| Technology                                                 | 570,000            | 570,000         | 570,000       | -                                                  |
| Standards of learning algebra readiness                    | 107,055            | 102,858         | 102,858       | -                                                  |
| At risk four-year olds                                     | 631,299            | 631,299         | 631,297       | (2)                                                |
| English as a second language                               | 123,193            | 101,727         | 101,727       | -                                                  |
| Other state funds                                          | 125,634            | 199,351         | 222,375       | 23,024                                             |
| Total categorical aid                                      | \$ 54,038,879      | \$ 53,517,107   | \$ 53,560,084 | \$ 42,977                                          |
| Total revenue from the Commonwealth                        | \$ 54,038,879      | \$ 53,517,107   | \$ 53,560,084 | \$ 42,977                                          |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

| Entity, Fund, Major and Minor Revenue Source                           | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Over<br>(Under) |
|------------------------------------------------------------------------|--------------------|-----------------|---------------|----------------------------------------------------|
| <b>Discretely Presented Component Unit - School Board: (Continued)</b> |                    |                 |               |                                                    |
| <b>School Operating Fund: (Continued)</b>                              |                    |                 |               |                                                    |
| Intergovernmental revenues: (continued)                                |                    |                 |               |                                                    |
| Revenue from the federal government:                                   |                    |                 |               |                                                    |
| Categorical aid:                                                       |                    |                 |               |                                                    |
| Federal land use                                                       | \$ 166,667         | \$ 166,667      | \$ 156,372    | \$ (10,295)                                        |
| Title I                                                                | 1,499,575          | 1,330,456       | 1,279,047     | (51,409)                                           |
| Title VI-B, special education flow-through                             | 2,340,834          | 2,291,071       | 2,189,172     | (101,899)                                          |
| Vocational education                                                   | 148,500            | 150,151         | 128,862       | (21,289)                                           |
| Title VI-B, special education pre-school                               | 62,653             | 55,572          | 65,443        | 9,871                                              |
| Language acquisition                                                   | 25,109             | 25,109          | 14,933        | (10,176)                                           |
| Title II Part A                                                        | 283,894            | 240,059         | 273,201       | 33,142                                             |
| Advanced placement                                                     | -                  | 666             | 666           | -                                                  |
| ITCV grant                                                             | 77,040             | 88,633          | 88,633        | -                                                  |
| Total categorical aid                                                  | \$ 4,604,272       | \$ 4,348,384    | \$ 4,196,329  | \$ (152,055)                                       |
| Total intergovernmental revenue                                        | \$ 97,188,733      | \$ 96,411,073   | \$ 95,673,872 | \$ (737,201)                                       |
| Total School Operating Fund                                            | \$ 98,917,417      | \$ 98,175,338   | \$ 97,233,502 | \$ (941,836)                                       |
| <b>School Cafeteria Fund:</b>                                          |                    |                 |               |                                                    |
| Revenue from local sources:                                            |                    |                 |               |                                                    |
| Revenue from use of money and property:                                |                    |                 |               |                                                    |
| Revenue from the use of money                                          | \$ 8,000           | \$ 5,000        | \$ 4,226      | \$ (774)                                           |
| Charges for services:                                                  |                    |                 |               |                                                    |
| Cafeteria sales                                                        | \$ 2,140,000       | \$ 1,994,755    | \$ 1,830,942  | \$ (163,813)                                       |
| Total revenue from local sources                                       | \$ 2,148,000       | \$ 1,999,755    | \$ 1,835,168  | \$ (164,587)                                       |
| Intergovernmental revenues:                                            |                    |                 |               |                                                    |
| Revenue from the Commonwealth:                                         |                    |                 |               |                                                    |
| Categorical aid:                                                       |                    |                 |               |                                                    |
| School food program grant                                              | \$ 72,622          | \$ 70,595       | \$ 70,596     | \$ 1                                               |
| Revenue from the federal government:                                   |                    |                 |               |                                                    |
| Categorical aid:                                                       |                    |                 |               |                                                    |
| School food program grant                                              | \$ 2,370,000       | \$ 2,359,000    | \$ 2,325,386  | \$ (33,614)                                        |
| USDA donated food                                                      | -                  | -               | 286,226       | 286,226                                            |
| Total categorical aid                                                  | \$ 2,370,000       | \$ 2,359,000    | \$ 2,611,612  | \$ 252,612                                         |
| Total revenue from the federal government                              | \$ 2,370,000       | \$ 2,359,000    | \$ 2,611,612  | \$ 252,612                                         |
| Total intergovernmental revenue                                        | \$ 2,442,622       | \$ 2,429,595    | \$ 2,682,208  | \$ 252,613                                         |
| Total School Cafeteria Fund                                            | \$ 4,590,622       | \$ 4,429,350    | \$ 4,517,376  | \$ 88,026                                          |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2015

| Entity, Fund, Major and Minor Revenue Source                           | Original<br>Budget | Final<br>Budget | Actual         | Variance with<br>Final Budget -<br>Over<br>(Under) |
|------------------------------------------------------------------------|--------------------|-----------------|----------------|----------------------------------------------------|
| <b>Discretely Presented Component Unit - School Board: (Continued)</b> |                    |                 |                |                                                    |
| <b>Head Start Fund:</b>                                                |                    |                 |                |                                                    |
| Revenue from the federal government:                                   |                    |                 |                |                                                    |
| Categorical aid:                                                       |                    |                 |                |                                                    |
| Head Start grant                                                       | \$ 2,070,961       | \$ 2,782,304    | \$ 2,389,085   | \$ (393,219)                                       |
| Total categorical aid                                                  | \$ 2,070,961       | \$ 2,782,304    | \$ 2,389,085   | \$ (393,219)                                       |
| Total revenue from the federal government                              | \$ 2,070,961       | \$ 2,782,304    | \$ 2,389,085   | \$ (393,219)                                       |
| Total intergovernmental revenue                                        | \$ 2,070,961       | \$ 2,782,304    | \$ 2,389,085   | \$ (393,219)                                       |
| Total Head Start Fund                                                  | \$ 2,070,961       | \$ 2,782,304    | \$ 2,389,085   | \$ (393,219)                                       |
| <b>Governor's School Fund:</b>                                         |                    |                 |                |                                                    |
| Revenue from local sources:                                            |                    |                 |                |                                                    |
| Charges for services:                                                  |                    |                 |                |                                                    |
| Tuition                                                                | \$ 834,642         | \$ 852,428      | \$ 854,963     | \$ 2,535                                           |
| Total charges for services                                             | \$ 834,642         | \$ 852,428      | \$ 854,963     | \$ 2,535                                           |
| Miscellaneous revenue:                                                 |                    |                 |                |                                                    |
| Other miscellaneous                                                    | \$ 10,000          | \$ 2,801        | \$ 42,079      | \$ 39,278                                          |
| Total miscellaneous revenue                                            | \$ 10,000          | \$ 2,801        | \$ 42,079      | \$ 39,278                                          |
| Total revenue from local sources                                       | \$ 844,642         | \$ 855,229      | \$ 897,042     | \$ 41,813                                          |
| Revenue from the Commonwealth:                                         |                    |                 |                |                                                    |
| Categorical aid:                                                       |                    |                 |                |                                                    |
| Governor's school grant                                                | \$ 549,790         | \$ 541,417      | \$ 541,417     | \$ -                                               |
| Technology funds                                                       | 26,000             | 26,000          | 26,000         | -                                                  |
| Governor's school program evaluation                                   | -                  | -               | 4,582          | 4,582                                              |
| Total categorical aid                                                  | \$ 575,790         | \$ 567,417      | \$ 571,999     | \$ 4,582                                           |
| Total revenue from the Commonwealth                                    | \$ 575,790         | \$ 567,417      | \$ 571,999     | \$ 4,582                                           |
| Total intergovernmental revenue                                        | \$ 575,790         | \$ 567,417      | \$ 571,999     | \$ 4,582                                           |
| Total Governor's School Fund                                           | \$ 1,420,432       | \$ 1,422,646    | \$ 1,469,041   | \$ 46,395                                          |
| Total Discretely Presented Component Unit - School Board               | \$ 106,999,432     | \$ 106,809,638  | \$ 105,609,004 | \$ (1,200,634)                                     |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

| <b>Fund, Function, Activity, and Elements</b> | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|-----------------------------------------------|----------------------------|-------------------------|---------------|--------------------------------------------------------------|
| <b>Primary Government:</b>                    |                            |                         |               |                                                              |
| <b>General Fund:</b>                          |                            |                         |               |                                                              |
| General government administration:            |                            |                         |               |                                                              |
| Legislative:                                  |                            |                         |               |                                                              |
| Board of supervisors                          | \$ 141,765                 | \$ 150,765              | \$ 135,451    | \$ 15,314                                                    |
| General and financial administration:         |                            |                         |               |                                                              |
| County administrator                          | \$ 567,585                 | \$ 582,135              | \$ 587,925    | \$ (5,790)                                                   |
| Personnel                                     | 216,950                    | 225,775                 | 197,078       | 28,697                                                       |
| Legal services                                | 209,705                    | 453,635                 | 470,791       | (17,156)                                                     |
| Commissioner of revenue                       | 837,680                    | 826,070                 | 821,230       | 4,840                                                        |
| Board of Equalization                         | 5,800                      | 1,695                   | 1,540         | 155                                                          |
| Treasurer                                     | 531,136                    | 544,745                 | 542,315       | 2,430                                                        |
| Central accounting                            | 378,635                    | 392,320                 | 390,557       | 1,763                                                        |
| Management information systems                | 683,315                    | 685,475                 | 668,176       | 17,299                                                       |
| Other general and financial administration    | 985,440                    | 620,050                 | 596,425       | 23,625                                                       |
| Total general and financial administration    | \$ 4,416,246               | \$ 4,331,900            | \$ 4,276,037  | \$ 55,863                                                    |
| Board of elections:                           |                            |                         |               |                                                              |
| Electoral board and officials                 | \$ 226,810                 | \$ 291,700              | \$ 261,824    | \$ 29,876                                                    |
| Total board of elections                      | \$ 226,810                 | \$ 291,700              | \$ 261,824    | \$ 29,876                                                    |
| Total general government administration       | \$ 4,784,821               | \$ 4,774,365            | \$ 4,673,312  | \$ 101,053                                                   |
| Judicial administration:                      |                            |                         |               |                                                              |
| Courts:                                       |                            |                         |               |                                                              |
| Circuit court                                 | \$ 97,190                  | \$ 99,260               | \$ 92,723     | \$ 6,537                                                     |
| General district court                        | 7,150                      | 7,150                   | 5,646         | 1,504                                                        |
| Special magistrates                           | 3,640                      | 3,625                   | 3,014         | 611                                                          |
| Clerk of the circuit court                    | 874,330                    | 820,420                 | 758,494       | 61,926                                                       |
| Total courts                                  | \$ 982,310                 | \$ 930,455              | \$ 859,877    | \$ 70,578                                                    |
| Commonwealth's attorney:                      |                            |                         |               |                                                              |
| Commonwealth's attorney                       | \$ 932,835                 | \$ 976,400              | \$ 980,110    | \$ (3,710)                                                   |
| Total commonwealth's attorney                 | \$ 932,835                 | \$ 976,400              | \$ 980,110    | \$ (3,710)                                                   |
| Total judicial administration                 | \$ 1,915,145               | \$ 1,906,855            | \$ 1,839,987  | \$ 66,868                                                    |
| Public safety:                                |                            |                         |               |                                                              |
| Law enforcement and traffic control:          |                            |                         |               |                                                              |
| Sheriff                                       | \$ 5,951,200               | \$ 6,074,300            | \$ 5,974,669  | \$ 99,631                                                    |
| Emergency operations center                   | 1,625,035                  | 1,652,905               | 1,622,675     | 30,230                                                       |
| Total law enforcement and traffic control     | \$ 7,576,235               | \$ 7,727,205            | \$ 7,597,344  | \$ 129,861                                                   |
| Fire and rescue services:                     |                            |                         |               |                                                              |
| Fire department                               | \$ 5,868,720               | \$ 5,880,250            | \$ 5,643,454  | \$ 236,796                                                   |
| Volunteer emergency operations                | 2,085,307                  | 2,080,302               | 1,896,093     | 184,209                                                      |
| Fire training center                          | 364,290                    | 337,730                 | 290,058       | 47,672                                                       |
| Fire revolving fund disbursements             | 405,000                    | 405,000                 | 51,200        | 353,800                                                      |
| EMS transport service                         | 584,100                    | 570,050                 | 568,309       | 1,741                                                        |
| Total fire and rescue services                | \$ 9,307,417               | \$ 9,273,332            | \$ 8,449,114  | \$ 824,218                                                   |
| Correction and detention:                     |                            |                         |               |                                                              |
| Probation and detention                       | \$ 1,597,726               | \$ 1,315,454            | \$ 1,309,376  | \$ 6,078                                                     |
| Total correction and detention                | \$ 1,597,726               | \$ 1,315,454            | \$ 1,309,376  | \$ 6,078                                                     |

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2015

| <b>Fund, Function, Activity, and Elements</b>                 | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|---------------------------------------------------------------|----------------------------|-------------------------|---------------|--------------------------------------------------------------|
| <b>Primary Government: (Continued)</b>                        |                            |                         |               |                                                              |
| <b>General Fund: (Continued)</b>                              |                            |                         |               |                                                              |
| Public safety: (Continued)                                    |                            |                         |               |                                                              |
| Inspections:                                                  |                            |                         |               |                                                              |
| Building                                                      | \$ 375,185                 | \$ 381,365              | \$ 378,657    | \$ 2,708                                                     |
| Total inspections                                             | \$ 375,185                 | \$ 381,365              | \$ 378,657    | \$ 2,708                                                     |
| Other protection:                                             |                            |                         |               |                                                              |
| Animal control                                                | \$ 384,030                 | \$ 395,920              | \$ 391,638    | \$ 4,282                                                     |
| Drug enforcement funds                                        | 33,685                     | 36,075                  | 46,999        | (10,924)                                                     |
| Total other protection                                        | \$ 417,715                 | \$ 431,995              | \$ 438,637    | \$ (6,642)                                                   |
| Total public safety                                           | \$ 19,274,278              | \$ 19,129,351           | \$ 18,173,128 | \$ 956,223                                                   |
| Public works:                                                 |                            |                         |               |                                                              |
| Maintenance of highways, streets, bridges and sidewalks:      |                            |                         |               |                                                              |
| Highways, streets, bridges and sidewalks                      | \$ 12,000                  | \$ 12,000               | \$ 11,258     | \$ 742                                                       |
| Streetlights                                                  | 116,000                    | 114,000                 | 120,500       | (6,500)                                                      |
| Total maintenance of highways, streets, bridges and sidewalks | \$ 128,000                 | \$ 126,000              | \$ 131,758    | \$ (5,758)                                                   |
| Sanitation and waste removal:                                 |                            |                         |               |                                                              |
| Refuse collection and disposal                                | \$ 1,934,370               | \$ 1,958,520            | \$ 1,912,216  | \$ 46,304                                                    |
| Recycling program                                             | 147,750                    | 145,750                 | 139,123       | 6,627                                                        |
| Total sanitation and waste removal                            | \$ 2,082,120               | \$ 2,104,270            | \$ 2,051,339  | \$ 52,931                                                    |
| Maintenance of general buildings and grounds:                 |                            |                         |               |                                                              |
| General properties                                            | \$ 1,369,065               | \$ 1,353,500            | \$ 1,282,420  | \$ 71,080                                                    |
| Total maintenance of general buildings and grounds            | \$ 1,369,065               | \$ 1,353,500            | \$ 1,282,420  | \$ 71,080                                                    |
| Total public works                                            | \$ 3,579,185               | \$ 3,583,770            | \$ 3,465,517  | \$ 118,253                                                   |
| Health and welfare:                                           |                            |                         |               |                                                              |
| Health:                                                       |                            |                         |               |                                                              |
| Supplement of local health department                         | \$ 574,530                 | \$ 574,530              | \$ 574,530    | \$ -                                                         |
| Total health                                                  | \$ 574,530                 | \$ 574,530              | \$ 574,530    | \$ -                                                         |
| Mental health and mental retardation:                         |                            |                         |               |                                                              |
| Community services board                                      | \$ 140,505                 | \$ 140,505              | \$ 140,505    | \$ -                                                         |
| Total mental health and mental retardation                    | \$ 140,505                 | \$ 140,505              | \$ 140,505    | \$ -                                                         |
| Welfare:                                                      |                            |                         |               |                                                              |
| Valley Education Alliance                                     | \$ 1,000                   | \$ 1,000                | \$ 1,000      | \$ -                                                         |
| Valley Program for the Aging                                  | 20,202                     | 20,202                  | 20,202        | -                                                            |
| Coordinated Area Transportation Services                      | 49,801                     | 49,801                  | 49,801        | -                                                            |
| Community Centers                                             | 10,000                     | 10,000                  | 10,000        | -                                                            |
| Verona Food Pantry                                            | 39,540                     | 39,540                  | 39,540        | -                                                            |
| Lions Sight and Hearing/Oak Grove Theatre                     | 3,696                      | 3,696                   | 3,696         | -                                                            |
| CAPSAW                                                        | 41,650                     | 41,650                  | 41,650        | -                                                            |
| Craigsville personal property                                 | 26,985                     | 28,280                  | 28,277        | 3                                                            |
| Miscellaneous                                                 | 7,064                      | 7,064                   | 7,057         | 7                                                            |
| Tax relief for the elderly                                    | 260,000                    | 314,000                 | 317,537       | (3,537)                                                      |
| Total welfare                                                 | \$ 459,938                 | \$ 515,233              | \$ 518,760    | \$ (3,527)                                                   |
| Total health and welfare                                      | \$ 1,174,973               | \$ 1,230,268            | \$ 1,233,795  | \$ (3,527)                                                   |

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2015

| <b>Fund, Function, Activity, and Elements</b>  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|------------------------------------------------|----------------------------|-------------------------|---------------|--------------------------------------------------------------|
| <b>Primary Government: (Continued)</b>         |                            |                         |               |                                                              |
| <b>General Fund: (Continued)</b>               |                            |                         |               |                                                              |
| Education:                                     |                            |                         |               |                                                              |
| Other instructional costs:                     |                            |                         |               |                                                              |
| Contributions to Blue Ridge Community College  | \$ 5,000                   | \$ 5,000                | \$ 5,000      | \$ -                                                         |
| Contribution to County School Board            | 38,545,582                 | 38,545,582              | 37,847,654    | 697,928                                                      |
| Total education                                | \$ 38,550,582              | \$ 38,550,582           | \$ 37,852,654 | \$ 697,928                                                   |
| Parks, recreation and cultural:                |                            |                         |               |                                                              |
| Parks and recreation:                          |                            |                         |               |                                                              |
| Supervision of parks and recreation            | \$ 1,542,440               | \$ 1,489,835            | \$ 1,408,617  | \$ 81,218                                                    |
| Total parks and recreation                     | \$ 1,542,440               | \$ 1,489,835            | \$ 1,408,617  | \$ 81,218                                                    |
| Cultural enrichment:                           |                            |                         |               |                                                              |
| Fine Arts Grant                                | \$ 10,000                  | \$ 10,000               | \$ 10,000     | \$ -                                                         |
| Total cultural enrichment                      | \$ 10,000                  | \$ 10,000               | \$ 10,000     | \$ -                                                         |
| Library:                                       |                            |                         |               |                                                              |
| Contribution to county library                 | \$ 1,145,380               | \$ 1,173,144            | \$ 1,156,671  | \$ 16,473                                                    |
| Churchville library                            | 107,865                    | 110,655                 | 110,153       | 502                                                          |
| Total library                                  | \$ 1,253,245               | \$ 1,283,799            | \$ 1,266,824  | \$ 16,975                                                    |
| Total parks, recreation and cultural           | \$ 2,805,685               | \$ 2,783,634            | \$ 2,685,441  | \$ 98,193                                                    |
| Community development:                         |                            |                         |               |                                                              |
| Planning and community development:            |                            |                         |               |                                                              |
| Community development                          | \$ 930,805                 | \$ 958,150              | \$ 912,751    | \$ 45,399                                                    |
| Tourism development                            | 61,615                     | 89,925                  | 55,723        | 34,202                                                       |
| Economic development                           | 259,110                    | 264,710                 | 258,966       | 5,744                                                        |
| Contribution to Economic Development Authority | 71,000                     | 84,000                  | 83,963        | 37                                                           |
| Total planning and community development       | \$ 1,322,530               | \$ 1,396,785            | \$ 1,311,403  | \$ 85,382                                                    |
| Environmental management:                      |                            |                         |               |                                                              |
| Contribution to soil and water district        | \$ 41,195                  | \$ 41,195               | \$ 39,171     | \$ 2,024                                                     |
| Other environmental management                 | 21,514                     | 22,915                  | 22,025        | 890                                                          |
| Total environmental management                 | \$ 62,709                  | \$ 64,110               | \$ 61,196     | \$ 2,914                                                     |
| Cooperative extension program:                 |                            |                         |               |                                                              |
| Extension office                               | \$ 106,465                 | \$ 82,500               | \$ 74,946     | \$ 7,554                                                     |
| Agricultural development                       | 3,000                      | 3,000                   | -             | 3,000                                                        |
| Total cooperative extension program            | \$ 109,465                 | \$ 85,500               | \$ 74,946     | \$ 10,554                                                    |
| Total community development                    | \$ 1,494,704               | \$ 1,546,395            | \$ 1,447,545  | \$ 98,850                                                    |
| Nondepartmental:                               |                            |                         |               |                                                              |
| Shenandoah Valley Regional Airport             | \$ 124,405                 | \$ 124,405              | \$ 124,405    | \$ -                                                         |
| Contingencies                                  | 50,000                     | 23,092                  | 20,130        | 2,962                                                        |
| Total nondepartmental                          | \$ 174,405                 | \$ 147,497              | \$ 144,535    | \$ 2,962                                                     |
| Total General Fund                             | \$ 73,753,778              | \$ 73,652,717           | \$ 71,515,914 | \$ 2,136,803                                                 |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

| Fund, Function, Activity, and Elements   | Original<br>Budget | Final<br>Budget | Actual         | Variance with<br>Final Budget -<br>Over<br>(Under) |
|------------------------------------------|--------------------|-----------------|----------------|----------------------------------------------------|
| <b>Primary Government: (Continued)</b>   |                    |                 |                |                                                    |
| <b>Special Revenue Fund:</b>             |                    |                 |                |                                                    |
| <b>Virginia Public Assistance Fund:</b>  |                    |                 |                |                                                    |
| Health and welfare:                      |                    |                 |                |                                                    |
| Welfare and social services:             |                    |                 |                |                                                    |
| Welfare administration                   | \$ 7,967,670       | \$ 8,213,961    | \$ 8,142,263   | \$ 71,698                                          |
| Public assistance                        | 3,570,000          | 3,570,000       | 2,980,396      | 589,604                                            |
| Comprehensive services                   | 3,500,000          | 3,767,000       | 4,032,812      | (265,812)                                          |
| Total welfare and social services        | \$ 15,037,670      | \$ 15,550,961   | \$ 15,155,471  | \$ 395,490                                         |
| Total health and welfare                 | \$ 15,037,670      | \$ 15,550,961   | \$ 15,155,471  | \$ 395,490                                         |
| Total Virginia Public Assistance Fund    | \$ 15,037,670      | \$ 15,550,961   | \$ 15,155,471  | \$ 395,490                                         |
| <b>Debt Service Funds:</b>               |                    |                 |                |                                                    |
| <b>County Debt Service:</b>              |                    |                 |                |                                                    |
| Debt service:                            |                    |                 |                |                                                    |
| Principal retirement                     | \$ 312,677         | \$ 312,677      | \$ 312,677     | \$ -                                               |
| Interest and other fiscal charges        | 181,644            | 221,610         | 221,608        | 2                                                  |
| Total County Debt Service                | \$ 494,321         | \$ 534,287      | \$ 534,285     | \$ 2                                               |
| <b>School Debt Service:</b>              |                    |                 |                |                                                    |
| Debt service:                            |                    |                 |                |                                                    |
| Principal retirement                     | \$ 5,241,505       | \$ 5,241,505    | \$ 5,241,505   | \$ -                                               |
| Interest and other fiscal charges        | 2,247,002          | 2,221,484       | 2,219,083      | 2,401                                              |
| Total School Debt Service                | \$ 7,488,507       | \$ 7,462,989    | \$ 7,460,588   | \$ 2,401                                           |
| Total Debt Service Funds                 | \$ 7,982,828       | \$ 7,997,276    | \$ 7,994,873   | \$ 2,403                                           |
| <b>Capital Projects Funds:</b>           |                    |                 |                |                                                    |
| <b>County Capital Improvements Fund:</b> |                    |                 |                |                                                    |
| Capital projects expenditures:           |                    |                 |                |                                                    |
| Landfill                                 | \$ 466,000         | \$ 466,000      | \$ 96,203      | \$ 369,797                                         |
| County schools                           | -                  | 156,120         | -              | 156,120                                            |
| Road construction                        | 2,738,000          | 4,401,065       | 3,815,690      | 585,375                                            |
| Greenville sewer construction project    | 76,000             | 260,000         | 942,888        | (682,888)                                          |
| Programs                                 | 1,394,200          | 2,049,563       | 1,331,358      | 718,205                                            |
| Equipment replacement                    | 612,919            | 1,657,487       | 1,763,306      | (105,819)                                          |
| Building renovations and construction    | 537,960            | 963,745         | 243,539        | 720,206                                            |
| Economic development                     | -                  | 1,120,250       | 1,806,748      | (686,498)                                          |
| County courthouse                        | 100,000            | 100,000         | 100,732        | (732)                                              |
| Community contributions                  | 211,545            | 240,545         | 164,864        | 75,681                                             |
| Total capital projects                   | \$ 6,136,624       | \$ 11,414,775   | \$ 10,265,328  | \$ 1,149,447                                       |
| Total Capital Improvements Fund          | \$ 6,136,624       | \$ 11,414,775   | \$ 10,265,328  | \$ 1,149,447                                       |
| <b>School Capital Improvements Fund:</b> |                    |                 |                |                                                    |
| Capital projects expenditures:           |                    |                 |                |                                                    |
| Equipment/Technology                     | \$ 1,000,000       | \$ 2,000,000    | \$ 1,763,849   | \$ 236,151                                         |
| Other school projects                    | -                  | 186,840         | 186,842        | (2)                                                |
| Building renovations                     | -                  | 981,013         | 796,804        | 184,209                                            |
| Total capital projects                   | \$ 1,000,000       | \$ 3,167,853    | \$ 2,747,495   | \$ 420,358                                         |
| Total School Capital Improvements Fund   | \$ 1,000,000       | \$ 3,167,853    | \$ 2,747,495   | \$ 420,358                                         |
| Total Primary Government                 | \$ 103,910,900     | \$ 111,783,582  | \$ 107,679,081 | \$ 4,104,501                                       |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

| <b>Fund, Function, Activity, and Elements</b>              | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>        | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|------------------------------------------------------------|----------------------------|-------------------------|----------------------|--------------------------------------------------------------|
| <b>Discretely Presented Component Unit - School Board:</b> |                            |                         |                      |                                                              |
| <b>School Operating Fund:</b>                              |                            |                         |                      |                                                              |
| Education:                                                 |                            |                         |                      |                                                              |
| Administration of schools:                                 |                            |                         |                      |                                                              |
| School board                                               | \$ 180,594                 | \$ 192,702              | \$ 188,658           | \$ 4,044                                                     |
| Executive administration services                          | 541,304                    | 552,923                 | 579,645              | (26,722)                                                     |
| Personnel                                                  | 309,464                    | 300,693                 | 302,209              | (1,516)                                                      |
| Fiscal services                                            | 524,090                    | 545,924                 | 544,614              | 1,310                                                        |
| Data processing services                                   | 464,286                    | 471,075                 | 486,065              | (14,990)                                                     |
| Total administration of schools                            | <u>\$ 2,019,738</u>        | <u>\$ 2,063,317</u>     | <u>\$ 2,101,191</u>  | <u>\$ (37,874)</u>                                           |
| Instruction costs:                                         |                            |                         |                      |                                                              |
| Elementary and secondary schools                           | \$ 65,099,785              | \$ 64,242,964           | \$ 64,203,246        | \$ 39,718                                                    |
| Guidance services                                          | 2,698,621                  | 2,720,355               | 2,640,591            | 79,764                                                       |
| Social worker services                                     | 483,686                    | 513,796                 | 505,522              | 8,274                                                        |
| Other instructional costs                                  | 1,673,913                  | 1,727,360               | 1,691,593            | 35,767                                                       |
| Media services                                             | 1,892,016                  | 1,924,825               | 1,903,842            | 20,983                                                       |
| Technology services                                        | 2,365,667                  | 2,334,331               | 2,264,158            | 70,173                                                       |
| Office of the principal                                    | 6,250,950                  | 6,325,848               | 6,342,294            | (16,446)                                                     |
| Total instruction costs                                    | <u>\$ 80,464,638</u>       | <u>\$ 79,789,479</u>    | <u>\$ 79,551,246</u> | <u>\$ 238,233</u>                                            |
| Operating costs:                                           |                            |                         |                      |                                                              |
| Attendance and health services                             | \$ 1,479,065               | \$ 1,505,781            | \$ 1,394,101         | \$ 111,680                                                   |
| Pupil transportation                                       | 5,934,395                  | 5,724,519               | 5,794,761            | (70,242)                                                     |
| Operation and maintenance of school plant                  | 9,019,581                  | 9,092,242               | 8,392,203            | 700,039                                                      |
| Total operating costs                                      | <u>\$ 16,433,041</u>       | <u>\$ 16,322,542</u>    | <u>\$ 15,581,065</u> | <u>\$ 741,477</u>                                            |
| Total education                                            | <u>\$ 98,917,417</u>       | <u>\$ 98,175,338</u>    | <u>\$ 97,233,502</u> | <u>\$ 941,836</u>                                            |
| Total School Operating Fund                                | <u>\$ 98,917,417</u>       | <u>\$ 98,175,338</u>    | <u>\$ 97,233,502</u> | <u>\$ 941,836</u>                                            |
| <b>Cafeteria Fund:</b>                                     |                            |                         |                      |                                                              |
| Education:                                                 |                            |                         |                      |                                                              |
| School food services:                                      |                            |                         |                      |                                                              |
| Administration of school food program                      | \$ 4,590,622               | \$ 4,429,350            | \$ 4,517,676         | \$ (88,326)                                                  |
| Total Cafeteria Fund                                       | <u>\$ 4,590,622</u>        | <u>\$ 4,429,350</u>     | <u>\$ 4,517,676</u>  | <u>\$ (88,326)</u>                                           |

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2015

| <b>Fund, Function, Activity, and Elements</b>                          | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>         | <b>Variance with<br/>Final Budget -<br/>Over<br/>(Under)</b> |
|------------------------------------------------------------------------|----------------------------|-------------------------|-----------------------|--------------------------------------------------------------|
| <b>Discretely Presented Component Unit - School Board: (Continued)</b> |                            |                         |                       |                                                              |
| <b>Head Start Fund:</b>                                                |                            |                         |                       |                                                              |
| Education:                                                             |                            |                         |                       |                                                              |
| Instruction                                                            | \$ 1,787,491               | \$ 2,154,294            | \$ 1,815,655          | \$ 338,639                                                   |
| Administration, attendance, and health                                 | 174,144                    | 486,040                 | 413,048               | 72,992                                                       |
| Transportation services                                                | 73,030                     | 141,251                 | 153,312               | (12,061)                                                     |
| Operations and maintenance services                                    | 36,296                     | 719                     | 6,487                 | (5,768)                                                      |
| Contribution to primary government                                     | -                          | -                       | 583                   | (583)                                                        |
| Total education                                                        | <u>\$ 2,070,961</u>        | <u>\$ 2,782,304</u>     | <u>\$ 2,389,085</u>   | <u>\$ 393,219</u>                                            |
| Total Head Start Fund                                                  | <u>\$ 2,070,961</u>        | <u>\$ 2,782,304</u>     | <u>\$ 2,389,085</u>   | <u>\$ 393,219</u>                                            |
| <b>Governor's School Fund:</b>                                         |                            |                         |                       |                                                              |
| Education:                                                             |                            |                         |                       |                                                              |
| Instruction                                                            | \$ 1,389,232               | \$ 1,391,446            | \$ 1,366,281          | \$ 25,165                                                    |
| Operations and maintenance services                                    | 31,200                     | 31,200                  | 33,538                | (2,338)                                                      |
| Contribution to primary government                                     | -                          | -                       | 69,222                | (69,222)                                                     |
| Total education                                                        | <u>\$ 1,420,432</u>        | <u>\$ 1,422,646</u>     | <u>\$ 1,469,041</u>   | <u>\$ (46,395)</u>                                           |
| Total Governor's School Fund                                           | <u>\$ 1,420,432</u>        | <u>\$ 1,422,646</u>     | <u>\$ 1,469,041</u>   | <u>\$ (46,395)</u>                                           |
| Total Discretely Presented Component Unit - School Board               | <u>\$ 106,999,432</u>      | <u>\$ 106,809,638</u>   | <u>\$ 105,609,304</u> | <u>\$ 1,200,334</u>                                          |

## **STATISTICAL SECTION**

## COUNTY OF AUGUSTA, VIRGINIA

### Statistical Section Table of Contents

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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<br>These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.                                                                                                | 1 - 6   |
| Revenue Capacity<br>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<br>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<br>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 |
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*Sources:* Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the relevant year.

# COUNTY OF AUGUSTA, VIRGINIA

Net Position/Assets <sup>(1)</sup> by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

|                                                                | Fiscal Year           |                       |                       |
|----------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
|                                                                | 2006                  | 2007                  | 2008                  |
| Primary government                                             |                       |                       |                       |
| Governmental activities                                        |                       |                       |                       |
| Net investment in capital assets                               | \$ 18,782,488         | \$ 19,304,458         | \$ 11,932,321         |
| Restricted                                                     | 761,648               | 1,085,858             | 1,332,428             |
| Unrestricted                                                   | <u>37,831,120</u>     | <u>48,980,851</u>     | <u>54,562,777</u>     |
| Total primary government, governmental activities net assets   | \$ <u>57,375,256</u>  | \$ <u>69,371,167</u>  | \$ <u>67,827,526</u>  |
| Total primary government, governmental activities net position |                       |                       |                       |
| Component unit <sup>(2)</sup>                                  |                       |                       |                       |
| Component unit - school board                                  |                       |                       |                       |
| Net investment in capital assets                               | \$ 49,398,261         | \$ 53,676,783         | \$ 63,146,689         |
| Unrestricted (deficit)                                         | <u>995,471</u>        | <u>608,705</u>        | <u>(80,333)</u>       |
| Total component unit net assets                                | \$ <u>50,393,732</u>  | \$ <u>54,285,488</u>  | \$ <u>63,066,356</u>  |
| Total component unit net position                              |                       |                       |                       |
| Total Reporting entity                                         |                       |                       |                       |
| Net investment in capital assets                               | \$ 68,180,749         | \$ 72,981,241         | \$ 75,079,010         |
| Restricted                                                     | 761,648               | 1,085,858             | 1,332,428             |
| Unrestricted                                                   | <u>38,826,591</u>     | <u>49,589,556</u>     | <u>54,482,444</u>     |
| Total reporting entity net assets                              | \$ <u>107,768,988</u> | \$ <u>123,656,655</u> | \$ <u>130,893,882</u> |
| Total reporting entity net position                            |                       |                       |                       |

## Notes:

<sup>(1)</sup> 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."

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

Table 1

| June 30,              |                       |                       |                       |                       |                       |                        |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                   |
| \$ 11,284,834         | \$ 13,116,731         | \$ 6,505,638          | \$ 14,050,950         | \$ 6,243,063          | \$ 14,785,963         | \$ 16,731,529          |
| 1,135,867             | 1,496,794             | 1,442,518             | 1,700,541             | 1,803,491             | 4,534,029             | 3,933,728              |
| 54,560,726            | 52,255,565            | 58,132,662            | 46,866,214            | 43,862,461            | 41,015,719            | 25,271,482             |
| <u>\$ 66,981,427</u>  | <u>\$ 66,869,090</u>  | <u>\$ 66,080,818</u>  | <u>\$ 62,617,705</u>  |                       |                       |                        |
|                       |                       |                       |                       | <u>\$ 51,909,015</u>  | <u>\$ 60,335,711</u>  | <u>\$ 45,936,739</u>   |
|                       |                       |                       |                       |                       |                       |                        |
| \$ 65,374,681         | \$ 67,937,017         | \$ 70,147,502         | \$ 73,689,709         | \$ 79,495,252         | \$ 73,843,782         | \$ 75,857,589          |
| (1,220,695)           | (1,329,711)           | (1,930,375)           | (1,771,091)           | (2,760,786)           | (3,294,961)           | (98,567,183)           |
| <u>\$ 64,153,986</u>  | <u>\$ 66,607,306</u>  | <u>\$ 68,217,127</u>  | <u>\$ 71,918,618</u>  |                       |                       |                        |
|                       |                       |                       |                       | <u>\$ 76,734,466</u>  | <u>\$ 70,548,821</u>  | <u>\$ (22,709,594)</u> |
|                       |                       |                       |                       |                       |                       |                        |
| \$ 76,659,515         | \$ 81,053,748         | \$ 76,653,140         | \$ 87,740,659         | \$ 85,738,315         | \$ 88,629,745         | \$ 92,589,118          |
| 1,135,867             | 1,496,794             | 1,442,518             | 1,700,541             | 1,803,491             | 4,534,029             | 3,933,728              |
| 53,340,031            | 50,925,854            | 56,202,287            | 45,095,123            | 41,101,675            | 37,720,758            | (73,295,701)           |
| <u>\$ 131,135,413</u> | <u>\$ 133,476,396</u> | <u>\$ 134,297,945</u> | <u>\$ 134,536,323</u> |                       |                       |                        |
|                       |                       |                       |                       | <u>\$ 128,643,481</u> | <u>\$ 130,884,532</u> | <u>\$ 23,227,145</u>   |
|                       |                       |                       |                       |                       | (3)                   |                        |

**COUNTY OF AUGUSTA, VIRGINIA**

Changes in Net Position/Assets <sup>(2)</sup>  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

|                                                                  | Fiscal Year            |                        |                        |                        |
|------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                                  | 2006                   | 2007                   | 2008                   | 2009                   |
| <b>Primary government:</b>                                       |                        |                        |                        |                        |
| <b>Expenses:</b>                                                 |                        |                        |                        |                        |
| Governmental activities:                                         |                        |                        |                        |                        |
| General government                                               | \$ 4,079,044           | \$ 4,311,447           | \$ 5,509,093           | \$ 5,065,770           |
| Judicial administration                                          | 1,240,876              | 1,594,317              | 1,851,046              | 1,842,573              |
| Public safety                                                    | 16,101,838             | 13,644,513             | 15,262,308             | 15,832,972             |
| Public works                                                     | 6,895,780              | 5,247,249              | 5,696,530              | 7,711,226              |
| Health and welfare                                               | 11,961,725             | 11,680,282             | 12,994,411             | 11,340,693             |
| Education                                                        | 35,060,055             | 37,298,801             | 42,733,092             | 39,022,157             |
| Parks, recreation and cultural                                   | 2,375,514              | 2,501,010              | 3,291,280              | 3,604,760              |
| Community development                                            | 2,047,389              | 1,628,788              | 2,213,214              | 1,944,793              |
| Interest on long-term debt                                       | 2,314,508              | 2,653,362              | 3,353,767              | 3,445,502              |
| Total primary government expenses                                | <u>\$ 82,076,729</u>   | <u>\$ 80,559,769</u>   | <u>\$ 92,904,741</u>   | <u>\$ 89,810,446</u>   |
| <b>Program Revenues:</b>                                         |                        |                        |                        |                        |
| Governmental activities:                                         |                        |                        |                        |                        |
| Charges for services:                                            |                        |                        |                        |                        |
| General government                                               | \$ 38,174              | \$ 723,199             | \$ 744,154             | \$ 662,395             |
| Judicial administration                                          | 525,703                | 614,220                | 433,807                | 371,909                |
| Public safety                                                    | 1,963,916              | 50,341                 | 226,257                | 237,223                |
| Public works                                                     | 1,210,912              | 2,257,679              | 1,332,972              | 1,111,324              |
| Health and welfare                                               | 796,865                | 188,485                | 326,113                | 361,690                |
| Parks, recreation and cultural                                   | 564,861                | 649,233                | 654,110                | 722,807                |
| Community development                                            | 747,914                | -                      | -                      | -                      |
| Operating grants and contributions                               | 15,401,030             | 13,542,540             | 15,423,055             | 15,777,283             |
| Capital grants and contributions                                 | 2,777,194              | 2,227,600              | 2,769,821              | 3,241,550              |
| Total primary government program revenues                        | <u>\$ 24,026,569</u>   | <u>\$ 20,253,297</u>   | <u>\$ 21,910,289</u>   | <u>\$ 22,486,181</u>   |
| Total primary government net expense <sup>(1)</sup>              | <u>\$ (58,050,160)</u> | <u>\$ (60,306,472)</u> | <u>\$ (70,994,452)</u> | <u>\$ (67,324,265)</u> |
| <b>General Revenues and Other Changes in Net Position/Assets</b> |                        |                        |                        |                        |
| Governmental activities:                                         |                        |                        |                        |                        |
| Taxes                                                            |                        |                        |                        |                        |
| Property taxes                                                   | \$ 36,591,540          | \$ 40,998,297          | \$ 41,016,853          | \$ 43,396,769          |
| Local sales and use taxes                                        | 4,738,044              | 4,846,918              | 5,016,195              | 4,477,956              |
| Motor vehicle licenses taxes                                     | 1,823,862              | 1,823,630              | 1,798,392              | 55,167                 |
| Consumer utility taxes                                           | 3,600,361              | 4,281,024              | 4,532,958              | 4,278,675              |
| Business licenses taxes                                          | 2,879,209              | 3,009,798              | 3,142,260              | 3,141,510              |
| Restaurant food taxes                                            | 2,128,691              | 2,255,343              | 2,294,098              | 2,250,640              |
| Other local taxes                                                | 2,786,138              | 2,000,072              | 1,871,161              | 1,656,024              |
| Unrestricted grants and contributions                            | 5,338,644              | 5,209,278              | 5,012,362              | 4,905,684              |
| Unrestricted revenues from use of money and property             | 2,263,684              | 3,554,050              | 2,817,589              | 1,822,584              |
| Gain (loss) on disposal of capital assets                        | -                      | (622,633)              | -                      | -                      |
| Miscellaneous                                                    | 758,962                | 475,137                | 1,948,943              | 493,157                |
| Total primary government                                         | <u>\$ 62,909,135</u>   | <u>\$ 67,830,914</u>   | <u>\$ 69,450,811</u>   | <u>\$ 66,478,166</u>   |
| <b>Change in Net Assets</b>                                      |                        |                        |                        |                        |
| Total primary government                                         | <u>\$ 4,858,975</u>    | <u>\$ 7,524,442</u>    | <u>\$ (1,543,641)</u>  | <u>\$ (846,099)</u>    |
| <b>Change in Net Position</b>                                    |                        |                        |                        |                        |
| Total primary government                                         |                        |                        |                        |                        |

**Table 2**  
**Page 1**

| June 30,               |                        |                        |                        |                        |                        |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2010                   | 2011                   | 2012                   | 2013                   | 2014                   | 2015                   |
| \$ 4,184,974           | \$ 4,692,239           | \$ 5,596,300           | \$ 6,214,685           | \$ 5,826,866           | \$ 5,872,140           |
| 1,757,348              | 1,708,402              | 1,679,718              | 1,763,311              | 1,772,021              | 1,716,540              |
| 15,364,669             | 15,980,626             | 16,383,625             | 20,223,736             | 19,778,068             | 18,716,024             |
| 4,314,949              | 3,612,340              | 4,913,232              | 9,779,172              | 11,849,900             | 6,880,503              |
| 13,092,468             | 12,853,535             | 13,531,460             | 13,600,850             | 14,576,794             | 14,725,715             |
| 37,563,872             | 39,017,924             | 39,414,225             | 44,657,620             | 36,151,010             | 45,818,355             |
| 3,029,700              | 3,488,980              | 3,686,421              | 2,908,027              | 2,613,593              | 2,771,476              |
| 1,777,548              | 1,575,691              | 1,987,718              | 3,607,318              | 2,703,540              | 2,878,735              |
| 3,058,358              | 2,771,393              | 2,506,373              | 2,575,695              | 2,314,911              | 2,137,087              |
| <u>\$ 84,143,886</u>   | <u>\$ 85,701,130</u>   | <u>\$ 89,699,072</u>   | <u>\$ 105,330,414</u>  | <u>\$ 97,586,703</u>   | <u>\$ 101,516,575</u>  |
| \$ 570,568             | \$ 666,334             | \$ 566,517             | \$ 612,266             | \$ 621,178             | \$ 854,701             |
| 299,426                | 298,686                | 238,266                | 238,047                | 218,470                | 222,118                |
| 405,743                | 879,276                | 831,899                | 1,180,338              | 1,497,982              | 1,502,939              |
| 1,149,190              | 987,779                | 947,668                | 947,251                | 1,092,513              | 1,065,703              |
| 382,719                | 352,321                | 388,108                | 329,763                | 153,074                | 142,772                |
| 749,885                | 722,413                | 791,546                | 816,405                | 752,909                | 772,613                |
| -                      | -                      | -                      | -                      | -                      | -                      |
| 15,052,450             | 15,042,625             | 15,109,815             | 16,026,250             | 17,285,378             | 16,701,623             |
| 197,886                | 432,880                | 1,319,142              | 5,723,148              | 7,429,523              | 3,084,267              |
| <u>\$ 18,807,867</u>   | <u>\$ 19,382,314</u>   | <u>\$ 20,192,961</u>   | <u>\$ 25,873,468</u>   | <u>\$ 29,051,027</u>   | <u>\$ 24,346,736</u>   |
| <u>\$ (65,336,019)</u> | <u>\$ (66,318,816)</u> | <u>\$ (69,506,111)</u> | <u>\$ (79,456,946)</u> | <u>\$ (68,535,676)</u> | <u>\$ (77,169,839)</u> |
| \$ 42,723,198          | \$ 44,520,421          | \$ 44,920,894          | \$ 46,893,968          | \$ 51,900,224          | \$ 53,585,755          |
| 4,384,864              | 4,493,294              | 4,532,643              | 4,823,327              | 4,803,575              | 4,984,203              |
| -                      | -                      | -                      | -                      | -                      | -                      |
| 1,678,592              | 1,693,984              | 1,684,948              | 1,714,242              | 1,724,037              | 1,749,332              |
| 2,655,872              | 3,034,935              | 3,241,549              | 3,183,170              | 3,488,169              | 3,734,050              |
| 2,169,738              | 2,169,324              | 2,193,920              | 2,246,096              | 2,081,118              | 2,320,903              |
| 1,638,634              | 1,594,562              | 1,557,871              | 1,629,127              | 1,853,526              | 1,856,653              |
| 7,256,687              | 7,218,860              | 7,152,277              | 7,373,603              | 7,578,602              | 7,446,327              |
| 883,653                | 773,458                | 594,536                | 509,635                | 537,628                | 567,927                |
| -                      | -                      | -                      | 375,088                | -                      | -                      |
| 1,832,444              | 31,706                 | 164,360                | -                      | 818,655                | 270,000                |
| <u>\$ 65,223,682</u>   | <u>\$ 65,530,544</u>   | <u>\$ 66,042,998</u>   | <u>\$ 68,748,256</u>   | <u>\$ 74,785,534</u>   | <u>\$ 76,515,150</u>   |
| <u>\$ (112,337)</u>    | <u>\$ (788,272)</u>    | <u>\$ (3,463,113)</u>  |                        |                        |                        |
|                        |                        |                        | <u>\$ (10,708,690)</u> | <u>\$ 6,249,858</u>    | <u>\$ (654,689)</u>    |

COUNTY OF AUGUSTA, VIRGINIA

Changes in Net Position/Assets <sup>(2)</sup>  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

|                                                                  | Fiscal Year            |                        |                        |                        |
|------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                                  | 2006                   | 2007                   | 2008                   | 2009                   |
| <b>Component unit <sup>(3)</sup>:</b>                            |                        |                        |                        |                        |
| <b>Expenses:</b>                                                 |                        |                        |                        |                        |
| School board                                                     | \$ 92,703,329          | \$ 103,409,589         | \$ 105,239,965         | \$ 111,389,217         |
| Total component unit expenses                                    | <u>92,703,329</u>      | <u>103,409,589</u>     | <u>105,239,965</u>     | <u>111,389,217</u>     |
| <b>Program Revenues:</b>                                         |                        |                        |                        |                        |
| Charges for services                                             | \$ 3,321,361           | \$ 3,705,206           | \$ 3,987,435           | \$ 4,309,758           |
| Operating grants and contributions                               | 58,263,933             | 64,709,114             | 66,916,249             | 70,181,095             |
| Capital grants and contributions                                 | 851,769                | 836,049                | 797,446                | 578,532                |
| Total component unit program revenues                            | <u>62,437,063</u>      | <u>69,250,369</u>      | <u>71,701,130</u>      | <u>75,069,385</u>      |
| Total component unit net expense <sup>(1)</sup>                  | <u>\$ (30,266,266)</u> | <u>\$ (34,159,220)</u> | <u>\$ (33,538,835)</u> | <u>\$ (36,319,832)</u> |
| <b>General Revenues and Other Changes in Net Position/Assets</b> |                        |                        |                        |                        |
| Unrestricted grants and contributions                            | \$ 33,404,980          | \$ 37,072,203          | \$ 41,033,071          | \$ 36,381,838          |
| Unrestricted revenues from use of money and property             | 120,899                | 152,792                | 115,541                | 77,666                 |
| Miscellaneous                                                    | 320,641                | 825,981                | 1,171,091              | 947,958                |
| Total component unit                                             | <u>\$ 33,846,520</u>   | <u>\$ 38,050,976</u>   | <u>\$ 42,319,703</u>   | <u>\$ 37,407,462</u>   |
| <b>Change in Net Assets</b>                                      |                        |                        |                        |                        |
| Total component unit                                             | <u>\$ 3,580,254</u>    | <u>\$ 3,891,756</u>    | <u>\$ 8,780,868</u>    | <u>\$ 1,087,630</u>    |
| <b>Change in Net Position</b>                                    |                        |                        |                        |                        |
| Total component unit                                             |                        |                        |                        |                        |
| <b>Total reporting entity change in Net Assets</b>               | <u>\$ 8,439,229</u>    | <u>\$ 11,416,198</u>   | <u>\$ 7,237,227</u>    | <u>\$ 241,531</u>      |
| <b>Total Reporting entity change in Net Position</b>             |                        |                        |                        |                        |

Notes:

<sup>(1)</sup> 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

<sup>(2)</sup> 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."

<sup>(3)</sup> The component unit, School Board, was included in this table due to their significance to the County.

| June 30,           |                    |                   |                    |                    |                    |
|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| 2010               | 2011               | 2012              | 2013               | 2014               | 2015               |
| \$ 106,765,743     | \$ 101,812,342     | \$ 99,494,039     | \$ 101,705,922     | \$ 110,663,364     | \$ 106,500,888     |
| <u>106,765,743</u> | <u>101,812,342</u> | <u>99,494,039</u> | <u>101,705,922</u> | <u>110,663,364</u> | <u>106,500,888</u> |
| \$ 3,969,259       | \$ 3,903,726       | \$ 3,625,413      | \$ 4,216,248       | \$ 3,272,742       | \$ 3,257,108       |
| 67,489,090         | 62,292,979         | 62,352,796        | 63,796,761         | 60,559,006         | 63,399,705         |
| 813,450            | -                  | -                 | -                  | -                  | 449,479            |
| <u>72,271,799</u>  | <u>66,196,705</u>  | <u>65,978,209</u> | <u>68,013,009</u>  | <u>63,831,748</u>  | <u>67,106,292</u>  |
| \$ (34,493,944)    | \$ (35,615,637)    | \$ (33,515,830)   | \$ (33,692,913)    | \$ (46,831,616)    | \$ (39,394,596)    |
| \$ 35,963,285      | \$ 36,461,858      | \$ 36,339,862     | \$ 38,164,900      | \$ 40,795,739      | \$ 41,844,914      |
| 50,872             | 52,957             | 45,453            | 43,931             | 35,294             | 34,841             |
| 933,107            | 710,643            | 832,006           | 299,927            | 607,376            | 999,891            |
| <u>36,947,264</u>  | <u>37,225,458</u>  | <u>37,217,321</u> | <u>38,508,758</u>  | <u>41,438,409</u>  | <u>42,879,646</u>  |
| \$ 2,453,320       | \$ 1,609,821       | \$ 3,701,491      |                    |                    |                    |
|                    |                    |                   | \$ 4,815,845       | \$ (5,393,207)     | \$ 3,485,050       |
| \$ 2,340,983       | \$ 821,549         | \$ 238,378        |                    |                    |                    |
|                    |                    |                   | \$ (5,892,845)     | \$ 856,651         | \$ 2,830,361       |

COUNTY OF AUGUSTA, VIRGINIA

Table 3

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 | Motor Vehicle License Tax <sup>(1)</sup> | Restaurant Food Tax | Business License Tax | Total         |
|-------------|---------------|-------------------------|----------------------|------------------------------------------|---------------------|----------------------|---------------|
| 2015        | \$ 53,585,755 | \$ 4,984,203            | \$ 1,749,332         | \$ -                                     | \$ 2,320,903        | \$ 3,734,050         | \$ 66,374,243 |
| 2014        | 51,900,224    | 4,803,575               | 1,724,037            | -                                        | 2,081,118           | 3,488,169            | 63,997,123    |
| 2013        | 46,893,968    | 4,823,327               | 1,714,242            | -                                        | 2,246,096           | 3,183,170            | 58,860,803    |
| 2012        | 44,920,894    | 4,532,643               | 1,684,948            | -                                        | 2,193,920           | 3,241,549            | 56,573,954    |
| 2011        | 44,520,421    | 4,493,294               | 1,693,984            | -                                        | 2,169,324           | 3,034,935            | 55,911,958    |
| 2010        | 42,723,198    | 4,384,864               | 1,678,592            | -                                        | 2,169,738           | 2,655,872            | 53,612,264    |
| 2009        | 43,396,769    | 4,477,956               | 4,278,675            | 55,167                                   | 2,250,640           | 3,141,510            | 57,600,717    |
| 2008        | 41,016,853    | 5,016,195               | 4,532,958            | 1,798,392                                | 2,294,098           | 3,142,260            | 57,800,756    |
| 2007        | 40,998,297    | 4,846,918               | 4,281,024            | 1,823,630                                | 2,255,343           | 3,009,798            | 57,215,010    |
| 2006        | 36,591,540    | 4,738,044               | 2,879,209            | 1,823,862                                | 2,128,691           | 2,879,209            | 51,040,555    |

<sup>(1)</sup> In Fiscal Year 2009 Motor Vehicle License Tax was eliminated. To compensate for the decal elimination, the Personal Property Tax rate for vehicles was increased.

<sup>(2)</sup> In Fiscal Year 2010 Consumer Utility Tax was reduced by the amount of State Communication Taxes received. This amount is now presented as part of Revenue from the Commonwealth, Noncategorical Aid.

**COUNTY OF AUGUSTA, VIRGINIA**

**Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

|                                    | <b>Fiscal Year</b> |               |               |               |               |
|------------------------------------|--------------------|---------------|---------------|---------------|---------------|
|                                    | <b>2006</b>        | <b>2007</b>   | <b>2008</b>   | <b>2009</b>   | <b>2010</b>   |
| General Fund                       |                    |               |               |               |               |
| Reserved                           | \$ 741,541         | \$ 1,085,858  | \$ 1,332,428  | \$ 1,135,867  | \$ 1,631,079  |
| Unreserved                         | 16,263,261         | 20,592,646    | 17,289,242    | 13,363,450    | 12,201,976    |
| Nonspendable                       |                    |               |               |               |               |
| Restricted                         | -                  | -             | -             | -             | -             |
| Committed                          | -                  | -             | -             | -             | -             |
| Assigned                           | -                  | -             | -             | -             | -             |
| Unassigned                         | -                  | -             | -             | -             | -             |
| Total General Fund                 | \$ 17,004,802      | \$ 21,678,504 | \$ 18,621,670 | \$ 14,499,317 | \$ 13,833,055 |
| All other governmental funds       |                    |               |               |               |               |
| Reserved                           | \$ 25,442,249      | \$ 34,275,104 | \$ 34,894,572 | \$ 35,887,286 | \$ 35,477,239 |
| Unreserved, reported in:           |                    |               |               |               |               |
| Capital projects funds             | -                  | (7,541,836)   | 581,874       | 650,341       | 644,894       |
| Debt services funds                | -                  | -             | (500)         | (500)         | -             |
| Restricted                         | -                  | -             | -             | -             | -             |
| Committed                          | -                  | -             | -             | -             | -             |
| Assigned                           | -                  | -             | -             | -             | -             |
| Unassigned                         | -                  | -             | -             | -             | -             |
| Total all other governmental funds | \$ 25,442,249      | \$ 26,733,268 | \$ 35,475,946 | \$ 36,537,127 | \$ 36,122,133 |
| Total Fund Balances                | \$ 42,447,051      | \$ 48,411,772 | \$ 54,097,616 | \$ 51,036,444 | \$ 49,955,188 |

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

Table 4

| June 30,            |               |               |               |               |
|---------------------|---------------|---------------|---------------|---------------|
| 2011 <sup>(1)</sup> | 2012          | 2013          | 2014          | 2015          |
| \$ -                | \$ -          | \$ -          | \$ -          | \$ -          |
| -                   | -             | -             | -             | -             |
| 5,000               | 143,157       | 91,255        | 41,721        | 154,477       |
| 1,442,518           | 1,700,541     | 1,803,492     | 2,006,339     | 2,352,414     |
| 645,660             | 407,722       | 747,920       | 691,504       | 1,116,221     |
| 631,426             | 199,905       | 203,579       | 206,303       | 221,784       |
| 13,416,628          | 11,940,495    | 12,319,579    | 11,986,399    | 12,001,256    |
| \$ 16,141,232       | \$ 14,391,820 | \$ 15,165,825 | \$ 14,932,266 | \$ 15,846,152 |
|                     |               |               |               |               |
| \$ -                | \$ -          | \$ -          | \$ -          | \$ -          |
| -                   | -             | -             | -             | -             |
| -                   | -             | -             | -             | -             |
| 6,572,262           | 5,374,308     | 4,929,034     | 2,244,271     | 455,329       |
| 10,250,894          | 8,134,044     | 5,294,761     | 3,304,648     | 1,148,900     |
| 20,820,221          | 22,294,342    | 21,750,133    | 24,831,423    | 25,357,733    |
| -                   | -             | -             | -             | (318,771)     |
| \$ 37,643,377       | \$ 35,802,694 | \$ 31,973,928 | \$ 30,380,342 | \$ 26,643,191 |
|                     |               |               |               |               |
| \$ 53,784,609       | \$ 50,194,514 | \$ 47,139,753 | \$ 45,312,608 | \$ 42,489,343 |

**COUNTY OF AUGUSTA, VIRGINIA**

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

|                                                           | Fiscal Year    |                 |                |                |
|-----------------------------------------------------------|----------------|-----------------|----------------|----------------|
|                                                           | 2006           | 2007            | 2008           | 2009           |
| <b>Revenues</b>                                           |                |                 |                |                |
| General property taxes                                    | \$ 37,850,345  | \$ 40,945,162   | \$ 40,856,658  | \$ 42,760,266  |
| Other local taxes                                         | 17,956,305     | 18,216,785      | 18,655,064     | 15,859,972     |
| Permits, privilege fees and regulatory licenses           | 765,606        | 702,238         | 697,717        | 590,168        |
| Fines and forfeitures                                     | 186,124        | 224,266         | 195,626        | 206,887        |
| Revenue from use of money and property                    | 2,224,715      | 3,498,183       | 2,766,852      | 1,792,056      |
| Charges for services                                      | 2,456,587      | 2,521,143       | 2,824,070      | 2,670,293      |
| Miscellaneous                                             | 742,133        | 536,046         | 1,930,812      | 437,853        |
| Recovered costs                                           | 2,440,028      | 1,181,549       | 848,945        | 841,161        |
| Intergovernmental:                                        |                |                 |                |                |
| Commonwealth                                              | 17,387,178     | 14,935,463      | 17,115,948     | 17,557,521     |
| Federal                                                   | 6,129,690      | 6,043,955       | 6,089,290      | 6,366,997      |
| Total revenues                                            | \$ 88,138,711  | \$ 88,804,790   | \$ 91,980,982  | \$ 89,083,174  |
| <b>Expenditures</b>                                       |                |                 |                |                |
| General government administration                         | \$ 3,237,610   | \$ 3,515,136    | \$ 4,227,869   | \$ 4,036,220   |
| Judicial administration                                   | 1,268,300      | 1,502,163       | 1,885,147      | 1,789,570      |
| Public safety                                             | 15,314,641     | 13,410,881      | 14,790,155     | 14,791,170     |
| Public works                                              | 2,886,088      | 3,034,064       | 3,144,129      | 3,624,473      |
| Health and welfare                                        | 11,868,923     | 12,395,465      | 13,686,090     | 14,605,119     |
| Education                                                 | 28,010,867     | 30,072,708      | 31,763,370     | 31,884,595     |
| Parks, recreation and cultural                            | 2,340,685      | 2,515,714       | 2,678,852      | 2,718,695      |
| Community development                                     | 1,300,261      | 1,501,092       | 1,597,917      | 1,568,318      |
| Nondepartmental                                           | 195,716        | 134,614         | 145,381        | 152,874        |
| Capital projects                                          | 19,805,811     | 36,605,957      | 17,424,291     | 7,868,417      |
| Debt service                                              |                |                 |                |                |
| Principal                                                 | 3,572,479      | 3,580,578       | 4,921,853      | 5,400,528      |
| Interest and other fiscal charges                         | 2,418,547      | 1,973,221       | 3,446,208      | 3,704,367      |
| Total expenditures                                        | \$ 92,219,928  | \$ 110,241,593  | \$ 99,711,262  | \$ 92,144,346  |
| Excess (deficiency) of revenues over (under) expenditures | \$ (4,081,217) | \$ (21,436,803) | \$ (7,730,280) | \$ (3,061,172) |
| <b>Other financing sources (uses)</b>                     |                |                 |                |                |
| Transfers in                                              | \$ 22,610,887  | \$ 15,973,349   | \$ 20,031,363  | \$ 16,999,833  |
| Transfers out                                             | (22,610,887)   | (15,973,349)    | (20,031,363)   | (16,999,833)   |
| Bonds issued                                              | -              | 26,610,000      | 12,729,426     | -              |
| Premium on bonds issued                                   | -              | 791,524         | 686,698        | -              |
| Sale of capital assets                                    | -              | -               | -              | -              |
| Total other financing sources, net                        | \$ -           | \$ 27,401,524   | \$ 13,416,124  | \$ -           |
| Net change in fund balances                               | \$ (4,081,217) | \$ 5,964,721    | \$ 5,685,844   | \$ (3,061,172) |
| Debt service as a percentage of noncapital expenditures   | 7.51%          | 7.00%           | 9.24%          | 10.16%         |

Table 5

| June 30,       |                |                 |                |                |                |  |
|----------------|----------------|-----------------|----------------|----------------|----------------|--|
| 2010           | 2011           | 2012            | 2013           | 2014           | 2015           |  |
| \$ 42,548,270  | \$ 43,846,031  | \$ 44,460,692   | \$ 47,584,001  | \$ 51,399,020  | \$ 52,963,125  |  |
| 15,144,841     | 15,590,286     | 15,787,363      | 16,174,522     | 13,976,359     | 14,671,097     |  |
| 503,698        | 570,514        | 487,988         | 526,622        | 524,896        | 764,794        |  |
| 237,312        | 268,311        | 209,963         | 239,453        | 208,086        | 206,125        |  |
| 876,207        | 771,283        | 609,792         | 544,808        | 549,465        | 594,562        |  |
| 2,816,521      | 3,067,984      | 3,066,053       | 3,357,995      | 3,603,144      | 3,589,927      |  |
| 346,108        | 418,728        | 322,129         | 542,617        | 756,329        | 432,789        |  |
| 952,433        | 1,138,069      | 1,267,077       | 1,476,825      | 1,489,783      | 2,430,905      |  |
| 12,703,348     | 14,269,074     | 15,076,076      | 18,182,170     | 23,726,548     | 19,888,254     |  |
| 7,186,534      | 5,665,700      | 5,870,864       | 8,265,021      | 8,035,610      | 7,128,583      |  |
| \$ 83,315,272  | \$ 85,605,980  | \$ 87,157,997   | \$ 96,894,034  | \$ 104,269,240 | \$ 102,670,161 |  |
| \$ 3,343,925   | \$ 3,616,106   | \$ 4,075,387    | \$ 4,625,805   | \$ 4,342,595   | \$ 4,673,312   |  |
| 1,699,758      | 1,684,155      | 1,685,862       | 1,782,776      | 1,762,176      | 1,839,987      |  |
| 14,011,363     | 14,505,659     | 15,098,509      | 17,314,645     | 18,043,770     | 18,173,128     |  |
| 3,070,550      | 3,172,573      | 3,159,713       | 3,301,565      | 3,356,040      | 3,465,517      |  |
| 13,843,889     | 13,822,278     | 14,531,194      | 14,728,109     | 15,703,648     | 16,389,266     |  |
| 31,615,617     | 32,297,967     | 31,821,633      | 33,822,914     | 36,443,632     | 37,852,654     |  |
| 2,534,024      | 2,527,128      | 2,684,847       | 2,637,783      | 2,585,384      | 2,685,441      |  |
| 1,425,210      | 1,371,828      | 1,374,221       | 1,428,431      | 1,446,741      | 1,447,545      |  |
| 127,533        | 164,005        | 222,620         | 204,272        | 137,489        | 144,535        |  |
| 4,092,663      | 7,853,227      | 15,232,499      | 18,408,583     | 14,236,573     | 13,012,823     |  |
| 5,332,496      | 5,327,893      | 5,802,775       | 5,739,880      | 5,874,929      | 5,554,182      |  |
| 3,299,500      | 3,019,293      | 2,740,438       | 2,573,576      | 2,671,273      | 2,440,691      |  |
| \$ 84,396,528  | \$ 89,362,112  | \$ 98,429,698   | \$ 106,568,339 | \$ 106,604,250 | \$ 107,679,081 |  |
| \$ (1,081,256) | \$ (3,756,132) | \$ (11,271,701) | \$ (9,674,305) | \$ (2,335,010) | \$ (5,008,920) |  |
| \$ 15,170,842  | \$ 13,694,038  | \$ 16,250,701   | \$ 13,458,170  | \$ 16,621,651  | \$ 17,538,558  |  |
| (15,170,842)   | (13,608,485)   | (16,250,701)    | (13,458,170)   | (16,621,651)   | (17,538,558)   |  |
| -              | 7,500,000      | 6,600,000       | 5,526,185      | 691,882        | 2,185,655      |  |
| -              | -              | 966,694         | 718,271        | -              | -              |  |
| -              | -              | -               | 375,088        | -              | -              |  |
| \$ -           | \$ 7,585,553   | \$ 7,566,694    | \$ 6,619,544   | \$ 691,882     | \$ 2,185,655   |  |
| \$ (1,081,256) | \$ 3,829,421   | \$ (3,705,007)  | \$ (3,054,761) | \$ (1,643,128) | \$ (2,823,265) |  |
| 10.83%         | 9.73%          | 9.70%           | 8.00%          | 8.24%          | 7.68%          |  |

COUNTY OF AUGUSTA, VIRGINIA

Table 6

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 <sup>(2)</sup> | Motor Vehicle License Tax <sup>(1)</sup> | Restaurant Food Tax | Business License Tax | Total         |
|-------------|---------------|-------------------------|-------------------------------------|------------------------------------------|---------------------|----------------------|---------------|
| 2015        | \$ 52,963,125 | \$ 4,984,203            | \$ 1,749,332                        | \$ -                                     | \$ 2,320,903        | \$ 3,734,050         | \$ 65,751,613 |
| 2014        | 51,399,030    | 4,803,575               | 1,724,037                           | -                                        | 2,081,118           | 3,488,169            | 63,495,929    |
| 2013        | 47,584,001    | 4,823,327               | 1,714,242                           | -                                        | 2,246,096           | 3,183,170            | 59,550,836    |
| 2012        | 44,460,692    | 4,532,643               | 1,684,948                           | -                                        | 2,193,920           | 3,241,549            | 56,113,752    |
| 2011        | 43,846,031    | 4,493,294               | 1,693,984                           | -                                        | 2,169,324           | 3,034,935            | 55,237,568    |
| 2010        | 42,548,270    | 4,384,864               | 1,678,592                           | -                                        | 2,169,738           | 2,655,872            | 53,437,336    |
| 2009        | 42,760,266    | 4,477,956               | 4,278,675                           | 55,167                                   | 2,250,640           | 3,141,510            | 56,964,214    |
| 2008        | 40,856,658    | 5,016,195               | 4,532,958                           | 1,798,392                                | 2,294,098           | 3,142,260            | 57,640,561    |
| 2007        | 40,945,162    | 4,846,918               | 3,420,384                           | 1,823,630                                | 2,263,351           | 3,009,798            | 56,309,243    |
| 2006        | 37,850,345    | 4,738,044               | 2,719,884                           | 1,823,862                                | 2,128,691           | 2,879,209            | 52,140,035    |

<sup>(1)</sup> In Fiscal Year 2009 Motor Vehicle License Tax was eliminated. To compensate for the decal elimination, the Personal Property Tax rate for vehicles was increased.

<sup>(2)</sup> In Fiscal Year 2010 Consumer Utility Tax was reduced by the amount of State Communication Taxes received. This amount is now presented as part of Revenue from the Commonwealth, Noncategorical Aid.

COUNTY OF AUGUSTA, VIRGINIA

Table 7

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

| Fiscal Year | Real Estate <sup>(1)</sup> | Personal Property <sup>(2)</sup> | Machinery and Tools | Public Service <sup>(3)</sup> | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | State Sales Assessment Ratio <sup>(4)</sup> |
|-------------|----------------------------|----------------------------------|---------------------|-------------------------------|------------------------------|-----------------------|--------------------------------|---------------------------------------------|
| 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%                                      |
| 2009        | 5,877,675,585              | 623,193,070                      | 156,511,140         | 168,363,142                   | 6,825,742,937                | 0.70                  | 8,426,843,132                  | 81.00%                                      |
| 2008        | 5,206,226,035              | 597,497,180                      | 150,731,330         | 172,858,139                   | 6,127,312,684                | 0.73                  | 8,703,569,153                  | 70.40%                                      |
| 2007        | 5,093,036,897              | 586,582,760                      | 147,337,390         | 177,676,959                   | 6,004,634,006                | 0.73                  | 8,305,164,600                  | 72.30%                                      |
| 2006        | 4,956,905,910              | 549,490,860                      | 88,306,340          | 202,847,610                   | 5,797,550,720                | 0.72                  | 7,558,736,271                  | 76.70%                                      |

Source: Commissioner of Revenue

<sup>(1)</sup> Real estate is assessed at 100% of fair market value.

<sup>(2)</sup> Includes PPTRA.

<sup>(3)</sup> Assessed values are established by the State Corporation Commission.

<sup>(4)</sup> Source: Virginia Department of Taxation.

Property Tax Rates <sup>(1)</sup>  
 Last Ten Fiscal Years

| Property Tax Rates |    |                |    |                                             |    |      |                 |      |                        |      |
|--------------------|----|----------------|----|---------------------------------------------|----|------|-----------------|------|------------------------|------|
| Calendar<br>Years  |    | Real<br>Estate |    | Personal Property <sup>(2)</sup><br>Vehicle |    |      | Mobile<br>Homes |      | Machinery<br>and Tools |      |
| 2015               | \$ | 0.58           | \$ | 2.50                                        | \$ | 2.00 | \$              | 0.58 | \$                     | 2.00 |
| 2014               |    | 0.56           |    | 2.50                                        |    | 1.90 |                 | 0.56 |                        | 1.90 |
| 2013               |    | 0.51           |    | 2.50                                        |    | 1.90 |                 | 0.51 |                        | 1.90 |
| 2012               |    | 0.48           |    | 2.25                                        |    | 1.90 |                 | 0.48 |                        | 1.90 |
| 2011               |    | 0.48           |    | 2.25                                        |    | 1.90 |                 | 0.48 |                        | 1.90 |
| 2010               |    | 0.48           |    | 2.25                                        |    | 1.90 |                 | 0.48 |                        | 1.90 |
| 2009               |    | 0.48           |    | 2.25                                        |    | 1.90 |                 | 0.48 |                        | 1.90 |
| 2008               |    | 0.58           |    | 1.90                                        |    | 1.90 |                 | 0.58 |                        | 1.90 |
| 2007               |    | 0.58           |    | 1.90                                        |    | 1.90 |                 | 0.58 |                        | 1.90 |
| 2006               |    | 0.58           |    | 1.90                                        |    | 1.90 |                 | 0.58 |                        | 1.90 |

<sup>(1)</sup> Per \$100 of assessed value

<sup>(2)</sup> 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 2015        |      |                               | Fiscal Year 2006        |      |                               |
|-----------------------------|-----------------------------|-------------------------|------|-------------------------------|-------------------------|------|-------------------------------|
|                             |                             | 2014 Assessed Valuation | Rank | % of Total Assessed Valuation | 2005 Assessed Valuation | Rank | % of Total Assessed Valuation |
| Virginia Power              | Public Utility              | \$ 225,705,951          | 1    | 2.90%                         | \$ 64,940,890           | 2    | 1.12%                         |
| Hershey Foods Corporation   | Food Manufacturer           | 136,492,260             | 2    | 1.75%                         | 85,806,630              | 1    | 1.48%                         |
| McKee Baking Company        | Food Manufacturer           | 103,514,940             | 3    | 1.33%                         | 62,466,500              | 3    | 1.08%                         |
| Shenandoah Valley Electric  | Public Utility              | 56,313,400              | 4    | 0.72%                         | 32,387,510              | 5    | 0.56%                         |
| Target Corporation          | Distribution Center         | 43,003,180              | 5    | 0.55%                         | 44,328,770              | 4    | 0.76%                         |
| Hollister, Inc              | Medical Supplies Mfg.       | 27,105,940              | 6    | 0.35%                         | 11,809,880              | 11   | 0.20%                         |
| MeadWestvaco <sup>(1)</sup> | Paper Mfg. Warehouse        | 26,485,300              | 7    | 0.34%                         | -                       |      | -                             |
| Daikin                      | Industrial Air Cond. Equip. | 23,826,690              | 8    | 0.31%                         | 13,223,100              | 9    | 0.23%                         |
| Nibco, Inc                  | Copper Pipe Fittings Mfg.   | 20,026,060              | 9    | 0.26%                         | 12,512,331              | 10   | 0.22%                         |
| Verizon                     | Public Utility              | 14,756,050              | 10   | 0.19%                         | 22,377,000              | 6    | 0.39%                         |
| Reynolds Metals             | Flexible Packaging          | -                       |      | -                             | 16,641,380              | 7    | 0.29%                         |
| Colonial Realty             | Real Estate                 | -                       |      | -                             | 16,509,800              | 8    | 0.28%                         |
|                             |                             | <u>\$ 677,229,771</u>   |      | <u>8.70%</u>                  | <u>\$ 383,003,791</u>   |      | <u>6.61%</u>                  |

Source: Commissioner of Revenue

<sup>(1)</sup> New principal taxpayer in Fiscal Year 2009.

COUNTY OF AUGUSTA, VIRGINIA

Table 10

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 <sup>(1)</sup> |                    | Collections in Subsequent Calendar Years | Total Collections to Date |                    |
|---------------------|--------------------------------------|---------------------------------------------------------------|--------------------|------------------------------------------|---------------------------|--------------------|
|                     |                                      | Amount                                                        | Percentage of Levy |                                          | Amount                    | Percentage of Levy |
| 2015 <sup>(2)</sup> | \$ 38,768,852                        | \$ 18,541,053                                                 | 47.82%             | \$ -                                     | \$ 18,541,053             | 47.82%             |
| 2014                | 50,824,584                           | 49,510,805                                                    | 97.42%             | - <sup>(3)</sup>                         | 49,510,805                | 97.42%             |
| 2013                | 47,830,373                           | 46,083,456                                                    | 96.35%             | 484,943                                  | 46,568,399                | 97.36%             |
| 2012                | 44,774,638                           | 43,464,667                                                    | 97.07%             | 760,713                                  | 44,225,380                | 98.77%             |
| 2011                | 43,112,259                           | 41,527,999                                                    | 96.33%             | 928,949                                  | 42,456,948                | 98.48%             |
| 2010                | 42,384,976                           | 41,069,985                                                    | 96.90%             | 985,804                                  | 42,055,789                | 99.22%             |
| 2009                | 42,508,211                           | 41,069,985                                                    | 96.62%             | 957,186                                  | 42,027,171                | 98.87%             |
| 2008                | 42,260,206                           | 40,234,384                                                    | 95.21%             | 800,511                                  | 41,034,895                | 97.10%             |
| 2007                | 39,794,687                           | 38,607,594                                                    | 97.02%             | 563,118                                  | 39,170,712                | 98.43%             |
| 2006                | 39,595,968                           | 38,618,690                                                    | 97.53%             | 510,357                                  | 39,129,047                | 98.82%             |

Source: Commissioner of Revenue, County Treasurer's office

Notes:

<sup>(1)</sup> Includes PPTRA collections from the Commonwealth of Virginia.

<sup>(2)</sup> 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.

<sup>(3)</sup> The calendar year levy is not considered delinquent and a subsequent year collection until July 1 of the following fiscal year.

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Fiscal<br>Years | Governmental Activities        |                          | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income <sup>(1)</sup> | Per<br>Capita <sup>(1)</sup> |
|-----------------|--------------------------------|--------------------------|--------------------------------|----------------------------------------------------|------------------------------|
|                 | General<br>Obligation<br>Bonds | Other<br>Notes/<br>Bonds |                                |                                                    |                              |
| 2015            | \$ 48,919,633                  | \$ 7,735,108             | \$ 56,654,741                  | 2.04%                                              | \$ 767                       |
| 2014            | 54,161,138                     | 6,171,730                | 60,332,868                     | 2.17%                                              | 817                          |
| 2013            | 59,989,729                     | 5,526,185                | 65,515,914                     | 2.35%                                              | 886                          |
| 2012            | 65,729,609                     | -                        | 65,729,609                     | 2.41%                                              | 892                          |
| 2011            | 64,932,384                     | -                        | 64,932,384                     | 2.52%                                              | 883                          |
| 2010            | 62,760,277                     | -                        | 62,760,277                     | 2.55%                                              | 851                          |
| 2009            | 68,092,773                     | -                        | 68,092,773                     | 2.84%                                              | 945                          |
| 2008            | 73,493,301                     | -                        | 73,493,301                     | 3.04%                                              | 1,027                        |
| 2007            | 65,685,728                     | -                        | 65,685,728                     | 2.82%                                              | 928                          |
| 2006            | 42,656,306                     | -                        | 42,656,306                     | 1.94%                                              | 609                          |

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> See the Schedule of Demographic and Economic Statistics - Table 13

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

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| <b>Fiscal<br/>Year</b> |    | <b>Net<br/>Bonded<br/>Debt (3)</b> | <b>Ratio of Net<br/>General<br/>Obligation<br/>Debt to<br/>Assessed<br/>Value <sup>(2)</sup></b> | <b>Net<br/>Bonded<br/>Debt per<br/>Capita <sup>(1)</sup></b> |
|------------------------|----|------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| 2015                   | \$ | 48,919,633                         | 0.63%                                                                                            | \$ 662                                                       |
| 2014                   |    | 54,161,138                         | 0.69%                                                                                            | 733                                                          |
| 2013                   |    | 59,989,729                         | 0.78%                                                                                            | 812                                                          |
| 2012                   |    | 65,729,609                         | 0.86%                                                                                            | 892                                                          |
| 2011                   |    | 64,932,384                         | 0.86%                                                                                            | 883                                                          |
| 2010                   |    | 62,760,277                         | 0.84%                                                                                            | 851                                                          |
| 2009                   |    | 68,092,773                         | 1.00%                                                                                            | 945                                                          |
| 2008                   |    | 73,493,301                         | 1.20%                                                                                            | 1,027                                                        |
| 2007                   |    | 65,685,728                         | 1.09%                                                                                            | 928                                                          |
| 2006                   |    | 42,656,306                         | 0.74%                                                                                            | 609                                                          |

<sup>(1)</sup> Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13

<sup>(2)</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

<sup>(3)</sup> Includes all long-term general obligation bonded debt, excludes revenue bonds, capital leases, and compensated absences.

Demographic and Economic Statistics  
Last Ten Fiscal Years

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| <u>Fiscal<br/>Year</u> | <u>Population</u> | <u>Personal<br/>Income</u> | <u>Per Capita<br/>Personal<br/>Income</u> | <u>Median<br/>Age</u> | <u>School<br/>Enrollment</u> | <u>Unemploy-<br/>ment Rate</u> |
|------------------------|-------------------|----------------------------|-------------------------------------------|-----------------------|------------------------------|--------------------------------|
| 2015                   | 73,862            | \$ 37,664                  | 50.99%                                    | 50-54                 | 10,162                       | 4.70%                          |
| 2014                   | 73,862            | 37,664                     | 50.99%                                    | 50-54                 | 10,325                       | 4.70%                          |
| 2013                   | 73,912            | 37,664                     | 50.96%                                    | 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%                          |
| 2009                   | 72,020            | 33,271                     | 46.20%                                    | 45-49                 | 10,688                       | 6.60%                          |
| 2008                   | 71,586            | 33,776                     | 47.18%                                    | 45-49                 | 10,716                       | 3.60%                          |
| 2007                   | 70,747            | 32,877                     | 46.47%                                    | 45-49                 | 10,798                       | 2.60%                          |
| 2006                   | 70,034            | 31,453                     | 44.91%                                    | 40                    | 10,769                       | 2.60%                          |

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

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

COUNTY OF AUGUSTA, VIRGINIA

Table 14

Principal Employers  
Current Year and Nine Years Ago

| Employer                                       | Fiscal Year 2015 |      |                                    | Fiscal Year 2006 |      |                                    |
|------------------------------------------------|------------------|------|------------------------------------|------------------|------|------------------------------------|
|                                                | Employees        | Rank | % of Total<br>County<br>Employment | Employees        | Rank | % of Total<br>County<br>Employment |
| Augusta County School Board                    | 1000+            | 1    | 4.05%                              | 1000+            | 1    | 4.07%                              |
| Augusta Health                                 | 1000+            | 2    | 4.05%                              | 1000+            | 2    | 4.07%                              |
| McKee Foods Corporation                        | 500-999          | 3    | 2.02%                              | 1000+            | 3    | 4.07%                              |
| Hershey Chocolate of Virginia                  | 500-999          | 4    | 2.02%                              | 500-999          | 4    | 2.03%                              |
| Target Corp.                                   | 500-999          | 5    | 2.02%                              | 500-999          | 5    | 2.04%                              |
| Hollister, Inc.                                | 500-999          | 6    | 2.02%                              | 250-499          | 7    | 1.02%                              |
| Blue Ridge Community College                   | 250-499          | 7    | 1.01%                              | -                | -    | -                                  |
| Daikin McQuay                                  | 250-499          | 8    | 1.01%                              | 250-499          | 9    | 1.02%                              |
| County of Augusta                              | 250-499          | 9    | 1.01%                              | -                | -    | -                                  |
| J.B. Hunt Transport                            | 250-499          | 10   | 1.01%                              | -                | -    | -                                  |
| Ply Gem Siding Group (Alcoa Building Products) | -                | -    | -                                  | 250-499          | 8    | 1.02%                              |
| Western State Hospital                         | -                | -    | -                                  | 500-999          | 6    | 2.04%                              |
| American Safety Razor Co, Inc.                 | -                | -    | -                                  | 250-499          | 10   | 1.02%                              |
| Totals-average                                 | <u>7,125</u>     |      | <u>20.22%</u>                      | <u>8,250</u>     |      | <u>22.40%</u>                      |
| Total County Employment                        | <u>37,065</u>    |      |                                    | <u>36,838</u>    |      |                                    |

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

## COUNTY OF AUGUSTA, VIRGINIA

### Full-time Equivalent County Government Employees by Function Last Ten Fiscal Years

| Function                       | Fiscal Year |      |      |      |      |
|--------------------------------|-------------|------|------|------|------|
|                                | 2006        | 2007 | 2008 | 2009 | 2010 |
| General government             | 48          | 52   | 52   | 50   | 46   |
| Judicial administration        | 22          | 22   | 22   | 26   | 26   |
| Public safety                  |             |      |      |      |      |
| Sheriffs department            | 85          | 81   | 81   | 76   | 74   |
| Emergency communication center | 18          | 21   | 20   | 19   | 18   |
| Fire & rescue                  | 37          | 44   | 44   | 48   | 47   |
| Building inspections           | 9           | 9    | 9    | 7    | 7    |
| Animal control                 | 2           | 3    | 3    | 3    | 3    |
| Public works                   |             |      |      |      |      |
| General maintenance            | 20          | 19   | 18   | 18   | 17   |
| Health and welfare             |             |      |      |      |      |
| Department of social services  | 118         | 121  | 120  | 121  | 129  |
| Culture and recreation         |             |      |      |      |      |
| Parks and recreation           | 9           | 11   | 11   | 10   | 11   |
| Library                        | 16          | 17   | 16   | 17   | 15   |
| Community development          | 13          | 13   | 13   | 12   | 12   |
| Economic development           | -           | -    | -    | -    | 1    |
| Totals                         | 397         | 413  | 409  | 407  | 406  |

Source: Individual county departments

**Table 15**

| <b>June 30,</b> |             |             |             |             |
|-----------------|-------------|-------------|-------------|-------------|
| <b>2011</b>     | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
| 46              | 46          | 47          | 46          | 47          |
| 26              | 26          | 23          | 23          | 23          |
| 74              | 74          | 74          | 76          | 80          |
| 19              | 19          | 18          | 18          | 18          |
| 51              | 59          | 80          | 80          | 86          |
| 6               | 6           | 6           | 6           | 6           |
| 3               | 3           | 3           | 3           | 3           |
| 17              | 17          | 17          | 17          | 19          |
| 129             | 129         | 121         | 123         | 132         |
| 11              | 10          | 10          | 10          | 11          |
| 15              | 15          | 15          | 15          | 15          |
| 12              | 12          | 10          | 10          | 10          |
| 1               | 1           | 1           | 2           | 2           |
| <b>410</b>      | <b>417</b>  | <b>425</b>  | <b>429</b>  | <b>452</b>  |

**COUNTY OF AUGUSTA, VIRGINIA**

Operating Indicators by Function  
Last Ten Fiscal Years

| Function                                   | Fiscal Year |          |          |          |          |
|--------------------------------------------|-------------|----------|----------|----------|----------|
|                                            | 2006        | 2007     | 2008     | 2009     | 2010     |
| Public safety                              |             |          |          |          |          |
| Sheriffs department:                       |             |          |          |          |          |
| Number of police personnel and officers    | 79          | 79       | 81       | 76       | 76       |
| Physical arrests                           | 5,899       | 3,975    | 3,692    | 3,421    | 2,203    |
| Traffic violations                         | 5,980       | 7,000    | 6,434    | 6,656    | 6,124    |
| Parking violations                         | -           | -        | -        | -        | -        |
| Fire and rescue:                           |             |          |          |          |          |
| Number of calls answered                   | 16,716      | 17,974   | 19,401   | 17,508   | 18,065   |
| Number of volunteers (1)                   | 912         | 923      | 1,001    | 1,003    | 1,006    |
| Number of paid fire personnel and officers | 37          | 43       | 43       | 48       | 47       |
| Building inspections:                      |             |          |          |          |          |
| Permits issued                             | 1,337       | 1,241    | 1,117    | 868      | 791      |
| Animal control:                            |             |          |          |          |          |
| Number of calls answered                   | 4,603       | 4,056    | 3,866    | 3,948    | 3,218    |
| Public works                               |             |          |          |          |          |
| General maintenance:                       |             |          |          |          |          |
| Trucks/vehicles                            | 7           | 7        | 7        | 7        | 7        |
| Health and welfare                         |             |          |          |          |          |
| Department of Social Services:             |             |          |          |          |          |
| Caseload                                   | 8,695       | 8,734    | 9,034    | 9,889    | 11,053   |
| Culture and recreation                     |             |          |          |          |          |
| Parks and recreation:                      |             |          |          |          |          |
| After-school program participants          | 261         | 323      | 377      | 349      | 324      |
| Community development                      |             |          |          |          |          |
| Planning:                                  |             |          |          |          |          |
| Zoning permits issued                      | 512         | 539      | 598      | 565      | 494      |
| Component Unit - School Board              |             |          |          |          |          |
| Education:                                 |             |          |          |          |          |
| Number of teachers:                        |             |          |          |          |          |
| Instruction                                | 1,098       | 1,135    | 1,140    | 1,147    | 1,155    |
| Other                                      | 453         | 465      | 478      | 483      | 485      |
| Total                                      | 1,551       | 1,600    | 1,618    | 1,630    | 1,640    |
| Average Daily Membership                   | 10,769      | 10,798   | 10,716   | 10,688   | 10,515   |
| Local expenditures per pupil (2)           | \$ 3,157    | \$ 3,299 | \$ 3,745 | \$ 3,835 | \$ 3,828 |

Source: Individual county departments

(1) All County funded stations

(2) Includes debt service

Table 16

| June 30, |          |          |          |          |
|----------|----------|----------|----------|----------|
| 2011     | 2012     | 2013     | 2014     | 2015     |
| 74       | 74       | 74       | 76       | 80       |
| 1,935    | 1,608    | 1,642    | 1,865    | 1,876    |
| 5,608    | 4,079    | 3,367    | 3,928    | 3,444    |
| -        | -        | -        | 28       | 9        |
| 17,800   | 18,093   | 18,884   | 17,949   | 17,645   |
| 802      | 884      | 890      | 964      | 921      |
| 51       | 59       | 80       | 81       | 86       |
| 763      | 780      | 728      | 801      | N/A      |
| 2,858    | 2,884    | 3,272    | 2,940    | N/A      |
| 7        | 7        | 7        | 7        | 7        |
| 12,148   | 12,153   | 12,389   | 12,050   | 11,555   |
| 300      | 291      | 304      | 289      | 284      |
| 565      | 525      | 487      | 471      | N/A      |
| 1,136    | 1,111    | 1,105    | 1,088    | 1,079    |
| 481      | 467      | 474      | 478      | 476      |
| 1,617    | 1,578    | 1,579    | 1,566    | 1,555    |
| 10,457   | 10,405   | 10,415   | 10,325   | 10,162   |
| \$ 3,887 | \$ 3,879 | \$ 4,046 | \$ 4,357 | \$ 4,459 |

# COUNTY OF AUGUSTA, VIRGINIA

## Capital Asset Statistics by Function Last Ten Fiscal Years

| Function                         | Fiscal Year |      |      |      |      |      |
|----------------------------------|-------------|------|------|------|------|------|
|                                  | 2006        | 2007 | 2008 | 2009 | 2010 | 2011 |
| General government               |             |      |      |      |      |      |
| Administration buildings         | 16          | 16   | 17   | 17   | 17   | 17   |
| Vehicles                         | 5           | 5    | 5    | 5    | 5    | 5    |
| Public safety                    |             |      |      |      |      |      |
| Sheriffs department:             |             |      |      |      |      |      |
| Number of stations               | 3           | 3    | 3    | 3    | 1    | 1    |
| Patrol units                     | 68          | 68   | 79   | 71   | 71   | 71   |
| Other vehicles                   | 17          | 18   | 10   | 10   | 9    | 11   |
| Fire and rescue:                 |             |      |      |      |      |      |
| Number of fire & rescue stations | 16          | 16   | 16   | 16   | 16   | 17   |
| Number of apparatus              | 162         | 161  | 169  | 172  | 177  | 166  |
| Building inspections:            |             |      |      |      |      |      |
| Vehicles                         | 6           | 6    | 6    | 6    | 5    | 5    |
| Animal control:                  |             |      |      |      |      |      |
| Vehicles                         | 2           | 3    | 3    | 3    | 3    | 3    |
| Mobile Command Units             | 1           | 1    | 1    | 1    | 1    | 1    |
| Public works                     |             |      |      |      |      |      |
| General maintenance:             |             |      |      |      |      |      |
| Trucks/vehicles                  | 7           | 7    | 7    | 7    | 7    | 7    |
| Compactor sites                  | 10          | 10   | 10   | 10   | 10   | 10   |
| Health and welfare               |             |      |      |      |      |      |
| Department of Social Services:   |             |      |      |      |      |      |
| Vehicles                         | 22          | 24   | 24   | 26   | 27   | 27   |
| Culture and recreation           |             |      |      |      |      |      |
| Parks and recreation:            |             |      |      |      |      |      |
| Community centers                | 6           | 6    | 6    | 6    | 6    | 6    |
| Vehicles                         | 8           | 8    | 8    | 8    | 13   | 13   |
| Parks                            | 2           | 4    | 4    | 4    | 5    | 5    |
| Parks acreage                    | 55          | 115  | 115  | 115  | 210  | 210  |
| Swimming pools                   | 1           | 1    | 1    | 1    | 2    | 2    |
| Tennis courts (1)                | 18          | 18   | 18   | 18   | 18   | 18   |
| Library:                         |             |      |      |      |      |      |
| Vehicles                         | 2           | 2    | 2    | 1    | 1    | 1    |
| Community development            |             |      |      |      |      |      |
| Planning:                        |             |      |      |      |      |      |
| Vehicles                         | 7           | 7    | 7    | 7    | 4    | 4    |
| Economic development:            |             |      |      |      |      |      |
| Vehicles                         | -           | -    | -    | -    | -    | -    |
| Component Unit - School Board    |             |      |      |      |      |      |
| Education:                       |             |      |      |      |      |      |
| Number of schools:               |             |      |      |      |      |      |
| Elementary                       | 12          | 12   | 12   | 12   | 12   | 12   |
| Middle                           | 3           | 4    | 4    | 4    | 4    | 4    |
| High                             | 5           | 5    | 5    | 5    | 5    | 5    |

Source: Individual county departments

(1) At high and middle schools.

Table 17

| June 30, |      |      |      |
|----------|------|------|------|
| 2012     | 2013 | 2014 | 2015 |
| 17       | 17   | 17   | 17   |
| 5        | 5    | 5    | 5    |
| 1        | 1    | 1    | 1    |
| 71       | 72   | 75   | 75   |
| 11       | 17   | 14   | 13   |
| 17       | 17   | 17   | 17   |
| 155      | 159  | 169  | 169  |
| 4        | 3    | 4    | 4    |
| 3        | 3    | 3    | 3    |
| 1        | 1    | 1    | 1    |
| 7        | 7    | 7    | 7    |
| 10       | 10   | 10   | 10   |
| 27       | 28   | 28   | 28   |
| 6        | 6    | 6    | 6    |
| 14       | 15   | 15   | 14   |
| 5        | 5    | 5    | 5    |
| 210      | 210  | 210  | 210  |
| 2        | 2    | 2    | 2    |
| 18       | 18   | 18   | 18   |
| 1        | 1    | 1    | 1    |
| 4        | 4    | 4    | 4    |
| -        | -    | 1    | 1    |
| 12       | 12   | 11   | 11   |
| 4        | 4    | 4    | 4    |
| 5        | 5    | 5    | 5    |

## **COMPLIANCE SECTION**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

| Federal Grantor/ Pass - Through Grantor/<br>Program Title (Pass - Through Grantor's Number) | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------|-------------------------|
| Department of Health and Human Services:                                                    |                           |                                              |                         |
| Direct Payments:                                                                            |                           |                                              |                         |
| Headstart program                                                                           | 93.600                    |                                              | \$ 2,389,085            |
| Total Dept. Health & Human Services - direct payments                                       |                           |                                              | \$ 2,389,085            |
| Pass Through Payments:                                                                      |                           |                                              |                         |
| Administration for Children and Families:                                                   |                           |                                              |                         |
| Department of Social Services:                                                              |                           |                                              |                         |
| Promoting Safe and Stable Families                                                          | 93.556                    | Not Provided                                 | \$ 31,996               |
| Temporary Assistance to Needy Families (TANF)                                               | 93.558                    | Not Provided                                 | 1,195,782               |
| Refugee and Entrant Assistance - State Administered Programs                                | 93.566                    | Not Provided                                 | 3,222                   |
| Low Income Home Energy Assistance                                                           | 93.568                    | Not Provided                                 | 97,672                  |
| Child Care and Development Cluster:                                                         |                           |                                              |                         |
| Child Care and Development Block Grant                                                      | 93.575                    | Not Provided                                 | (1,297)                 |
| Child Care Mandatory and Matching Funds of the Child Care and<br>Development Fund           | 93.596                    | Not Provided                                 | 132,103                 |
| Child Care and Development Cluster Total                                                    |                           |                                              | \$ 130,806              |
| Chafee Education and Training Vouchers Program (ETV)                                        | 93.599                    | Not Provided                                 | \$ 3,530                |
| Adoption and Legal Guardianship Incentive Payments                                          | 93.603                    | Not Provided                                 | 3,000                   |
| Stephanie Tubbs Jones Child Welfare Services Program                                        | 93.645                    | Not Provided                                 | 5,821                   |
| Foster Care - Title IV-E                                                                    | 93.658                    | Not Provided                                 | 802,555                 |
| Adoption Assistance                                                                         | 93.659                    | Not Provided                                 | 514,683                 |
| Social Services Block Grant                                                                 | 93.667                    | Not Provided                                 | 945,550                 |
| Chafee Foster Care Independence                                                             | 93.674                    | Not Provided                                 | 18,954                  |
| Children's Health Insurance Program                                                         | 93.767                    | Not Provided                                 | 38,111                  |
| Medical Assistance Program (Title XIX)                                                      | 93.778                    | Not Provided                                 | 1,264,749               |
| Total Dept. Health & Human Services - pass-through payments                                 |                           |                                              | \$ 5,056,431            |
| Total Department Health and Human Services                                                  |                           |                                              | \$ 7,445,516            |
| Department of Agriculture:                                                                  |                           |                                              |                         |
| Pass Through Payments:                                                                      |                           |                                              |                         |
| Department of Agriculture:                                                                  |                           |                                              |                         |
| Watershed Protection and Flood Prevention                                                   | 10.904                    | Upper North River #10                        | \$ 119,237              |
| Child Nutrition Cluster Commodity Distributions                                             | 10.555                    | Not Provided                                 | \$ 286,226              |
| Department of Education:                                                                    |                           |                                              |                         |
| Child Nutrition Cluster:                                                                    |                           |                                              |                         |
| National School Breakfast Program                                                           | 10.553                    | Not Provided                                 | 483,668                 |
| National School Lunch Program                                                               | 10.555                    | Not Provided                                 | 1,841,718               |
| Total Child Nutrition Cluster                                                               |                           |                                              | \$ 2,611,612            |
| Schools and Roads - Grants to States                                                        | 10.665                    | Not Provided                                 | \$ 156,372              |
| Department of Social Services:                                                              |                           |                                              |                         |
| State Administration Matching Grants for the<br>Supplemental Nutrition Assistance Program   | 10.561                    | Not Provided                                 | \$ 1,069,039            |
| Total Department of Agriculture - pass-through payments                                     |                           |                                              | \$ 3,956,260            |
| Total Department of Agriculture                                                             |                           |                                              | \$ 3,956,260            |
| Department of the Interior:                                                                 |                           |                                              |                         |
| Direct payments:                                                                            |                           |                                              |                         |
| Bureau of Land Management:                                                                  |                           |                                              |                         |
| Payments in Lieu of Taxes                                                                   | 15.226                    |                                              | \$ 348,938              |

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

| Federal Grantor/ Pass - Through Grantor/<br>Program Title (Pass - Through Grantor's Number) | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------|-------------------------|
| Department of the Treasury:                                                                 |                           |                                              |                         |
| Direct payments:                                                                            |                           |                                              |                         |
| Treasury Forfeiture Fund Program                                                            | 21.000                    |                                              | \$ 19,816               |
| Department of Justice:                                                                      |                           |                                              |                         |
| Direct payments:                                                                            |                           |                                              |                         |
| Edward Byrne Memorial Justice Assistance Grant Program                                      | 16.738                    | 2014-DJ-BX-2047                              | \$ 12,519               |
| Bulletproof Vest Partnership Program                                                        | 16.607                    | 2103 Regular Fund                            | 14,118                  |
| Total Department of Justice - direct payments                                               |                           |                                              | \$ 26,637               |
| Department of Justice:                                                                      |                           |                                              |                         |
| Pass Through Payments:                                                                      |                           |                                              |                         |
| Department of Criminal Justice Services:                                                    |                           |                                              |                         |
| Violence Against Women (SANE)                                                               | 16.588                    | 14-J4704VA13                                 | \$ 12,384               |
| Violence Against Women (SANE)                                                               | 16.588                    | 15-K4704VA14                                 | 9,687                   |
| Violence Against Women                                                                      | 16.588                    | 15-Q3161VA14                                 | 34,171                  |
| Total Department of Justice - pass-through payments                                         |                           |                                              | \$ 56,242               |
| Total Department of Justice                                                                 |                           |                                              | \$ 82,879               |
| Environmental Protection Agency:                                                            |                           |                                              |                         |
| Pass Through Payments:                                                                      |                           |                                              |                         |
| Department of Environmental Quality:                                                        |                           |                                              |                         |
| DEQ Royalty Grants                                                                          | 66.000                    | Not Provided                                 | \$ 959                  |
| Total Department of Environmental Quality - pass-through payments                           |                           |                                              | \$ 959                  |
| Department of Transportation:                                                               |                           |                                              |                         |
| Pass Through Payments:                                                                      |                           |                                              |                         |
| Department of Motor Vehicles:                                                               |                           |                                              |                         |
| State and Community Highway Safety                                                          | 20.600                    | SC-2014-54005-5253                           | \$ 3,394                |
| Alcohol Open Container Requirements                                                         | 20.607                    | 154AL-2014-54004-5252                        | 11,497                  |
| Alcohol Open Container Requirements                                                         | 20.607                    | 154AL-2015-55093-5832                        | 26,755                  |
| Total Department of Transportation - pass-through payments                                  |                           |                                              | \$ 41,646               |
| U.S. Department of Homeland Security:                                                       |                           |                                              |                         |
| Pass Through Payments:                                                                      |                           |                                              |                         |
| Department of Emergency Management:                                                         |                           |                                              |                         |
| State Homeland Security Program                                                             | 97.073                    | 2012 SHSP                                    | \$ 1,174                |
| Staffing for Adequate Fire and Emergency Response                                           | 97.083                    | Not Provided                                 | 363,693                 |
| Emergency Management Performance Grant                                                      | 97.042                    | 2014 EMPG                                    | 16,900                  |
| Disaster Grants-Public Assistance (Presidentially Declared Disasters)                       | 97.036                    | FEMA-4072-DR-VA                              | 7,871                   |
| Total Department of Homeland Security - pass-through payments                               |                           |                                              | \$ 389,638              |

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

| <b>Federal Grantor/ Pass - Through Grantor/<br/>Program Title (Pass - Through Grantor's Number)</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-through<br/>Entity Identifying<br/>Number</b> | <b>Federal<br/>Expenditures</b> |
|-----------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------------|---------------------------------|
| Department of Education:                                                                            |                                    |                                                       |                                 |
| Pass Through Payments:                                                                              |                                    |                                                       |                                 |
| Department of Education:                                                                            |                                    |                                                       |                                 |
| Title I: Grants to Local Educational Agencies                                                       | 84.010                             | Not Provided                                          | \$ 1,279,047                    |
| Special Education Cluster:                                                                          |                                    |                                                       |                                 |
| Title VI-B: Special Education-Grants to States                                                      | 84.027                             | Not Provided                                          | 2,189,172                       |
| Title VI-B: Special Education Preschool Grant                                                       | 84.173                             | Not Provided                                          | 65,443                          |
| Total Special Education Cluster                                                                     |                                    |                                                       | \$ 2,254,615                    |
| Career and Technology Education: Basic Grants to States                                             | 84.048                             | Not Provided                                          | \$ 128,862                      |
| English Language Acquisition Grants                                                                 | 84.365                             | Not Provided                                          | 14,933                          |
| Special Education - Grants for Infants and Families                                                 | 84.181                             | Not Provided                                          | 88,633                          |
| Title II Part A - Improving Teacher Quality                                                         | 84.367                             | Not Provided                                          | 273,201                         |
| Advance Placement Incentive Program                                                                 | 84.330                             | Not Provided                                          | 666                             |
| Total Department of Education pass-through payments                                                 |                                    |                                                       | \$ 4,039,957                    |
| Total Expenditures of Federal Awards                                                                |                                    |                                                       | \$ 16,325,609                   |

See Notes to Schedule of Expenditures of Federal Awards

## County of Augusta, Virginia

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2015

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#### NOTE A-BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the County of Augusta, Virginia and Component Unit under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Augusta, Virginia, it not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Augusta, Virginia.

#### NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local and Indian Tribal Governments*, and 2 CFR 200, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

#### NOTE C-FOOD DISTRIBUTION

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

#### NOTE D-RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

|                                                                               |                      |
|-------------------------------------------------------------------------------|----------------------|
| Primary government:                                                           |                      |
| Governmental funds                                                            | \$ 7,128,583         |
| Total primary government                                                      | <u>\$ 7,128,583</u>  |
| Discretely presented component unit - School Board:                           |                      |
| School operating fund                                                         | \$ 4,196,329         |
| School cafeteria fund                                                         | 2,611,612            |
| Head start fund                                                               | <u>2,389,085</u>     |
| Total discretely presented component unit - School Board                      | <u>\$ 9,197,026</u>  |
| Total federal expenditures per basic financial statements                     | <u>\$ 16,325,609</u> |
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | <u>\$ 16,325,609</u> |



**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, 2015, 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 25, 2015.

**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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

### **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.

*PBMares, LLP*

Harrisonburg, Virginia  
November 25, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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 Circular A-133 *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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

### **Basis for Qualified Opinion on the Head Start Program**

As described in the accompanying Schedule of Findings and Questioned Costs, the School Board did not comply with the requirement regarding CFDA 93.600, Head Start Program, as described in finding number 2015-002 for Allowable Costs. Compliance with the requirement is necessary, in our opinion, for the School Board to meet the requirements applicable to this program.

### **Qualified Opinion on the Head Start Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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, 2015.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003. Our opinion on each major federal program is not qualified with respect to these matters with the exception of the Head Start Program.

The School Board's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002 to be a material weakness. 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.

The School Board's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
November 25, 2015

**COUNTY OF AUGUSTA, VIRGINIA**

**Page 1**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**I. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

|                                                       |                   |                            |
|-------------------------------------------------------|-------------------|----------------------------|
| Material weaknesses identified?                       | <u>      </u> Yes | <u>  √  </u> No            |
| Significant deficiencies identified?                  | <u>      </u> Yes | <u>  √  </u> None Reported |
| Noncompliance material to financial statements noted? | <u>      </u> Yes | <u>  √  </u> No            |

Federal awards

Internal control over major programs:

|                                      |                   |                            |
|--------------------------------------|-------------------|----------------------------|
| Material weaknesses identified?      | <u>  √  </u> Yes  | <u>      </u> No           |
| Significant deficiencies identified? | <u>      </u> Yes | <u>  √  </u> None Reported |

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

- Qualified for the CFDA 93.600 Head Start Program – Allowable Costs
- Unmodified for all applicable compliance requirements of the Head Start Program and for all other major programs and applicable compliance requirements

Any audit findings disclosed that are required  
to be reported in accordance with section  
510(a) of Circular A-133?

  √   Yes             No

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster           |
|-------------|----------------------------------------------|
| 93.600      | Head Start Program                           |
| 93.558      | Temporary Assistance to Needy Families       |
| 93.658      | Foster Care IV-E                             |
| 84.010      | Title I Grants to Local Educational Agencies |

**Child Nutrition Cluster:**

|        |                                   |
|--------|-----------------------------------|
| 10.553 | National School Breakfast Program |
| 10.555 | National School Lunch Program     |
| 10.555 | Commodity Distributions           |

Dollar threshold used to distinguish between type A and type B programs      \$489,768

Auditee qualified as low-risk auditee?             Yes        √   No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

II. FINANCIAL STATEMENT FINDINGS

A. Compliance Findings

2015-001: Lack of Compliance with the Conflict of Interest Act

The State and Local government Conflict of Interest Act (the Act) is designed to ensure the judgment of public employees is not compromised or affected by inappropriate conflicts. The Act prohibits local government officers or employees from participating in certain transactions. Statements of economic interests are required to be filed with the clerk of the governing body semi-annually by December 15 and June 15 of each year. We noted the economic interest statements were not filed by the School Board by the December 15 deadline.

We recommend all required economic disclosure forms be completed semi-annually by December 15<sup>th</sup> and June 15<sup>th</sup> of each year as required.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2015-002: Allowable Costs

Program: Head Start Program (CFDA Number 93.600) – U.S. Department of Health and Human Services

Requirements: OMB Circular A-87, Attachment B 11(h) – “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.”

Condition/context: The required semi-annual certifications were not completed for this program.

Effect: Noncompliance with OMB Circular A-87 may result in reduced funding for these programs.

Cause: Due to lack of awareness of program requirements.

Questioned costs: Undeterminable.

Recommendation: The Head Start Program should develop control procedures to ensure employees complete and sign certifications of time charged to federal programs after they have worked that time as required by OMB Circular A-87.

Views of responsible officials:

The Head Start Director and the School’s Finance Director acknowledge the requirement to accurately allocate program costs amongst multiple grant awards. School administrators have met with the federal grant’s fiscal consultant in an effort to properly document staff’s time for those employees who are shared between two grant programs.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2015**

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

2015-003: Noncompliance – Allowable Costs

Program: Title I Grants to Local Education Agencies (CFDA Number 84.010) – U.S. Department of Education – Commonwealth of Virginia Department of Education.

Requirements: OMB Circular A-87, Attachment B 11(h) – “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.”

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency.”

Condition/context: Time certifications were properly prepared for all teachers charged to the grant. The required payroll documentation was not completed by administrative staff. For the administrative staff working solely on a single Federal cost objective, semi-annual time certifications were not prepared. For the administrative staff working on multiple Federal awards or cost objectives, monthly personnel activity reports or equivalent documentation were not prepared. Additionally, time certifications prepared by teachers were not approved in a timely manner by a supervisory official having firsthand knowledge of the work performed.

Effect: Noncompliance with OMB Circular A-87 may result in reduced funding for these programs.

Cause: Due to turnover within the Grants Department.

Questioned costs: Undeterminable.

Recommendation: The School Board should develop control procedures to ensure employees complete and sign certifications of time charged to federal programs after they have worked that time as required by OMB Circular A-87, as well as adequate supervisory review of such certifications.

Views of responsible officials:

The program’s administrator and the school system’s finance director acknowledge the requirement to accurately allocate grant-related and non-grant related expenditures properly. While teacher costs were properly allocated, there was a need to allocate administrative costs accurately with supporting documentation.

## **COUNTY OF AUGUSTA, VIRGINIA**

### **CORRECTIVE ACTION PLAN Year Ended June 30, 2015**

Identifying Number: 2015-001: Lack of Compliance with the Conflict of Interest Act

Finding:

The State and Local government Conflict of Interest Act (the Act) is designed to ensure the judgment of public employees is not compromised or affected by inappropriate conflicts. The Act prohibits local government officers or employees from participating in certain transactions. Statements of economic interests are required to be filed with the clerk of the governing body semi-annually by December 15 and June 15 of each year. We noted the economic interest statements were not filed by the School Board by the December 15 deadline.

Corrective Action Taken or Planned:

Due to changes in Virginia Code relative to the additional due dates for Statement of Economic Interests, the School Board was delayed in receiving all of the replies. The School Board now has proper protocols and procedures in place to have them completed in a timely manner.

Identifying Number: 2015-002: Allowable Costs – Head Start Program

Finding:

The required semi-annual time certifications were not completed for the Head Start Program.

Corrective Action Taken or Planned:

The Head Start Director and the School's Finance Director met with the federal grant's fiscal consultant in an effort to properly document staff's time for those employees who are shared between two grant programs. A Personnel Activity Report has been developed and is completed monthly and signed by each staff member to certify their time allocation. This procedure was initiated in July 2015.

Identifying Number: 2015-003: Allowable Costs – Title I Grants to Local Education Agencies

Finding:

The required payroll documentation was not completed by administrative staff. For the administrative staff working solely on a single Federal cost objective, semi-annual time certifications were not prepared. For the administrative staff working on multiple Federal awards or cost objectives, monthly personnel activity reports or equivalent documentation were not prepared. Additionally, time certifications prepared by teachers were not approved in a timely manner by a supervisory official having firsthand knowledge of the work performed.

Corrective Action Taken or Planned:

Following the audit, and review of OMB Circular A-87, the administrator and the accountant for the Title I program have begun maintaining a daily log to record the amount of time spent on functions/activities directly related to the grant. The grant administrator will review monthly time certifications prepared by teachers in a timely manner.

**COUNTY OF AUGUSTA, VIRGINIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2015**

Identifying Number: 2014-001 Material Weakness Due to Material Audit Adjustments

Finding:

Upon auditing the County's year end balances, there were instances of material adjustments identified, including entries to restate prior periods. These restatements were to adjust capital asset accounts, to record an investment in land held for sale, and prior period payroll and grant accrual amounts.

Corrective Action Taken or Planned:

The County will use its due diligence to continue to maintain proper schedules to support accurate capital asset balances. The County will closely monitor any asset transfers between the County and the School Board to ensure proper allocation in the appropriate fiscal year. The restated beginning net position balance for the County increased due to the addition of the Greenville Sewer capital asset and investment assets increased for land held for sale from the Ladd School property. These assets were not recorded in the prior year financial statements due to interpretation changes on how the assets should be recorded and the timing of the completion and transfer of these assets. The County developed year end accrual entries pertaining to accrued payroll and accrued grant receivable entries, at the recommendation of the auditors, for the fiscal year ending June 30, 2014 for inclusion in this audited financial report. For future fiscal years the County will review such entries and make the necessary adjustments needed to record such accrual entries.