

# **COUNTY OF AUGUSTA, VIRGINIA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

**COUNTY OF AUGUSTA, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

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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, 2014

***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, 2014 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that 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 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 cost 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 the County's financial statements for the fiscal year ended June 30, 2014 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, 2014 provided no instances or violations of applicable laws and regulations. The auditor's report related specifically to the single audit is included in the Compliance Section of this report.

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

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

Generally accepted accounting principles require that 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 2013 population was 73,912. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 21% of the jobs in the County. Manufacturing employs approximately 5,430 of 38,000 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 2014 is 4.7%. This rate is lower than the 2013 rate of 5.3%. The County's rate remains lower than that of the State's unemployment rate of 5.4% and compares favorably to the national unemployment rate of 6.3%.

In fiscal year 2014, local revenues remained fairly stagnant, with the largest increase in revenues from property taxes. This increase was primarily due to an increase in the real estate property tax rate by \$0.05 to \$0.56 per \$100 of assessed value. Local taxes continue to recover from the economic crisis in 2009. Business licenses increased 10% from the prior year due to the increased audit and reporting efforts of the Commissioner of the Revenues' Office. Consumer spending is still slow and is in line with the slow economic recovery. The total taxable sales for the County increased by approximately 2.7% from 2013. Interest revenue still remains significantly low for the County as total revenues from interest decreased 10% from fiscal year 2013. It is not probable that interest rates will increase in the near future as the federal government continues to keep interest rates low 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."

Economic development continues to be an important initiative of Augusta County. Over the past year Augusta County has supported the continued growth and development of Mill Place Commerce Park. Mill Place Commerce Park was purchased by the Augusta County Board in 1996 and, over time, has worked toward a vision that is successfully being realized. A 400-acre planned commerce park with zoning designed to accommodate a variety of business uses ranging from hospitality to general industrial in a compatible and complementary format, Mill Place Commerce Park enjoys interstate visibility with backgrounds of forested tracts and ponds. The Park offers the strategic business location needed in today's fast-paced, global economy while providing a serene, rural setting. Companies are taking advantage of this "best of both worlds" environment, as reflected in recent development. They have included:

- Sumitomo Drive Technologies (formerly Hansen) has anchored the park for over a decade.
- Mill Place Office Park has such high occupancy rates that owner-developer Countryside has expanded and recently completed Phase II, which adds 7,500 square feet of additional office space to the Park.
- Shamrock Farms, one of the largest family-owned dairies in the U.S., now operates its East Coast facility, known as Roxie East (in honor of its company mascot, Roxie the cow) in Mill Place Commerce Park. This 190,000 square foot facility allows Shamrock to produce extended shelf life products, such as coffee creamer, small bottled milk products, and Rockin' Refuel Protein Milk Beverages and easily distribute those products to East Coast markets thanks to easy interstate access along the I-81 corridor.

- DASCAM Americas, an international company, has just opened the doors for its headquarters of the Americas where it will also design and assemble LED lighting products.
- Blue Ridge Machine Works, a locally-owned contract manufacturing company, is also joining the Augusta County family.

Infrastructure improvements continue alongside of private development to ensure this development can continue into the future. In the past year, Mill Place Parkway, the Park's main thoroughfare, has been extended; a 750,000-gallon water storage tank is under construction; and soon there will be two fiber providers to serve the businesses in the Park. Augusta County is a place where business, whether a one-person or 1,000-person business, succeeds! We have achieved such success only because of our diverse business base, our collaborative spirit, and our determination to provide quality jobs and a great quality of life for our citizens.

## □ 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. In fiscal year 2011 the County established a Fund Balance policy to maintain an unassigned General Fund balance no less than 15% of General Fund Revenues. 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. At June 30, 2014, total unassigned General Fund balance was \$11,986,399 or 14.23% of General Fund Revenues. According to policy, the County shall restore the unassigned General Fund balance to the minimum level of 15% of General Fund revenues within three to five fiscal years following the fiscal year in which the event occurred. The total shortfall of \$646,430 will need to be adjusted in future budgets, including the fiscal year 2015 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 development 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, 2014, the County had a number of debt issues outstanding related to school construction. These issues totaled \$54,161,138 in general obligation bonds. At June 30, 2014, the County also had revenue bonds for construction of a gravity sewage system and for a roadway and bridge construction on State Route 636 outstanding. These issues totaled \$6,171,730.

### **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 percent. 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 percent or less in 2014. 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.

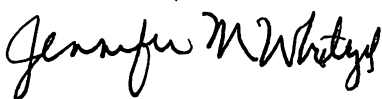
### **□ Awards and Acknowledgements □**

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, 2013. This is the sixteenth 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, Director of Business and Finance, School Board, 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

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

Presented to

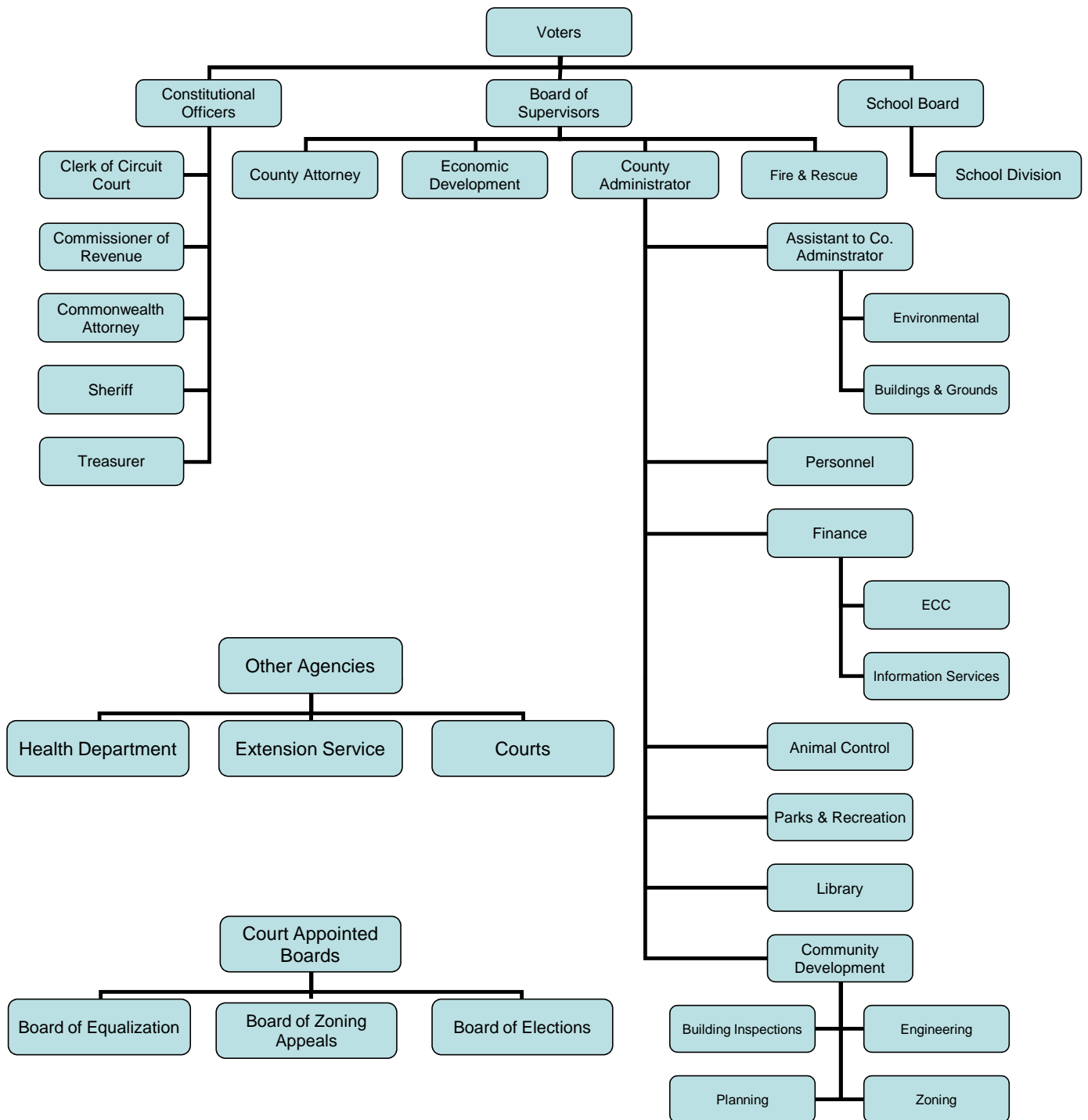
**County of Augusta  
Virginia**

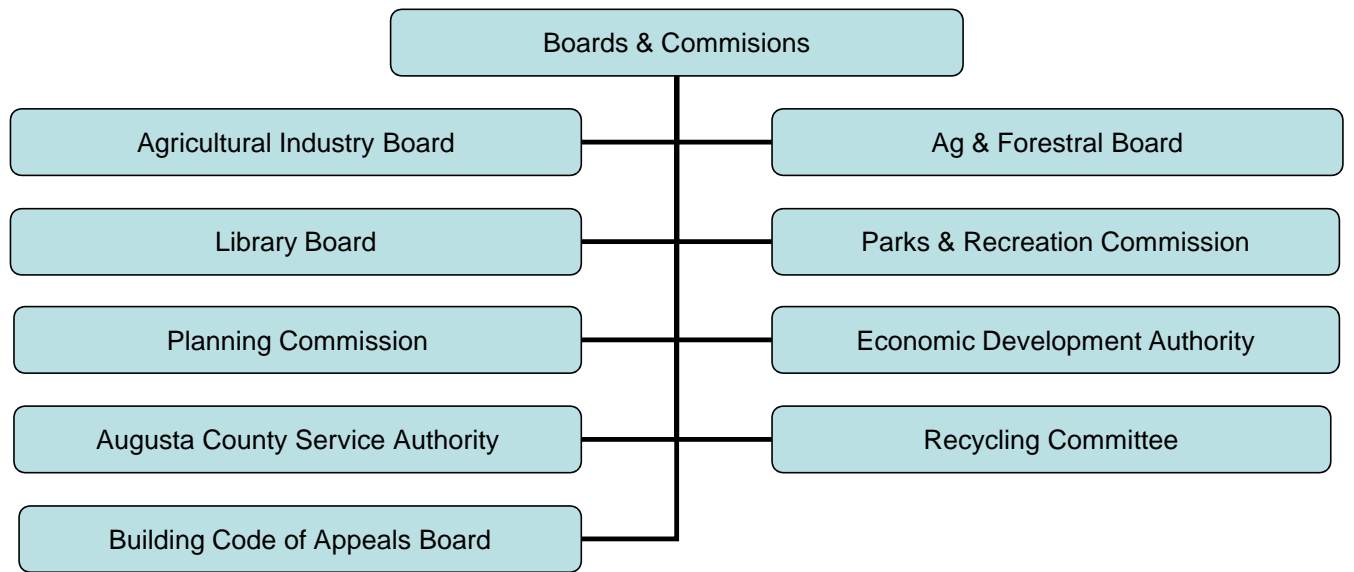
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# County of Augusta, Virginia Organizational Chart







## COUNTY OF AUGUSTA, VIRGINIA

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### BOARD OF SUPERVISORS

---

Larry J. Wills, Chairman  
Michael L. Shull, Vice-Chairman

Carolyn S. Bragg  
David A. Karaffa  
Jeffrey A. Moore

Marshall W. Pattie  
Tracy C. Pyles, Jr.  
Patrick J. Coffield, Clerk

### COUNTY SCHOOL BOARD

---

Nicholas T. Collins, Chairman  
John L. Ocheltree, Jr., Vice-Chairman

Elizabeth P. Godfrey  
Timothy R. Quillen  
Dana M. Sensabaugh

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

### OTHER OFFICIALS

---

Judge of the Circuit Court .....	Victor V. Ludwig and Charles L. Ricketts, III
Judge of the General District Court.....	William Chapman Goodwin
Judge of the Juvenile & Domestic Court.....	Vacant
Clerk of the General District Court.....	Christy Hostetter
Clerk of the Juvenile & Domestic Court .....	Teresa L. Smith
Clerk of the Circuit Court.....	John B. Davis
Commonwealth Attorney.....	A. Lee Ervin
Commissioner of the Revenue.....	W. Jean Shrewsbury
Treasurer .....	Richard T. Homes
Sheriff.....	Randall D. Fisher
Superintendent of Schools.....	Dr. Chuck Bishop
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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 19 to the financial statements, the County restated net position to record capital assets not recorded in the prior year; record an adjustment for land held for sale; and record payroll and grant accrual amounts not recorded in the prior year. The School Board restated net position to record an adjustment for land held for sale and to record payroll and grant accrual amounts not recorded in the prior year.

## **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 81-84, 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, 2014 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.

*YB Mares, LLP*

Harrisonburg, Virginia  
November 25, 2014

## **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, 2014. 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 of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$60,335,711 (net position). Of this amount, \$41,015,719 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$70,548,821 of which \$(3,294,961) is unrestricted. (See Exhibit 1.)
- The County's total net position increased by \$6,249,858. The School Board's total net position decreased by \$5,393,207. (See Exhibit 2.)
- The County's beginning net position increased by \$2,176,838 due to a prior period adjustment recording an additional capital asset previously expensed in the prior fiscal year and adjustments for additional payroll accrual amounts. These adjustments were \$2,360,856 and \$(184,018), respectively. (See Note 19.)
- The School Board's beginning net position decreased by \$792,438 due to a prior period adjustment to remove a loss on capital assets recognized in the prior fiscal year and adjustments for grant accrual amounts. These adjustments were \$(633,350) and \$(159,088), respectively. (See Note 19.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$103,836,561 and \$105,270,157, respectively, for fiscal year 2014. (See Exhibit 2.)
- Expenses were \$97,586,703 for governmental activities and \$110,663,364 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 \$11,986,399, or 17.3 percent of the total General Fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2015 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 \$45,312,608, a decrease of \$1,643,128 in comparison with the prior year. Approximately 26 percent of this total amount, or \$11,986,399, 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, 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, liabilities, deferred inflows of resources, and net position. 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 taxes receivable and investment land held for sale as a deferred inflow of resources. Net position is the difference between (a) assets 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 assets 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 exceeded liabilities and deferred inflows of resources by \$60,335,711 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>2014</u>	<u>2013</u>
Current and other assets	\$ 86,963,233	\$ 85,886,424
Capital assets, net	73,090,821	71,147,859
Total assets	<u>\$ 160,054,054</u>	<u>\$ 157,034,283</u>
Long-term liabilities	\$ 66,282,138	\$ 71,345,075
Other liabilities	14,049,541	13,805,801
Total liabilities	<u>\$ 80,331,679</u>	<u>\$ 85,150,876</u>
Deferred inflows of resources	<u>\$ 19,386,664</u>	<u>\$ 17,797,554</u>
Net Position:		
Net investment in capital assets	\$ 14,785,963	\$ 8,603,919
Restricted	4,534,029	1,803,491
Unrestricted	41,015,719	43,678,443
Total net position, as restated	<u>\$ 60,335,711</u>	<u>\$ 54,085,853</u>



For the County, net investment in capital assets (i.e., land, buildings, machinery, and equipment, represents 24.5 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 7.5 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 \$41,015,719 or 68 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.

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

During the current fiscal year, the government's net position increased by \$6,249,858.

The deficit unrestricted net position balance for the School Board is due to reporting the transfer of capital assets upon principal payment of related debt. Legislation requires debt issued for projects by the School Board to be assumed by the Primary Government. Therefore, the School Board is not recognizing the debt for these renovations and only recognizes a portion of the building renovations in its current capital assets.

## Governmental Activities

Governmental activities increased the County's net position by \$6,249,858. Key elements of this increase are as follows:

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

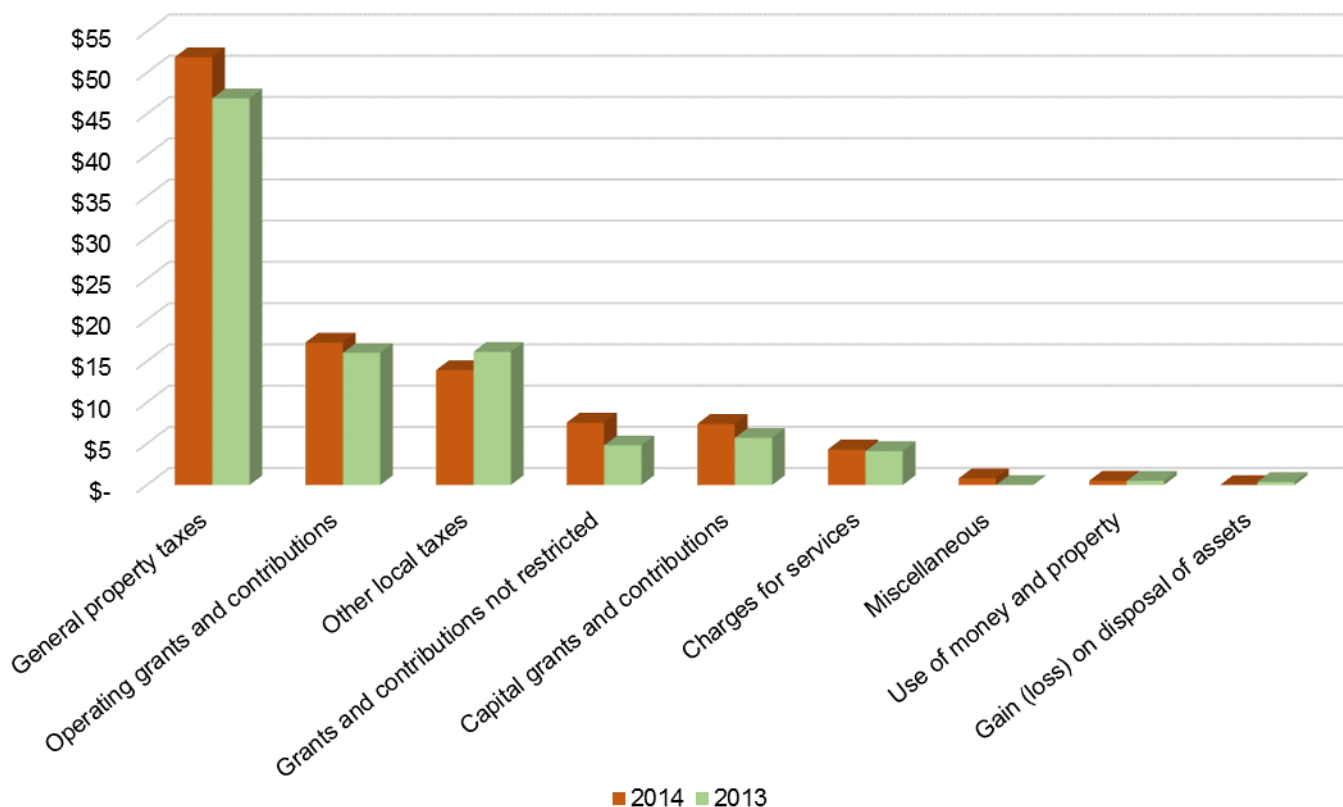
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,336,126	\$ 4,124,070
Operating grants and contributions	17,285,378	16,026,250
Capital grants and contributions	7,429,523	5,723,148
General revenues:		
General property taxes	51,900,224	46,893,968
Other local taxes	13,950,425	16,153,992
Use of money and property	537,628	509,635
Miscellaneous	818,655	-
Grants and contributions not restricted to specific programs	7,578,602	4,815,573
Gain (loss) on disposal of assets	-	375,088
Total revenues	<u>\$ 103,836,561</u>	<u>\$ 94,621,724</u>
Expenses:		
General government	\$ 5,826,866	\$ 4,037,847
Judicial administration	1,772,021	1,763,311
Public safety	19,778,068	20,223,736
Public works	11,849,900	9,779,172
Health and welfare	14,576,794	13,600,850
Education	36,151,010	44,657,620
Parks, recreation and cultural	2,613,593	2,908,027
Community development	2,703,540	3,607,318
Interest on long-term debt	2,314,911	2,575,695
Total expenses	<u>\$ 97,586,703</u>	<u>\$ 103,153,576</u>
Increase (decrease) in net position	\$ 6,249,858	\$ (8,531,852)
Net position, beginning	54,085,853	62,617,705
Net position, ending, as restated	<u>\$ 60,335,711</u>	<u>\$ 54,085,853</u>

## Governmental Activities – Revenues

- General property taxes increased due to an increase in the real estate tax rate from \$0.51 to \$0.56 per \$100 of assessed value.
- In fiscal year 2014, other local taxes decreased by approximately \$2.2 million. \$2.5 million of the decrease was due to a reclassification of communication taxes received from the State into grants and contributions not restricted for State reporting purposes. Other local taxes also showed an increase in business license taxes and restaurant food taxes.
- Grants and contributions not restricted increased due to a reclassification of communication taxes received from the State for State reporting purposes. In prior years, this revenue was classified as other local tax.
- Capital grants and contributions increased over fiscal year 2013 by approximately \$1.7 million. This increase was due to additional grant funds received from the Department of Transportation for capital projects related to a roadway construction of State Route 636 and completion of a Transportation Enhancement Grant for sidewalks.
- Miscellaneous revenue saw an increase over the previous fiscal year due to an increase in insurance proceeds received from landfill operations. Also, in fiscal year 2014, the County acquired public safety assets from a volunteer rescue agency that became a County owned facility.

### Governmental Activities - Revenues by Source

Fiscal Years Ended June 30, 2014 and 2013  
(\$ In Millions)

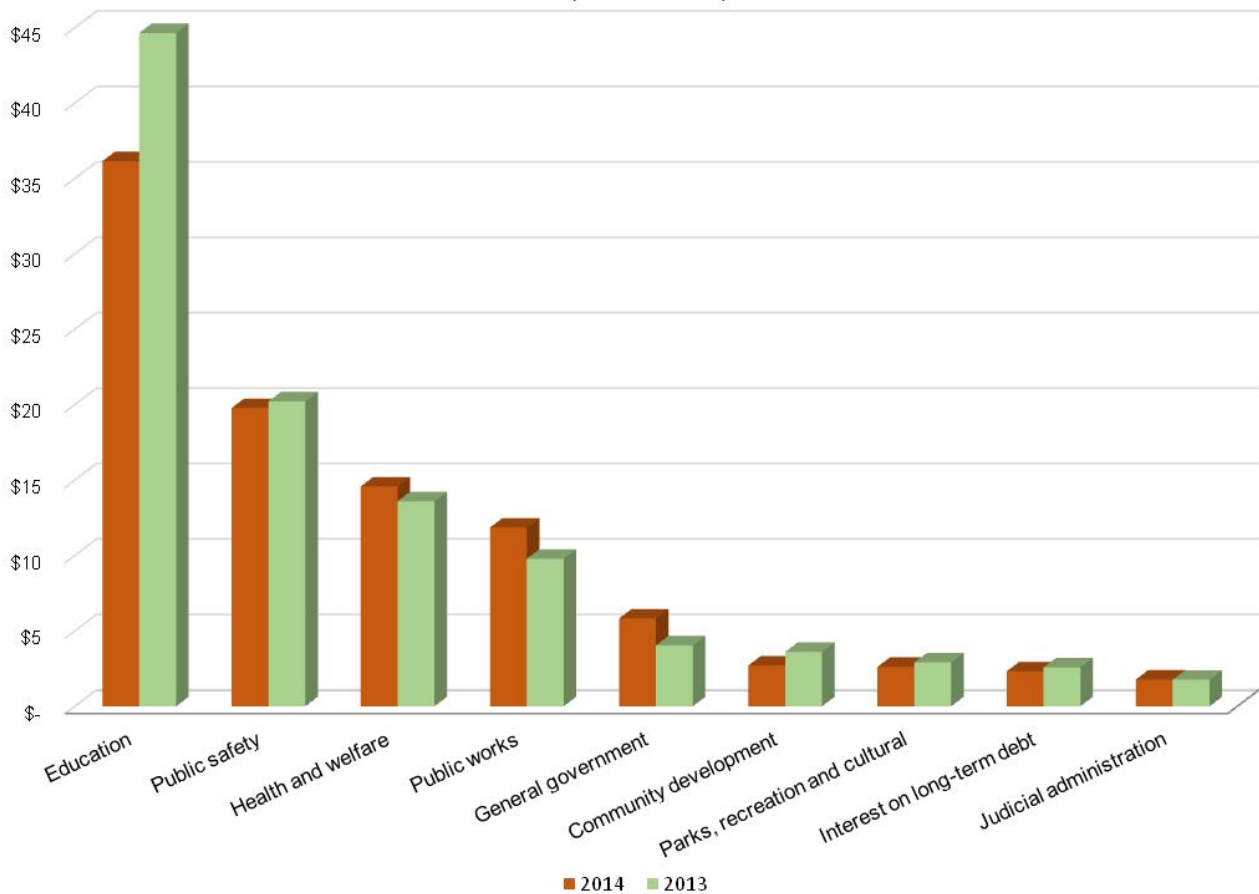


## Governmental Activities – Expenses

- The total expenses allocated to education decreased significantly in fiscal year 2014 due to the recognition of County issued debt for an elementary school renovation. Prior year construction expenses were allocated as part of the overall County education expense.
- Health and welfare expenses increased due to an increase in CSA related expenses.
- Expenses in public works have continued to increase due to ongoing construction projects for State Route 636.
- Community development expenses decreased by 25 percent due to the completion of economic development expenses to enhance the County Industrial Park. Community development expenses can fluctuate based on State grants for County industries that may qualify or be eligible for receipt of funding, for example Governor Opportunity Funds. Many of these State grants require a local match which may vary year to year.

### Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2014 and 2013  
(\$ 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 \$45,312,608. Approximately 26 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 represents amounts and inventories not spendable in form. Nonspendable fund balance totals \$41,721 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 two bond issuances for a sewage system and a roadway construction. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The General Fund is the chief operating fund of the County. As of June 30, 2014, total fund balance of the General Fund was \$14,932,266, of which \$11,986,399 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 17.3 percent of total General Fund expenditures, which includes transfers to the School Board component unit of \$36,443,632.

The fund balance of the County's General Fund decreased by \$49,541 during the current fiscal year. The key factors in this decrease include:

- An increased transfer to the County Capital Improvement Fund due to an increase in real property tax rate to offset future capital costs.
- Public safety expenses increased for the purchase of capital replacement equipment. There was also an increase in asset forfeiture related expenditures with no offsetting additional forfeiture revenue.
- Increase in the transfer to the School Board related to prior period adjustments for revenue recorded for grant expenditures.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2014, total fund balances of these funds were \$0, \$29,965,136 and \$415,206, 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 an \$87,666 increase. This increase was related to an increase in public safety expenditures for equipment replacement. Budgeted revenues increased by \$3,946,200. This increase was related to an increase in the real estate tax rate for real property from \$0.51 per \$100 of assessed value to \$0.56 per \$100 of assessed. 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, 2014 is \$73,090,821 (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 acquired parcels from the School Board for the Wilson School Administration property (\$70,900) and Craigsville/Augusta Springs First Aid (\$62,000).
- An increase in public safety equipment for acquired assets from the Craigsville/Augusta Springs First Aid (\$240,600).
- Replacement of 11 sheriff vehicles (\$297,580).
- An increase in land improvements related to a sewage system construction for the Village of Greenville (\$2,421,534).
- Completion of construction in progress for Deerfield park improvements and radio equipment for Deerfield Tower.
- Construction in progress for Emergency Communications radio project to update current radio tower equipment (\$170,463) and Fire and Rescue Time Management System (\$48,053).

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

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Land	\$ 5,391,546	\$ 5,258,646
Buildings and system	60,077,166	59,755,868
Machinery and equipment	3,308,491	2,933,369
Land improvements	4,095,102	724,894
Construction in progress, as restated	218,516	2,475,082
Total	<u>\$ 73,090,821</u>	<u>\$ 71,147,859</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>2014</u>	<u>2013</u>
General obligation bonds	\$ 54,161,138	\$ 59,989,729
Premium on general obligation bonds	2,386,990	2,554,212
Revenue bonds	6,171,730	5,526,186
Premium on revenue bonds	718,271	718,271
Net OPEB obligation	1,239,000	1,077,000
Compensated absences	1,605,009	1,479,678
Total	<u>\$ 66,282,138</u>	<u>\$ 71,345,076</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 2014 was 4.7 percent. The County's rate is slightly better than the state's unemployment rate of 5.4 percent and still compares favorably to the national average rate of 6.3 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, 43 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 1.8 percent, 47 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 foreign governments and other holders of publicly held U.S. treasury securities.
- Real Estate tax rates for the fiscal year 2015 budget increased \$0.05 to \$0.56 per \$100 of assessed value. Of this increase, \$0.03 was applied to the County with \$0.01 allocated directly to public safety for fire and rescue to fund operating and capital expenditures and \$0.02 of the increase went to the School Board. Other tax rates for the fiscal year 2015 budget remained the same for Personal Property at \$2.50 per \$100 value and Other Personal Property at \$1.90 per \$100 value.

All of these factors were considered in preparing the County's budget for the 2015 fiscal year.

In the General Fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15 percent of the GAAP basis General Fund revenues at the close of the fiscal year. As of June 30, 2014, unassigned fund balance of the General Fund was \$11,986,399 or 14.23 percent of the GAAP General Fund revenues. According to the County's fund balance policy, in the event the unassigned General Fund balance is used to provide temporary funding of unanticipated budgetary shortfalls, the County shall restore the unassigned General Fund balance to the minimum level of 15 percent of General Fund revenues within three to five fiscal years following the fiscal year in which the event occurred. The total shortfall of \$646,430 will need to be adjusted in future budgets, including the fiscal year 2015 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 2015 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, 2014

	Primary Government Governmental Activities	Component Unit School Board
<b>ASSETS</b>		
Cash and cash equivalents	\$ 28,217,917	\$ 2,005,398
Cash in custody of others	326,202	3,000
Investments	21,281,606	-
Investments - Land held for sell	633,350	-
Receivables (net of allowance for uncollectibles):		
Taxes receivable	21,780,265	-
Accounts receivable	1,751,756	262,473
Notes receivable	790,628	-
Due from primary government	-	8,051,454
Due from component unit	147,763	-
Due from other governmental units	3,801,057	2,802,168
Inventories	9,967	-
Prepaid expenses	31,754	-
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents (in custody of others)	2,527,690	-
Equity interest in joint venture	5,663,278	-
Capital assets (net of accumulated depreciation):		
Land	5,391,546	1,842,711
Buildings and system	60,077,166	68,752,034
Machinery and equipment	3,308,491	3,186,896
Land improvement	4,095,102	-
Construction in progress	218,516	62,141
Total assets	\$ 160,054,054	\$ 86,968,275
<b>LIABILITIES</b>		
Accounts payable	\$ 2,080,047	\$ 5,684,373
Accrued liabilities	681,983	5,579,034
Accrued interest payable	1,117,050	-
Due to primary government	-	147,763
Due to component unit	8,051,454	-
Unearned revenue	1,002,637	165,872
Deposits held in escrow	1,116,370	-
Long-term liabilities:		
Due within one year	5,913,737	380,167
Due in more than one year	60,368,401	4,462,245
Total liabilities	\$ 80,331,679	\$ 16,419,454
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	\$ 17,852,867	\$ -
Unavailable revenue - other	900,447	-
Unavailable revenue - land held for sale	633,350	-
Total deferred inflows of resources	\$ 19,386,664	\$ -
<b>NET POSITION</b>		
Net investment in capital assets	\$ 14,785,963	\$ 73,843,782
Restricted:		
Fire revolving loans	2,006,190	-
Drug enforcement	149	-
Capital Projects	2,527,690	-
Unrestricted (deficit)	41,015,719	(3,294,961)
Total net position	\$ 60,335,711	\$ 70,548,821

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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 5,826,866	\$ 621,178	\$ 412,294	\$ 160
Judicial administration	1,772,021	218,470	1,068,668	-
Public safety	19,778,068	1,497,982	4,465,553	460,244
Public works	11,849,900	1,092,513	18,826	6,621,042
Health and welfare	14,576,794	153,074	11,147,457	-
Education	36,151,010	-	-	71,117
Parks, recreation and cultural	2,613,593	752,909	162,960	26,960
Community development	2,703,540	-	9,620	250,000
Interest on long-term debt	2,314,911	-	-	-
Total governmental activities	\$ 97,586,703	\$ 4,336,126	\$ 17,285,378	\$ 7,429,523
Total primary government	\$ 97,586,703	\$ 4,336,126	\$ 17,285,378	\$ 7,429,523
<b>COMPONENT UNITS:</b>				
School Board	\$ 110,663,364	\$ 3,272,742	\$ 60,559,006	\$ -
Total component units	\$ 110,663,364	\$ 3,272,742	\$ 60,559,006	\$ -

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 Changes in Net Position			
Primary Government		Component Unit	
Governmental		School	
Activities		Board	
\$	(4,793,234)	\$	-
	(484,883)		-
	(13,354,289)		-
	(4,117,519)		-
	(3,276,263)		-
	(36,079,893)		-
	(1,670,764)		-
	(2,443,920)		-
	(2,314,911)		-
\$	<u>(68,535,676)</u>	\$	<u>-</u>
\$	<u>(68,535,676)</u>	\$	<u>-</u>
\$	-	\$	(46,831,616)
\$	<u>-</u>	\$	<u>(46,831,616)</u>
\$	51,900,224	\$	-
	4,803,575		-
	1,724,037		-
	3,488,169		-
	2,081,118		-
	1,853,526		-
	537,628	35,294	
	818,655	607,376	
	<u>7,578,602</u>	<u>40,795,739</u>	
\$	<u>74,785,534</u>	\$	<u>41,438,409</u>
	6,249,858	(5,393,207)	
	<u>54,085,853</u>	<u>75,942,028</u>	
\$	<u>60,335,711</u>	\$	<u>70,548,821</u>

## **FUND FINANCIAL STATEMENTS**

Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Virginia Public Assistance	County Capital Improvements	School Capital Improvements	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,533,546	\$ -	\$ 6,266,752	\$ 417,619	\$ 28,217,917
Cash in custody of others	321,902	4,300	-	-	326,202
Investments	146,446	-	21,135,160	-	21,281,606
Receivables (net of allowance for uncollectibles):					
Taxes receivable	21,780,265	-	-	-	21,780,265
Accounts receivable	1,545,650	-	206,106	-	1,751,756
Notes receivable	790,628	-	-	-	790,628
Due from other funds	826,322	-	-	-	826,322
Due from component unit	147,763	-	-	-	147,763
Due from other governmental units	1,608,860	1,142,971	1,049,226	-	3,801,057
Inventories	9,967	-	-	-	9,967
Prepaid items	31,754	-	-	-	31,754
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	2,527,690	-	2,527,690
Total assets	<u>\$ 48,743,103</u>	<u>\$ 1,147,271</u>	<u>\$ 31,184,934</u>	<u>\$ 417,619</u>	<u>\$ 81,492,927</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 893,514	\$ 69,677	\$ 1,114,443	\$ 2,413	\$ 2,080,047
Accrued liabilities	430,711	251,272	-	-	681,983
Due to other funds	-	826,322	-	-	826,322
Due to component unit	8,051,454	-	-	-	8,051,454
Unearned revenue	1,002,637	-	-	-	1,002,637
Deposits held in escrow	1,011,015	-	105,355	-	1,116,370
Total liabilities	<u>\$ 11,389,331</u>	<u>\$ 1,147,271</u>	<u>\$ 1,219,798</u>	<u>\$ 2,413</u>	<u>\$ 13,758,813</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 21,521,059	\$ -	\$ -	\$ -	\$ 21,521,059
Unavailable revenue - other	900,447	-	-	-	900,447
Total deferred inflows of resources	<u>\$ 22,421,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,421,506</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 41,721	\$ -	\$ -	\$ -	\$ 41,721
Restricted	2,006,339	-	2,196,016	48,255	4,250,610
Committed	691,504	-	3,304,648	-	3,996,152
Assigned	206,303	-	24,464,472	366,951	25,037,726
Unassigned	11,986,399	-	-	-	11,986,399
Total fund balances	<u>\$ 14,932,266</u>	<u>\$ -</u>	<u>\$ 29,965,136</u>	<u>\$ 415,206</u>	<u>\$ 45,312,608</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 48,743,103</u>	<u>\$ 1,147,271</u>	<u>\$ 31,184,934</u>	<u>\$ 417,619</u>	<u>\$ 81,492,927</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 45,312,608
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	73,090,821
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	3,668,192
Equity interest in joint venture not reported in the funds.	5,663,278
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(67,399,188)</u>
Net position of governmental activities	\$ <u><u>60,335,711</u></u>

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



# County of Augusta, Virginia

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2014

	General	Virginia Public Assistance	Debt Service	County Capital Improvements
<b>REVENUES</b>				
General property taxes	\$ 51,399,020	\$ -	\$ -	\$ -
Other local taxes	13,950,425	-	-	25,934
Permits, privilege fees, and regulatory licenses	524,896	-	-	-
Fines and forfeitures	208,086	-	-	-
Revenue from the use of money and property	537,628	-	-	10,796
Charges for services	3,450,070	153,074	-	-
Miscellaneous	262,755	-	-	423,498
Recovered costs	169,458	1,135,918	-	184,407
Intergovernmental revenues:				
Commonwealth	12,189,026	5,352,565	-	6,184,957
Federal	1,527,497	5,794,892	-	713,221
Total revenues	\$ 84,218,861	\$ 12,436,449	\$ -	\$ 7,542,813
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 4,342,595	\$ -	\$ -	\$ -
Judicial administration	1,762,176	-	-	-
Public safety	18,043,770	-	-	-
Public works	3,356,040	-	-	-
Health and welfare	1,140,990	14,562,658	-	-
Education	36,443,632	-	-	-
Parks, recreation and cultural	2,585,384	-	-	-
Community development	1,446,741	-	-	-
Nondepartmental	137,489	-	-	-
Capital projects	-	-	-	13,708,092
Debt service:				
Principal retirement	-	-	5,874,929	-
Interest and other fiscal charges	-	-	2,671,273	-
Total expenditures	\$ 69,258,817	\$ 14,562,658	\$ 8,546,202	\$ 13,708,092
Excess (deficiency) of revenues over (under) expenditures	\$ 14,960,044	\$ (2,126,209)	\$ (8,546,202)	\$ (6,165,279)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 187,850	\$ 2,126,209	\$ 8,546,202	\$ 5,761,390
Transfers out	(15,197,435)	-	-	(1,424,216)
Proceeds of revenue bonds	-	-	-	691,882
Total other financing sources (uses), net	\$ (15,009,585)	\$ 2,126,209	\$ 8,546,202	\$ 5,029,056
Net change in fund balances	\$ (49,541)	\$ -	\$ -	\$ (1,136,223)
Fund balances - beginning, as restated	14,981,807	-	-	31,101,359
Fund balances - ending	\$ 14,932,266	\$ -	\$ -	\$ 29,965,136

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

**Exhibit 5**

<b>School Capital Improvements</b>		<b>Total</b>
\$	-	\$ 51,399,020
	-	13,976,359
	-	524,896
	-	208,086
	1,041	549,465
	-	3,603,144
	70,076	756,329
	-	1,489,783
	-	23,726,548
	-	8,035,610
\$	<u>71,117</u>	<u>\$ 104,269,240</u>
\$	-	\$ 4,342,595
	-	1,762,176
	-	18,043,770
	-	3,356,040
	-	15,703,648
	-	36,443,632
	-	2,585,384
	-	1,446,741
	-	137,489
	528,481	14,236,573
	-	5,874,929
	-	2,671,273
\$	<u>528,481</u>	<u>\$ 106,604,250</u>
\$	<u>(457,364)</u>	<u>\$ (2,335,010)</u>
\$	-	\$ 16,621,651
	-	(16,621,651)
	-	691,882
\$	<u>-</u>	<u>\$ 691,882</u>
\$	(457,364)	\$ (1,643,128)
	872,570	46,955,736
\$	<u>415,206</u>	<u>\$ 45,312,608</u>

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, 2014

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

Net change in fund balances - total governmental funds	\$ (1,643,128)
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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.	1,942,962
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	501,204
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Revenues related to the equity interest in joint venture not reported as revenues in the funds.	196,740
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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.	5,183,047
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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.	<u>69,033</u>
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Change in net position of governmental activities	\$ <u><u>6,249,858</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position  
 Fiduciary Funds  
 June 30, 2014

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,016,998
Other receivables	358,933
Prepaid expenses	44,593
Total assets	<u>\$ 3,420,524</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 370,296
Accrued liabilities	290,368
Other liabilities	1,211,794
Deferred revenue	10,000
Amounts held for Social Services Clients	163,221
Amounts held for Shenandoah Valley Regional Program for Special Education	970,216
Amounts held for Valley Alcohol Safety Action Program	248,232
Amounts held for Valley Vocational Technical Education Center	141,294
Amounts held for Valley Children's Center	15,103
Total liabilities	<u>\$ 3,420,524</u>

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

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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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, 2014.

**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. In Fiscal Year 2011 the County chose to early implement 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, 2014 (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 operations for the Augusta Regional Landfill for the year ended June 30, 2014 is as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Operations	\$ 1,305,789	\$ 523,940	\$ 637,571
% of Total Revenues	52.92%	21.24%	25.84%

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 Vocational Technical Education Center (Center) for local residents. The Center provides vocational training to secondary and adult students. Valley Vocational Technical Education 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 Valley Vocational Technical Education Center was provided by the County of Augusta, City of Staunton and City of Waynesboro for the year ended June 30, 2014 as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Operations	\$ 2,881,747	\$ 603,520	\$ 511,399
% of Total Revenues	72.10%	15.10%	12.80%

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 \$138,350 for operations to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, \$115,168 to the Shenandoah Valley Juvenile Detention Home and \$1,862,656 to the Middle River Regional Jail Authority. The School Board contributed \$686,539 to the Shenandoah Valley Regional Program for operations.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (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, 2014 (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 Vocational Technical Education Center, Valley Children's Center, Matthew's Training Private-Purpose Trust and Augusta County School Activity Funds.



NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (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 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, 2014 (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, 2014, the General Fund had allowances of \$1,033,624 for property taxes and \$258,758 for EMS transport fees. The allowance for property taxes represents .35 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, 2014 (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, 2014 (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, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level 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 designee, as the official authorized to assign resources and ending fund balance to a specific purpose within fund balance policy guidelines.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (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 unassigned fund balance to be used for unanticipated emergencies of approximately 15 percent of the GAAP basis General Fund revenues 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 unassigned General Fund balance to the minimum level of 15 percent of General Fund revenues 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. Unassigned fund balance of \$11,986,399 is 14.23 percent of the required 15 percent of GAAP basis General Fund revenues. The shortfall of \$646,430 will need to be adjusted in future budgets, including the fiscal year 2015 revised budget. See Note 18 for more information.

**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 \$2,527,690 for unspent debt proceeds at June 30, 2014. These funds will be spent during fiscal year 2015 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 does not have any deferred outflows of resources as of June 30, 2014.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (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. The County has deferred inflows of resources of \$19,386,664 as of June 30, 2014. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable and other unavailable revenues 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (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 assets governmental activities* as reported in the government-wide Statements of Net Position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$67,399,188) and (\$4,842,412) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (60,332,868)	\$ -
Unamortized premium on bonds	(3,105,261)	-
Accrued interest payable	(1,117,050)	-
Net OPEB obligation payable	(1,239,000)	(2,854,000)
Compensated absences	(1,605,009)	(1,988,412)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ (67,399,188)</u>	<u>\$ (4,842,412)</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 assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$1,942,962 and \$(5,651,470) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 2,844,421	\$ 925,966
Loss on disposal	7,400	-
Depreciation and amortization expense	(1,797,722)	(5,688,573)
Allocation of debt financed school assets based on current year repayments	888,863	(888,863)
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,942,962</u>	<u>\$ (5,651,470)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (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 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. The details of this \$5,183,047 difference in the primary government are as follows:

	<b><u>Primary Government</u></b>
Principal repayments:	
General obligation debt	\$ 5,874,929
Other:	
Issuance of long-term debt	<u>(691,882)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>5,183,047</u></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 \$69,033 and \$(598,834) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<b><u>Primary Government</u></b>	<b><u>Component Unit School Board</u></b>
Compensated absences	\$ (125,331)	\$ 91,166
Net OPEB obligation	(162,000)	(690,000)
Accrued interest	189,142	-
Amortization of bond premium	<u>167,222</u>	<u>-</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>69,033</u></u>	\$ <u><u>(598,834)</u></u>



## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 (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, 2014, the School Cafeteria Fund and Governor's School Fund had expenditures exceeding appropriations. This was due to a non-cash adjustment for USDA inventories and utilization of a portion of fund balance, respectively.

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 (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, 2014, 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, 2014 (CONTINUED)

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

The County's rated debt investments as of June 30, 2014 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				
	AAAm	AAA	AA+	AA	AA-
U.S. Agencies	\$ -	\$ -	\$ 7,929,961	\$ -	\$ -
Corporate Debt	-	-	2,002,830	1,351,275	3,690,548
Local Government Investment Pool	146,446	-	-	-	-
Repurchase Agreements-Underlying:					
Municipal Public Bonds	-	624,871	2,535,825	2,999,850	-
Total	\$ <u>146,446</u>	\$ <u>624,871</u>	\$ <u>12,468,616</u>	\$ <u>4,351,125</u>	\$ <u>3,690,548</u>

**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	\$ 6,160,546	\$ 4,506,508	\$ 1,654,038
Corporate Debt	7,044,653	3,363,805	3,680,848
U.S. Agencies	7,929,961	170,081	7,759,880
Total	\$ <u>21,135,160</u>	\$ <u>8,040,394</u>	\$ <u>13,094,766</u>

**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, 2014 (CONTINUED)**

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

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

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 891,547	\$ -
State sales tax	-	1,871,964
Motor vehicle carrier's tax	92,265	-
State recordation tax	46,533	-
Titling tax	30,367	-
Reimbursement of shared services	354,727	-
Auto rental tax	6,636	-
Fire programs	70,289	-
Wireless PSAP	24,669	-
Water Quality	24,705	-
Transportation	939,926	-
School	-	19,147
Other	23,309	-
Comprehensive services act	375,390	-
Virginia public assistance	269,348	-
Rescue Squad Assistance Fund	31,068	-
<u>Federal Government:</u>		
Virginia public assistance	498,236	-
Criminal justice	10,488	-
Homeland security	87,332	-
Emergency Management	6,421	-
Hazardous Materials	11,398	-
Other	6,403	-
School grants	-	573,405
Headstart	-	337,652
Totals	\$ <u>3,801,057</u>	\$ <u>2,802,168</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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

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

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Due to Primary Government/ Component Unit</b>	<b>Due from Primary Government/ Component Unit</b>
Primary Government:				
General Fund	\$ 826,322	\$ -	\$ 8,051,454	\$ 147,763
VPA Fund	-	826,322	-	-
Total	<u>\$ 826,322</u>	<u>\$ 826,322</u>	<u>\$ 8,051,454</u>	<u>\$ 147,763</u>
Component Unit-School Board:				
School Operating Fund	\$ -	\$ -	\$ -	\$ 8,029,602
Head Start Fund	-	-	-	21,852
Governor's School Fund	-	-	147,763	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,763</u>	<u>\$ 8,051,454</u>

**Note 7—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Primary Government:		
General Fund	\$ 187,850	\$ 15,197,435
Virginia Public Assistance Fund	2,126,209	-
School Debt Service Fund	8,546,202	-
County Capital Improvements Fund	5,761,390	1,424,216
Total	<u>\$ 16,621,651</u>	<u>\$ 16,621,651</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, 2014 (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, 2014.

	Balance July 1, 2013	Issuances	Retirements	Balance June 30, 2014
General obligation bonds	\$ 59,989,729	\$ -	\$ 5,828,591	\$ 54,161,138
Revenue bonds	5,526,186	691,882	46,338	6,171,730
Premiums on bond issues	3,272,483	-	167,222	3,105,261
Net OPEB obligation	1,077,000	490,000	328,000	1,239,000
Compensated absences	1,479,678	828,699	703,368	1,605,009
Total Long-Term Liabilities	<u>\$ 71,345,076</u>	<u>\$ 2,010,581</u>	<u>\$ 7,073,519</u>	<u>\$ 66,282,138</u>

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

Year Ending June 30,	General Obligation Bonds and Revenue Bonds	
	Principal	Interest
2015	\$ 5,554,181	\$ 2,396,346
2016	5,611,352	2,143,672
2017	4,749,556	1,909,693
2018	4,808,384	1,700,043
2019	4,869,344	1,489,707
2020-2024	19,444,405	4,921,675
2025-2029	13,099,063	1,393,908
2030-2033	2,196,583	167,856
Total	<u>\$ 60,332,868</u>	<u>\$ 16,122,900</u>

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)****Note 8—Long-Term Obligations: (Continued)****Primary Government-Governmental Activity Indebtedness (continued)**

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within 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%.	\$ 600,000	\$ 300,000
\$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments from \$606,120 to \$618,601 through July 15, 2015 plus semi-annual interest at 5.1%.	1,224,721	606,120
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$686,739 to \$742,320 through July 15, 2018, plus semi-annual interest at 5.1%.	3,569,103	686,739
\$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 5.975% to 6.1%.	600,000	100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$320,927 to \$369,360 through July 15, 2019, plus semi-annual interest at 5.975% to 6.1%.	2,064,544	320,927
\$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 January 15, 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.	3,220,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$319,255 to \$372,067 through January 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.	3,806,920	319,255
\$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.	17,290,000	1,330,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

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

Details of long-term-indebtedness: (continued)

	Total Amount	Amount Due Within 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 \$599,714 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.	\$ 9,302,100	\$ 599,714
\$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.	6,093,750	468,750
\$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$215,000 to \$490,000 through July 15, 2033, 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.	6,390,000	215,000
Sub-total General obligation bonds payable	\$ 54,161,138	\$ 5,241,505
Unamortized premium on general obligation bonds	\$ 2,386,990	\$ 167,220
<b><u>Revenue bonds:</u></b>		
\$1,853,530 2012B Series, issued August 23, 2012, Virginia Resources Authority Bonds due in annual installments of \$92,677 through December 1, 2033. Loan funds outstanding at June 30, 2013 totaled \$1,756,730.	\$ 1,756,730	\$ 92,676
\$4,415,000 2013A Series, issued June 5, 2013, Virginia Resources Authority Bonds due in annual installments from \$220,000 to \$390,000 through December 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.	4,415,000	220,000
Sub-total revenue bonds payable	\$ 6,171,730	\$ 312,676
Unamortized premium on revenue bonds	\$ 718,271	\$ 47,885
Net OPEB obligation (payable from General Fund)	\$ 1,239,000	\$ -
Compensated absences (payable from the General Fund)	\$ 1,605,009	\$ 144,451
Total	\$ 66,282,138	\$ 5,913,737



**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)**

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**Note 8—Long-Term Obligations: (Continued)****Primary Government-Governmental Activity Indebtedness (continued)****Arbitrage Rebate Compliance:**

As of June 30, 2014 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, 2014:

	Balance July 1, 2013	Issuances	Retirements	Balance June 30, 2014
Net OPEB obligation	\$ 2,164,000	\$ 1,763,000	\$ 1,073,000	\$ 2,854,000
Compensated absences	2,079,578	746,313	837,479	1,988,412
Total Long-Term Liabilities	<u>\$ 4,243,578</u>	<u>\$ 2,509,313</u>	<u>\$ 1,910,479</u>	<u>\$ 4,842,412</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Net OPEB obligation (payable from the School Fund)	\$ 2,854,000	\$ -
Accrued compensated absences (payable from the School Fund)	1,988,412	380,167
Total long-term obligations	<u>\$ 4,842,412</u>	<u>\$ 380,167</u>

**Note 9—Pension Plan:**

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**A. Plan Description**

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid. Each plan has different eligibility and benefit structures as set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About VRS Plan 1</b> VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About VRS Plan 2</b> VRS 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 VRS 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.</p>	<p><b>About the Hybrid Retirement Plan</b> 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 VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <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> <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>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p><b>Eligible Members</b> Employees are in VRS 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.</p> <p><b>Hybrid Opt-In Election</b> VRS 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.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• State employees*</li> <li>• School division employees</li> <li>• Political subdivision employees*</li> <li>• Judges appointed or elected to an original term on or after January 1, 2014</li> <li>• Members in VRS Plan 1 or VRS 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> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Members of the State Police Officers' Retirement System (SPORS)</li> <li>• Members of the Virginia Law Officers' Retirement System (VaLORS)</li> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Retirement Contributions</b> Members contribute up to 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. 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> Same as VRS Plan 1.</p>	<p><b>Retirement Contributions</b> 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> 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> Same as VRS Plan 1.</p>	<p><b>Creditable Service</b> <u><b>Defined Benefit Component</b></u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u><b>Defined Contributions Component</b></u> 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, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> 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 they make.</p>	<p><b>Vesting</b> Same as VRS Plan 1.</p>	<p><b>Vesting</b> <b>Defined Benefit Component:</b> 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. VRS Plan 1 or VRS 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>Defined Contributions Component:</b> 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 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> <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> <p>Distribution is not required by law until age 70½.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit</b> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit</b> See definition under VRS Plan 1.</p>	<p><b>Calculating the Benefit</b> <b><u>Defined Benefit Component:</u></b> See definition under VRS Plan 1</p> <p><b><u>Defined Contribution Component:</u></b> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b> Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>	<p><b>Service Retirement Multiplier</b> The retirement multiplier is 1.0%.</p> <p>For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<b>Normal Retirement Age</b> Age 65.	<b>Normal Retirement Age</b> Normal Social Security retirement age.	<b>Normal Retirement Age</b> <u><b>Defined Benefit Component:</b></u> Same as VRS Plan 2.  <u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Unreduced Retirement Eligibility</b> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.  Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	<b>Earliest Unreduced Retirement Eligibility</b> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.  Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	<b>Earliest Unreduced Retirement Eligibility</b> <u><b>Defined Benefit Component:</b></u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.  <u><b>Defined Contribution Component:</b></u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility</b> Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <b><u>Defined Benefit Component:</u></b> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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%.</p> <p><b><u>Eligibility:</u></b> 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.</p> <p>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.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b> Same as VRS Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component:</u></b> Same as VRS Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as VRS Plan 1 and VRS Plan 2.</p>



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b><u>Exceptions to COLA Effective Dates:</u></b>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <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 retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</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> </ul>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as VRS Plan 1</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as VRS Plan 1 and VRS Plan 2.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</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.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b> Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p><b>Purchase of Prior Service</b> 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.</p>	<p><b>Purchase of Prior Service</b> Same as VRS Plan 1.</p>	<p><b>Purchase of Prior Service</b> <b><u>Defined Benefit Component:</u></b> Same as VRS Plan 1.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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Note 9—Pension Plan: (Continued)

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A. Plan Description (continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS web site at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period 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. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's and School's non-professional employee's contribution rates for the fiscal year ended 2014 were 12.50% and 8.44%, respectively, exclusive of the employee's share of annual covered payroll.

The School's professional employee's contribution rate for fiscal year 2014 was 11.66% of covered payroll. The School Board's contributions for professional employees were \$6,293,599, \$6,177,181, and \$3,227,744, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013 and 2012, respectively, and these contributions represented 11.66%, 11.66%, and 6.33% respectively, exclusive of the employee's share of current covered payroll.

**COUNTY OF AUGUSTA, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)**

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**Note 9—Pension Plan: (Continued)**

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**C. Annual Pension Cost**

For fiscal year 2014, the County's annual pension cost of \$2,211,310 was equal to the County's required and actual contributions.

For fiscal year 2014, the School Board's annual pension cost of \$219,368 was equal to the Board's required and actual contributions.

<b>Three-Year Trend Information for the County and School Board</b>				
<b>Fiscal Year Ended</b>		<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
County:				
6/30/14	\$	2,211,310	100.00%	\$ -
6/30/13		2,124,761	100.00%	-
6/30/12		1,463,259	100.00%	-
Discretely Presented Component Unit:				
School Board Non-Professional				
6/30/14	\$	219,368	100.00%	\$ -
6/30/13		218,481	100.00%	-
6/30/12		134,628	100.00%	-

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**Note 9—Pension Plan: (Continued)**

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**D. Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the County plan was 75.88% funded. The actuarial accrued liability for benefits was \$79,020,284, and the actuarial value of assets was \$59,961,364, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,058,920. The covered payroll (annual payroll of active employees covered by the plan) was \$17,032,113, and ratio of the UAAL to the covered payroll was 111.90%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board non-professional plan was 81.06% funded. The actuarial accrued liability for benefits was \$10,830,741, and the actuarial value of assets was \$8,779,842, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,050,899. The covered payroll (annual payroll of active employees covered by the plan) was \$2,605,238, and ratio of the UAAL to the covered payroll was 78.72%.

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 liability (AAL) for benefits.

**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, 2014 (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 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 \$490,000 for fiscal year 2014. The County has paid \$328,000 toward this obligation during fiscal year 14. 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, 2014 (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)	\$	510,000
Interest on OPEB Obligation		43,000
Adjustment to ARC		(63,000)
Annual OPEB cost	\$	490,000
Contributions Made		(328,000)
Increase in Net OPEB Obligation	\$	162,000
Net OPEB Obligation - beginning of year		1,077,000
Net OPEB Obligation - end of year	\$	<u>1,239,000</u>

For 2014, the County's cash payment of \$328,000 was \$162,000 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 Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/14	\$ 490,000	66.94%	\$ 1,239,000
6/30/13	481,000	64.66%	1,077,000
6/30/12	473,000	63.21%	907,000

**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, 2014 (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	9% graded down to 5.0%
Amortization period	20 years/open funded
Inflation rate	2.50%



NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (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 \$1,763,000 for fiscal year 2014. The School Board has paid \$1,073,000 toward this obligation during fiscal year 14. 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, 2014 (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)	\$	1,802,000
Interest on OPEB Obligation		87,000
Adjustment to ARC		(126,000)
Annual OPEB cost	\$	1,763,000
Contributions Made		(1,073,000)
Increase in Net OPEB Obligation	\$	690,000
Net OPEB Obligation - beginning of year		2,164,000
Net OPEB Obligation - end of year	\$	<u>2,854,000</u>

For 2014, the School Board's cash payment of \$1,073,000 was \$690,000 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 2014 are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/14	\$ 1,763,000	60.86%	\$ 2,854,000
6/30/13	1,733,000	57.36%	2,164,000
6/30/12	1,398,000	84.05%	1,425,000

**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, 2014 (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	9% 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, 2014 (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 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$598,945, \$588,051, and \$305,947, respectively and equaled the required contributions for each year.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (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 \$1,002,637 is comprised of the following:

Federal payment in lieu of taxes	\$	348,938
Asset forfeiture		21,192
Prepaid property taxes		632,507
Total	\$	<u>1,002,637</u>

**Note 12—Unavailable Revenue:**

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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, 2014 totaled \$22,421,506 for the fund financial statements and \$19,386,664 for government-wide financial statements. It is comprised of the following:

	Property Taxes	Other	Land Held for Investment
Property taxes receivable, net of allowance	\$ 3,668,192	\$ -	\$ -
Unbilled property taxes for second half 2014	17,852,867	-	-
Land held for investment	-	-	633,350
Repayment of loans from fire departments	-	790,628	-
EMS transport fees	-	103,495	-
Animal control fines restitution	-	6,324	-
Total	<u>\$ 21,521,059</u>	<u>\$ 900,447</u>	<u>\$ 633,350</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

**Note 13—Capital Assets:**

Capital asset activity for the year ended June 30, 2014 was as follows:

**Primary Government**

<b>Governmental Activities</b>	Beginning Balance as restated	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 5,258,646	\$ 132,900	\$ -	\$ -	\$ 5,391,546
Construction in Progress	2,475,082	1,385,851	-	(3,642,417)	218,516
Total capital assets not being depreciated	<u>\$ 7,733,728</u>	<u>\$ 1,518,751</u>	<u>\$ -</u>	<u>\$ (3,642,417)</u>	<u>\$ 5,610,062</u>
Capital assets being depreciated:					
Buildings	\$ 80,494,713	\$ 161,400	\$ -	\$ 771,409	\$ 81,427,522
Machinery and Equipment	10,994,111	1,164,270	(242,441)	-	11,915,940
Land Improvements	1,377,266	-	-	3,642,417	5,019,683
Total capital assets being depreciated	<u>\$ 92,866,090</u>	<u>\$ 1,325,670</u>	<u>\$ (242,441)</u>	<u>\$ 4,413,826</u>	<u>\$ 98,363,145</u>
Accumulated depreciation for:					
Buildings	\$ (20,738,845)	\$ (728,965)	\$ -	\$ 117,454	\$ (21,350,356)
Machinery and Equipment	(8,060,742)	(796,548)	249,841	-	(8,607,449)
Land Improvement	(652,372)	(272,209)	-	-	(924,581)
Total accumulated depreciation	<u>\$ (29,451,959)</u>	<u>\$ (1,797,722)</u>	<u>\$ 249,841</u>	<u>\$ 117,454</u>	<u>\$ (30,882,386)</u>
Total capital assets being depreciated, net	<u>\$ 63,414,131</u>	<u>\$ (472,052)</u>	<u>\$ 7,400</u>	<u>\$ 4,531,280</u>	<u>\$ 67,480,759</u>
Governmental activities capital assets, net	<u>\$ 71,147,859</u>	<u>\$ 1,046,699</u>	<u>\$ 7,400</u>	<u>\$ 888,863</u>	<u>\$ 73,090,821</u>

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

Governmental activities:	
General government	\$ 1,059,644
Judicial administration	423
Public safety	613,519
Public works	39,258
Health and welfare	26,384
Parks, recreation, and cultural	47,904
Community development	10,590
Total depreciation expenses-governmental activities	<u>\$ 1,797,722</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,842,711	\$ -	\$ -	\$ -	\$ 1,842,711
Construction in Progress	14,727,100	284,580	-	(14,949,539)	62,141
Total capital assets not being depreciated	<u>\$ 16,569,811</u>	<u>\$ 284,580</u>	<u>\$ -</u>	<u>\$ (14,949,539)</u>	<u>\$ 1,904,852</u>
Capital assets being depreciated:					
Buildings	\$ 110,643,396	\$ 251,347	\$ -	\$ 14,210,375	\$ 125,105,118
Machinery and Equipment	22,930,402	390,039	-	(32,245)	23,288,196
Total capital assets being depreciated:	<u>\$ 133,573,798</u>	<u>\$ 641,386</u>	<u>\$ -</u>	<u>\$ 14,178,130</u>	<u>\$ 148,393,314</u>
Accumulated depreciation for:					
Buildings	\$ (51,336,045)	\$ (4,897,973)	\$ -	\$ (119,066)	\$ (56,353,084)
Machinery and Equipment	(19,312,312)	(790,600)	-	1,612	(20,101,300)
Total accumulated depreciation	<u>\$ (70,648,357)</u>	<u>\$ (5,688,573)</u>	<u>\$ -</u>	<u>\$ (117,454)</u>	<u>\$ (76,454,384)</u>
Total capital assets being depreciated, net	<u>\$ 62,925,441</u>	<u>\$ (5,047,187)</u>	<u>\$ -</u>	<u>\$ 14,060,676</u>	<u>\$ 71,938,930</u>
School Board Capital assets, net	<u>\$ 79,495,252</u>	<u>\$ (4,762,607)</u>	<u>\$ -</u>	<u>\$ (888,863)</u>	<u>\$ 73,843,782</u>

Depreciation expense charged to education was \$5,688,573.

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 (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, Virginia for the year ended June 30, 2014, is that school financed assets in the amount of \$54,161,138 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, 2014 (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 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, 2014, the Augusta Regional Landfill reported as its landfill closure liability \$4,269,031 which represents the cumulative amount reported to date based on the use of 89.1% 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 \$2,946,478 at June 30, 2014. 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 89.1% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.66% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2014 for both landfill permits are \$7,215,509. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$653,203 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$2,981,431 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.

The County's net investment is recorded on the Statement of Net Position. The County's equity interest as of June 30, 2014 was \$5,663,278.

**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 (CONTINUED)**

**Note 17—Construction Contracts Outstanding:**

The Primary Government had the following material contracts outstanding at June 30, 2014:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Amount Spent as of June 30, 2014</u>	<u>Amount of Contract Remaining at Year End</u>
Greenville Sewer Project	\$ 2,729,198	\$ 2,530,195	\$ 199,003
Rt. 636 Construction	13,432,655	9,730,000	3,702,655
Total	<u>\$ 16,161,853</u>	<u>\$ 12,260,195</u>	<u>\$ 3,901,658</u>

**Note 18—Fund Balance:**

Fund balance had the following classifications at June 30, 2014:

	<u>General</u>	<u>County Capital Improvements</u>	<u>School Capital Projects</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				
Inventories	\$ 9,967	\$ -	\$ -	\$ 9,967
Prepaid items	31,754	-	-	31,754
Restricted for:				
Fire revolving loan program	2,006,190	-	-	2,006,190
Drug enforcement	149	-	-	149
Capital projects	-	2,196,016	48,255	2,244,271
Committed to:				
Health and welfare	-	-	-	-
Education	156,120	-	-	156,120
Emergency medical services	535,384	-	-	535,384
Other capital projects	-	3,304,648	-	3,304,648
Assigned to:				
Fire revolving loan program	158,378	-	-	158,378
Drug enforcement	47,925	-	-	47,925
Other capital projects	-	24,464,472	366,951	24,831,423
Unassigned:	11,986,399	-	-	11,986,399
Total	<u>\$ 14,932,266</u>	<u>\$ 29,965,136</u>	<u>\$ 415,206</u>	<u>\$ 45,312,608</u>

## COUNTY OF AUGUSTA, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 (CONTINUED)

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#### Note 19—Prior Period Adjustment:

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A prior period adjustment to beginning fund balance of the General Fund is required to correctly state the impact of payroll and grant accruals in the prior fiscal year. A prior period adjustment to beginning net position of the Primary Government is required to correctly state the impact of construction in progress not recorded, to record an investment in land held for sale and the related deferred inflow, and to record payroll and grant accruals not recorded 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 transfer of land held for sale from the School Board to the County and to record payroll and grant accruals not recorded in the prior fiscal year. The following adjustment has been recorded:

	Government-Wide Statements		
	Primary Government	Component Unit	General Fund
Net position or fund balance as originally reported, July 1, 2013	\$ 51,909,015	\$ 76,734,466	\$ 15,165,825
Adjustment to capital assets	2,360,856	-	-
Adjustment for investment in land	633,350	(633,350)	-
Adjustment for deferred inflow for land held for resale	(633,350)	-	-
Adjustment for payroll and grant accruals	<u>(184,018)</u>	<u>(159,088)</u>	<u>(184,018)</u>
Net position or fund balance as adjusted, July 1, 2013	<u>\$ 54,085,853</u>	<u>\$ 75,942,028</u>	<u>\$ 14,981,807</u>

#### Note 20—Upcoming Pronouncements:

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At June 30, 2014, 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. 68, *Accounting and Financial Reporting for Pensions*, will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Statement No. 68 will be effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 (CONTINUED)

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**Note 20—Upcoming Pronouncements: (Continued)**

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GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, amends Statement No. 68 related to transition provisions for certain pension contributions made to defined benefit pension plans prior to implementation of Statement No. 68 by employers and nonemployer contributing entities. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68.

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

**Note 21—Subsequent Event**

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In September 2014, the Board of Supervisors approved a financing agreement with the Virginia Resources Authority, which would use a portion of the proceeds of its Infrastructure and State Moral Obligation Revenue Bonds, Series 2014C, to finance the Water Tank Project. The aggregate principal payments under the lease agreement shall not exceed \$2,380,400.

## **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, 2014

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 48,341,500	\$ 51,720,000	\$ 51,399,020	\$ (320,980)
Other local taxes	13,394,066	13,642,066	13,950,425	308,359
Permits, privilege fees, and regulatory licenses	518,600	592,600	524,896	(67,704)
Fines and forfeitures	240,000	215,800	208,086	(7,714)
Revenue from the use of money and property	526,650	548,300	537,628	(10,672)
Charges for services	3,345,400	3,382,900	3,450,070	67,170
Miscellaneous	235,150	280,000	262,755	(17,245)
Recovered costs	158,420	161,540	169,458	7,918
Intergovernmental revenues:				
Commonwealth	12,241,480	12,282,780	12,189,026	(93,754)
Federal	1,414,020	1,535,500	1,527,497	(8,003)
Total revenues	<u>\$ 80,415,286</u>	<u>\$ 84,361,486</u>	<u>\$ 84,218,861</u>	<u>\$ (142,625)</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,829,245	\$ 4,413,785	\$ 4,342,595	\$ 71,190
Judicial administration	1,809,320	1,801,410	1,762,176	39,234
Public safety	18,312,574	18,887,122	18,043,770	843,352
Public works	3,446,360	3,473,885	3,356,040	117,845
Health and welfare	1,109,764	1,121,109	1,140,990	(19,881)
Education	36,163,049	36,163,049	36,443,632	(280,583)
Parks, recreation and cultural	2,720,110	2,729,023	2,585,384	143,639
Community development	1,519,289	1,514,884	1,446,741	68,143
Nondepartmental	281,295	174,405	137,489	36,916
Total expenditures	<u>\$ 70,191,006</u>	<u>\$ 70,278,672</u>	<u>\$ 69,258,817</u>	<u>\$ 1,019,855</u>
Excess of revenues over expenditures	<u>\$ 10,224,280</u>	<u>\$ 14,082,814</u>	<u>\$ 14,960,044</u>	<u>\$ 877,230</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 211,509	\$ 187,850	\$ (23,659)
Transfers out	<u>(10,497,180)</u>	<u>(15,202,896)</u>	<u>(15,197,435)</u>	<u>5,461</u>
Total other financing uses, net	<u>\$ (10,497,180)</u>	<u>\$ (14,991,387)</u>	<u>\$ (15,009,585)</u>	<u>\$ (18,198)</u>
Net change in fund balances	\$ (272,900)	\$ (908,573)	\$ (49,541)	\$ 859,032
Fund balances - beginning, as restated	<u>272,900</u>	<u>908,573</u>	<u>14,981,807</u>	<u>14,073,234</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,932,266</u>	<u>\$ 14,932,266</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, 2014

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual Amounts	
REVENUES				
Charges for services	\$ 157,404	\$ 158,778	\$ 153,074	\$ (5,704)
Recovered costs	1,135,918	1,135,918	1,135,918	-
Intergovernmental revenues:				
Commonwealth	5,385,636	5,530,658	5,352,565	(178,093)
Federal	5,693,858	5,743,552	5,794,892	51,340
Total revenues	<u>\$ 12,372,816</u>	<u>\$ 12,568,906</u>	<u>\$ 12,436,449</u>	<u>\$ (132,457)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 14,423,750	\$ 14,741,087	\$ 14,562,658	\$ 178,429
Total expenditures	<u>\$ 14,423,750</u>	<u>\$ 14,741,087</u>	<u>\$ 14,562,658</u>	<u>\$ 178,429</u>
Deficiency of revenues under expenditures	<u>\$ (2,050,934)</u>	<u>\$ (2,172,181)</u>	<u>\$ (2,126,209)</u>	<u>\$ 45,972</u>
OTHER FINANCING SOURCES				
Transfers in	<u>\$ 2,050,934</u>	<u>\$ 2,172,181</u>	<u>\$ 2,126,209</u>	<u>\$ (45,972)</u>
Total other financing sources	<u>\$ 2,050,934</u>	<u>\$ 2,172,181</u>	<u>\$ 2,126,209</u>	<u>\$ (45,972)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Schedule of Pension Funding Progress

**PRIMARY GOVERNMENT:****County Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/13	\$ 59,961,364	\$ 79,020,284	\$ 19,058,920	75.88%	\$ 17,032,113	111.90%
06/30/12	57,659,430	77,677,998	20,018,568	74.23%	15,919,678	125.75%
06/30/11	57,974,685	74,674,167	16,699,482	77.64%	15,375,418	108.61%
06/30/10	56,738,257	72,332,855	15,594,598	78.44%	15,540,379	100.35%
06/30/09	57,030,988	65,451,866	8,420,878	87.13%	15,760,844	53.43%

**DISCRETELY PRESENTED COMPONENT UNIT:****School Board Non-Professional Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
06/30/13	\$ 8,779,842	\$ 10,830,741	\$ 2,050,899	81.06%	\$ 2,605,238	78.72%
06/30/12	8,533,471	10,624,698	2,091,227	80.32%	2,371,018	88.20%
06/30/11	8,657,002	10,255,458	1,598,456	84.41%	2,496,444	64.03%
06/30/10	8,515,223	9,955,761	1,440,538	85.53%	2,518,663	57.19%
06/30/09	8,506,759	8,964,819	458,060	94.89%	2,536,127	18.06%



Other Postemployment Benefit Program  
Schedule of Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
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 Valuation Date	Actuarial Value of Assets (AVA) ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) ( b-a )	Funded Ratio ( a/b )	Annual Covered Payroll ( c )	UAAL as % of Covered Payroll ( (b-a)/c )
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.

## **OTHER SUPPLEMENTARY INFORMATION**

Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual Amounts	
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 6,146,753	\$ 5,874,930	\$ 5,874,929	\$ 1
Interest and other fiscal charges	2,557,708	2,673,074	2,671,273	1,801
Total expenditures	<u>\$ 8,704,461</u>	<u>\$ 8,548,004</u>	<u>\$ 8,546,202</u>	<u>\$ 1,802</u>
Deficiency of revenues under expenditures	<u>\$ (8,704,461)</u>	<u>\$ (8,548,004)</u>	<u>\$ (8,546,202)</u>	<u>\$ 1,802</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	\$ 8,669,200	\$ 8,548,004	\$ 8,546,202	\$ (1,802)
Other	35,261	-	-	-
Total other financing sources	<u>\$ 8,704,461</u>	<u>\$ 8,548,004</u>	<u>\$ 8,546,202</u>	<u>\$ (1,802)</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Other local taxes	\$ 25,935	\$ 25,935	\$ 25,934	\$ (1)
Revenue from the use of money and property	2,500	9,500	10,796	1,296
Miscellaneous	-	236,450	423,498	187,048
Recovered costs	16,800	71,200	184,407	113,207
Intergovernmental revenues:				
Commonwealth	5,673,500	7,183,690	6,184,957	(998,733)
Federal	600,000	1,152,000	713,221	(438,779)
Total revenues	<u>\$ 6,318,735</u>	<u>\$ 8,678,775</u>	<u>\$ 7,542,813</u>	<u>\$ (1,135,962)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 11,913,654	\$ 18,617,271	\$ 13,708,092	\$ 4,909,179
Total expenditures	<u>\$ 11,913,654</u>	<u>\$ 18,617,271</u>	<u>\$ 13,708,092</u>	<u>\$ 4,909,179</u>
Deficiency of revenues under expenditures	<u>\$ (5,594,919)</u>	<u>\$ (9,938,496)</u>	<u>\$ (6,165,279)</u>	<u>\$ 3,773,217</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,170,919	\$ 5,720,127	\$ 5,761,390	\$ 41,263
Transfers out	(1,393,873)	(1,448,925)	(1,424,216)	24,709
Proceeds of revenue bonds	973,530	974,520	691,882	(282,638)
Total other financing sources, net	<u>\$ 750,576</u>	<u>\$ 5,245,722</u>	<u>\$ 5,029,056</u>	<u>\$ (216,666)</u>
Net change in fund balances	\$ (4,844,343)	\$ (4,692,774)	\$ (1,136,223)	\$ 3,556,551
Fund balances - beginning	4,844,343	4,692,774	31,101,359	26,408,585
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,965,136</u>	<u>\$ 29,965,136</u>

## School Capital Improvements Fund

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

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 1,400	\$ 1,041	\$ (359)
Miscellaneous	13,081	78,113	70,076	(8,037)
Total revenues	\$ 13,081	\$ 79,513	\$ 71,117	\$ (8,396)
EXPENDITURES				
Current:				
Capital projects	\$ -	\$ 1,341,019	\$ 528,481	\$ 812,538
Total expenditures	\$ -	\$ 1,341,019	\$ 528,481	\$ 812,538
Excess (deficiency) of revenues over (under) expenditures	\$ 13,081	\$ (1,261,506)	\$ (457,364)	\$ 804,142
Net change in fund balances	\$ 13,081	\$ (1,261,506)	\$ (457,364)	\$ 804,142
Fund balances - beginning	(13,081)	1,261,506	872,570	(388,936)
Fund balances - ending	\$ -	\$ -	\$ 415,206	\$ 415,206

# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

Combining Statement of Net Position  
Fiduciary Funds  
June 30, 2014

	Agency Funds					Total
	Special Welfare	Shenandoah Valley Regional Program for Special Education	Valley Alcohol Safety Action Program	Valley Vocational Technical Education Center	Valley Children's Center	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 163,221	\$ 2,275,279	\$ 149,516	\$ 408,494	\$ 20,488	\$ 3,016,998
Other receivables	-	221,128	117,933	15,257	4,615	358,933
Prepaid expenses	-	-	-	44,593	-	44,593
Total assets	<u>\$ 163,221</u>	<u>\$ 2,496,407</u>	<u>\$ 267,449</u>	<u>\$ 468,344</u>	<u>\$ 25,103</u>	<u>\$ 3,420,524</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 131,702	\$ 10,314	\$ 228,280	\$ -	\$ 370,296
Accrued liabilities	-	182,695	8,903	98,770	-	290,368
Other liabilities	-	1,211,794	-	-	-	1,211,794
Unearned revenue	-	-	-	-	10,000	10,000
Amounts held for social services clients	163,221	-	-	-	-	163,221
Amounts held for Shenandoah Valley Regional Program for Special Education	-	970,216	-	-	-	970,216
Amounts held for Valley Alcohol Safety Action Program	-	-	248,232	-	-	248,232
Amounts held for Valley Vocational Technical Education Center	-	-	-	141,294	-	141,294
Amounts held for Valley Children's Center	-	-	-	-	15,103	15,103
Total liabilities	<u>\$ 163,221</u>	<u>\$ 2,496,407</u>	<u>\$ 267,449</u>	<u>\$ 468,344</u>	<u>\$ 25,103</u>	<u>\$ 3,420,524</u>

Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 130,629	\$ 330,003	\$ 297,411	\$ 163,221
Total assets	<u>\$ 130,629</u>	<u>\$ 330,003</u>	<u>\$ 297,411</u>	<u>\$ 163,221</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 130,629	\$ 330,003	\$ 297,411	\$ 163,221
Total liabilities	<u>\$ 130,629</u>	<u>\$ 330,003</u>	<u>\$ 297,411</u>	<u>\$ 163,221</u>
<b>Shenandoah Valley Regional Program for Special Education Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,107,276	\$ 9,965,523	\$ 9,797,520	\$ 2,275,279
Other receivables	-	221,128	-	221,128
Total assets	<u>\$ 2,107,276</u>	<u>\$ 10,186,651</u>	<u>\$ 9,797,520</u>	<u>\$ 2,496,407</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 173,383	\$ 131,702	\$ 173,383	\$ 131,702
Accrued liabilities	103,951	182,695	103,951	182,695
Other liabilities	-	1,211,794	-	1,211,794
Amounts held for Shenandoah Valley Regional Program for Special Education	1,829,942	9,965,523	10,825,249	970,216
Total liabilities	<u>\$ 2,107,276</u>	<u>\$ 11,491,714</u>	<u>\$ 11,102,583</u>	<u>\$ 2,496,407</u>
<b>Valley Alcohol Safety Action Program Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 161,989	\$ 437,743	\$ 450,216	\$ 149,516
Other receivables	71,856	117,933	71,856	117,933
Total assets	<u>\$ 233,845</u>	<u>\$ 555,676</u>	<u>\$ 522,072</u>	<u>\$ 267,449</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,480	\$ 10,314	\$ 4,480	\$ 10,314
Accrued liabilities	24,742	8,903	24,742	8,903
Amounts held for Valley Alcohol Safety Action Program	204,623	437,743	394,134	248,232
Total liabilities	<u>\$ 233,845</u>	<u>\$ 456,960</u>	<u>\$ 423,356</u>	<u>\$ 267,449</u>
<b>Valley Vocational Technical Education Center Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 388,273	\$ 4,024,835	\$ 4,004,614	\$ 408,494
Other receivables	24,554	15,257	24,554	15,257
Prepaid expenses	-	44,593	-	44,593
Total assets	<u>\$ 412,827</u>	<u>\$ 4,084,685</u>	<u>\$ 4,029,168</u>	<u>\$ 468,344</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 159,536	\$ 228,280	\$ 159,536	\$ 228,280
Accrued liabilities	96,408	98,770	96,408	98,770
Amounts held for Valley Vocational Technical Education Center	156,883	4,024,835	4,040,424	141,294
Total liabilities	<u>\$ 412,827</u>	<u>\$ 4,351,885</u>	<u>\$ 4,296,368</u>	<u>\$ 468,344</u>
<b>Valley Children's Center Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,570	\$ 117,249	\$ 129,331	\$ 20,488
Other receivables	-	4,615	-	4,615
Total assets	<u>\$ 32,570</u>	<u>\$ 121,864</u>	<u>\$ 129,331</u>	<u>\$ 25,103</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,368	\$ -	\$ 1,368	\$ -
Unearned revenue	-	10,000	-	10,000
Amounts held for Valley Children's Center	31,202	107,249	123,348	15,103
Total liabilities	<u>\$ 32,570</u>	<u>\$ 117,249</u>	<u>\$ 124,716</u>	<u>\$ 25,103</u>



Combining Statement of Changes in Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2014 (Continued)

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,820,737	\$ 14,875,353	\$ 14,679,092	\$ 3,016,998
Other receivables	96,410	358,933	96,410	358,933
Prepaid expenses	-	44,593	-	44,593
Total assets	<u>\$ 2,917,147</u>	<u>\$ 15,278,879</u>	<u>\$ 14,775,502</u>	<u>\$ 3,420,524</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 338,767	\$ 370,296	\$ 338,767	\$ 370,296
Accrued liabilities	225,101	290,368	225,101	290,368
Other liabilities	-	1,211,794	-	1,211,794
Unearned revenue	-	10,000	-	10,000
Amounts held for social services clients	130,629	330,003	297,411	163,221
Amounts held for Shenandoah Valley Regional Program for Special Education	1,829,942	9,965,523	10,825,249	970,216
Amounts held for Valley Alcohol Safety Action Program	204,623	437,743	394,134	248,232
Amounts held for Valley Vocational Technical Education Center	156,883	4,024,835	4,040,424	141,294
Amounts held for Valley Children's Center	31,202	107,249	123,348	15,103
Total liabilities	<u>\$ 2,917,147</u>	<u>\$ 16,747,811</u>	<u>\$ 16,244,434</u>	<u>\$ 3,420,524</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, 2014

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	<u>2014</u>	<u>2013</u>
Governmental capital assets:		
Land	\$ 5,391,546	\$ 5,258,646
Buildings	81,427,522	80,494,713
Machinery and equipment	11,915,940	10,994,111
Land improvement	5,019,683	1,377,266
Construction in progress	218,516	2,475,082
Total governmental capital assets	<u>\$ 103,973,207</u>	<u>\$ 100,599,818</u>
Investments in governmental capital assets by source:		
General fund	\$ 103,670,060	\$ 100,324,728
Special revenue funds	303,147	275,090
Total governmental capital assets by source	<u>\$ 103,973,207</u>	<u>\$ 100,599,818</u>

Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2014

Function and Activity	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 3,700,739	\$ 4,803,853	\$ 26,294,337	\$ 878,750	\$ -	\$ 35,677,679
County administrator	-	-	-	44,171	-	44,171
Commissioner of revenue	-	-	-	53,071	-	53,071
Central accounting	-	-	-	12,650	-	12,650
Management information systems	-	-	-	855,420	-	855,420
Total general government administration	\$ 3,700,739	\$ 4,803,853	\$ 26,294,337	\$ 1,844,062	\$ -	\$ 36,642,991
Judicial administration:						
Clerk of Circuit Court	\$ -	\$ -	\$ -	\$ 187,795	\$ -	\$ 187,795
General District Court	-	-	-	19,252	-	19,252
Total judicial administration	\$ -	\$ -	\$ -	\$ 207,047	\$ -	\$ 207,047
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 2,735,258	\$ -	\$ 2,735,258
Emergency operations	-	-	-	1,684,570	170,463	1,855,033
Fire department	62,000	-	363,937	3,494,875	48,053	3,968,865
Emergency services	-	-	-	62,258	-	62,258
Juvenile detention and probation	-	-	12,520	32,313	-	44,833
Building inspections	-	-	-	119,540	-	119,540
Animal control	-	-	-	78,800	-	78,800
Drug enforcement	-	-	-	71,284	-	71,284
Total public safety	\$ 62,000	\$ -	\$ 376,457	\$ 8,278,898	\$ 218,516	\$ 8,935,871
Public works:						
Sanitation and waste removal	\$ 60,446	\$ -	\$ -	\$ 169,209	\$ -	\$ 229,655
Maintenance of buildings and grounds	45,700	162,207	283,628	198,851	-	690,386
Total public works	\$ 106,146	\$ 162,207	\$ 283,628	\$ 368,060	\$ -	\$ 920,041
Education:						
Schools	\$ -	\$ -	\$ 54,161,138	\$ -	\$ -	\$ 54,161,138
Total education	\$ -	\$ -	\$ 54,161,138	\$ -	\$ -	\$ 54,161,138
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 303,147	\$ -	\$ 303,147
Total health and welfare	\$ -	\$ -	\$ -	\$ 303,147	\$ -	\$ 303,147
Parks, recreation, and cultural:						
Parks and recreation	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 494,669	\$ -	\$ 2,382,915
Library	-	-	-	248,397	-	248,397
Total parks, recreation, and cultural	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 743,066	\$ -	\$ 2,631,312
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 150,440	\$ -	\$ 150,440
Economic development	-	-	-	21,220	-	21,220
Total community development	\$ -	\$ -	\$ -	\$ 171,660	\$ -	\$ 171,660
Total governmental capital asset	\$ 5,391,546	\$ 5,019,683	\$ 81,427,522	\$ 11,915,940	\$ 218,516	\$ 103,973,207

Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes By Function and Activity  
For the Year Ended June 30, 2014

Function and Activity	Governmental Funds Capital Assets				Governmental Funds Capital Assets			
	July 1, 2013	Additions	Deductions	Transfers	June 30, 2014			
General government administration:								
Board of supervisors	\$ 34,333,332	\$ 1,344,343	\$ -	\$ -	\$ 35,677,675			
County administrator	44,171	-	-	-	44,171			
Commissioner of revenue	53,071	-	-	-	53,071			
Central accounting	22,175	-	(9,521)	-	12,654			
Management information systems	692,737	162,683	-	-	855,420			
Total general government administration	\$ 35,145,486	\$ 1,507,026	\$ (9,521)	\$ -	\$ 36,642,991			
Judicial administration:								
Clerk of Circuit Court	\$ 187,795	\$ -	\$ -	\$ -	\$ 187,795			
General District Court	19,252	-	-	-	19,252			
Total judicial administration	\$ 207,047	\$ -	\$ -	\$ -	\$ 207,047			
Public safety:								
Sheriff	\$ 2,544,089	\$ 318,580	\$ (157,036)	\$ 29,625	\$ 2,735,258			
Emergency operations	1,544,995	310,038	-	-	1,855,033			
Fire department	3,486,437	512,053	-	(29,625)	3,968,865			
Emergency services	62,258	-	-	-	62,258			
Juvenile detention and probation	44,833	-	-	-	44,833			
Building inspections	91,948	48,812	-	(21,220)	119,540			
Animal control	68,252	32,275	(21,727)	-	78,800			
Drug enforcement	71,284	-	-	-	71,284			
Total public safety	\$ 7,914,096	\$ 1,221,758	\$ (178,763)	\$ (21,220)	\$ 8,935,871			
Public works:								
Sanitation and waste removal	\$ 229,655	\$ -	\$ -	\$ -	\$ 229,655			
Maintenance of buildings and grounds	690,386	-	-	-	690,386			
Total public works	\$ 920,041	\$ -	\$ -	\$ -	\$ 920,041			
Education:								
Schools	\$ 53,389,729	\$ -	\$ -	\$ 771,409	\$ 54,161,138			
Total education	\$ 53,389,729	\$ -	\$ -	\$ 771,409	\$ 54,161,138			
Health and welfare:								
Social services	\$ 275,090	\$ 56,639	\$ (28,582)	\$ -	\$ 303,147			
Total health and welfare	\$ 275,090	\$ 56,639	\$ (28,582)	\$ -	\$ 303,147			
Parks, recreation, and cultural:								
Parks and recreation	\$ 2,365,565	\$ 17,350	\$ -	\$ -	\$ 2,382,915			
Library	248,397	-	-	-	248,397			
Total parks, recreation, and cultural	\$ 2,613,962	\$ 17,350	\$ -	\$ -	\$ 2,631,312			
Community development:								
Community development	\$ 134,367	\$ 41,648	\$ (25,575)	\$ -	\$ 150,440			
Economic development	-	-	-	21,220	21,220			
Total community development	\$ 134,367	\$ 41,648	\$ (25,575)	\$ 21,220	\$ 171,660			
Total governmental capital asset	\$ 100,599,818	\$ 2,844,421	\$ (242,441)	\$ 771,409	\$ 103,973,207			

**DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2014

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,922,933	\$ 250,097	\$ 2,173,030
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	262,473	-	-	262,473
Due from primary government	8,029,602	-	21,852	8,051,454
Due from other governmental units	2,464,516	-	337,652	2,802,168
Total assets	<u>\$ 10,759,591</u>	<u>\$ 1,922,933</u>	<u>\$ 609,601</u>	<u>\$ 13,292,125</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 167,632	\$ 167,632
Accounts payable	5,396,148	150,524	137,701	5,684,373
Accrued liabilities	5,262,434	160,095	156,505	5,579,034
Due to primary government	-	-	147,763	147,763
Unearned revenue	101,009	64,863	-	165,872
Total liabilities	<u>\$ 10,759,591</u>	<u>\$ 375,482</u>	<u>\$ 609,601</u>	<u>\$ 11,744,674</u>
Fund balances:				
Assigned	\$ -	\$ 1,547,451	\$ -	\$ 1,547,451
Total fund balances	<u>\$ -</u>	<u>\$ 1,547,451</u>	<u>\$ -</u>	<u>\$ 1,547,451</u>
Total liabilities and fund balances	<u>\$ 10,759,591</u>	<u>\$ 1,922,933</u>	<u>\$ 609,601</u>	<u>\$ 13,292,125</u>

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

Total fund balances per above	\$ 1,547,451
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	73,843,782
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,842,412)</u>
Net position of governmental activities	<u>\$ 70,548,821</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, 2014

	<b>School Operating Fund</b>	<b>School Cafeteria Fund</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 30,180	\$ 5,114	\$ -	\$ 35,294
Charges for services	554,206	1,937,973	780,563	3,272,742
Miscellaneous	602,199	-	5,177	607,376
Intergovernmental revenues:				
Local government	36,387,883	-	50,749	36,438,632
Commonwealth	51,363,996	73,854	537,636	51,975,486
Federal	3,999,321	2,657,699	1,926,500	8,583,520
Total revenues	<u>\$ 92,937,785</u>	<u>\$ 4,674,640</u>	<u>\$ 3,300,625</u>	<u>\$ 100,913,050</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 92,937,785	\$ 4,609,981	\$ 3,300,625	\$ 100,848,391
Total expenditures	<u>\$ 92,937,785</u>	<u>\$ 4,609,981</u>	<u>\$ 3,300,625</u>	<u>\$ 100,848,391</u>
Excess of revenues over expenditures	\$ -	\$ 64,659	\$ -	\$ 64,659
Net change in fund balances	\$ -	\$ 64,659	\$ -	\$ 64,659
Fund balances - beginning	-	1,482,792	-	1,482,792
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,547,451</u>	<u>\$ -</u>	<u>\$ 1,547,451</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 \$ 64,659

Prior period adjustment to beginning net position. 792,438

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. (5,651,470)

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. (598,834)

Change in net position of governmental activities \$ (5,393,207)



**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, 2014

	School Operating Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 31,950	\$ 31,600	\$ 30,180	\$ (1,420)
Charges for services	1,032,159	633,745	554,206	(79,539)
Miscellaneous	541,876	1,010,363	602,199	(408,164)
Intergovernmental revenues:				
Local government	36,158,049	36,158,049	36,387,883	229,834
Commonwealth	51,219,581	51,522,552	51,363,996	(158,556)
Federal	4,733,368	4,580,045	3,999,321	(580,724)
Total revenues	<u>\$ 93,716,983</u>	<u>\$ 93,936,354</u>	<u>\$ 92,937,785</u>	<u>\$ (998,569)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 93,716,983</u>	<u>\$ 93,936,354</u>	<u>\$ 92,937,785</u>	<u>\$ 998,569</u>
Total expenditures	<u>\$ 93,716,983</u>	<u>\$ 93,936,354</u>	<u>\$ 92,937,785</u>	<u>\$ 998,569</u>
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 22

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
Original	Final		
\$ 14,000	\$ 7,000	\$ 5,114	\$ (1,886)
2,247,160	1,990,644	1,937,973	(52,671)
-	-	-	-
-	-	-	-
83,874	72,361	73,854	1,493
2,322,000	2,240,000	2,657,699	417,699
<u>\$ 4,667,034</u>	<u>\$ 4,310,005</u>	<u>\$ 4,674,640</u>	<u>\$ 364,635</u>
<u>\$ 4,667,034</u>	<u>\$ 4,310,005</u>	<u>\$ 4,609,981</u>	<u>\$ (299,976)</u>
<u>\$ 4,667,034</u>	<u>\$ 4,310,005</u>	<u>\$ 4,609,981</u>	<u>\$ (299,976)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,659</u>	<u>\$ 64,659</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,659</u>	<u>\$ 64,659</u>
<u>-</u>	<u>-</u>	<u>1,482,792</u>	<u>1,482,792</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,547,451</u>	<u>\$ 1,547,451</u>

Statement of Net Position  
Fiduciary Fund - Discretely Presented Component Unit School Board  
June 30, 2014

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	<b>Matthews Training Private- Purpose Trust</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>81,559</u>
<b>NET POSITION</b>	
Held in trust for scholarships	\$ <u>81,559</u>

Statement of Changes in Net Position  
Fiduciary Funds - Discretely Presented Component Unit School Board  
For the Year Ended June 30, 2014

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	<b>Matthews Training Private- Purpose Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Private donations	\$ 584
Total additions	<u>\$ 584</u>
Change in net position	\$ 584
Net position - beginning	<u>80,975</u>
Net position - ending	<u><u>\$ 81,559</u></u>

## Combining Balance Sheet

Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board

June 30, 2014

	<b>Head Start Fund</b>	<b>Governor's School Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 250,097	\$ 250,097
Due from primary government	21,852	-	21,852
Due from other governmental units	337,652	-	337,652
Total assets	<u>\$ 359,504</u>	<u>\$ 250,097</u>	<u>\$ 609,601</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Reconciled overdraft	\$ 167,632	\$ -	\$ 167,632
Accounts payable	88,388	49,313	137,701
Accrued liabilities	103,484	53,021	156,505
Due to primary government	-	147,763	147,763
Total liabilities	<u>\$ 359,504</u>	<u>\$ 250,097</u>	<u>\$ 609,601</u>
Total liabilities and fund balances	<u>\$ 359,504</u>	<u>\$ 250,097</u>	<u>\$ 609,601</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, 2014

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	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ 780,563	\$ 780,563
Miscellaneous	-	5,177	5,177
Intergovernmental revenues:			
Local government	771	49,978	50,749
Commonwealth	-	537,636	537,636
Federal	1,926,500	-	1,926,500
Total revenues	<u>\$ 1,927,271</u>	<u>\$ 1,373,354</u>	<u>\$ 3,300,625</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 1,927,271	\$ 1,373,354	\$ 3,300,625
Total expenditures	<u>\$ 1,927,271</u>	<u>\$ 1,373,354</u>	<u>\$ 3,300,625</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>	<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, 2014

	Head Start Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	771	771
Commonwealth	-	-	-	-
Federal	2,123,035	2,100,457	1,926,500	(173,957)
Total revenues	<u>\$ 2,123,035</u>	<u>\$ 2,100,457</u>	<u>\$ 1,927,271</u>	<u>\$ (173,186)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 2,123,035</u>	<u>\$ 2,100,457</u>	<u>\$ 1,927,271</u>	<u>\$ 173,186</u>
Total expenditures	<u>\$ 2,123,035</u>	<u>\$ 2,100,457</u>	<u>\$ 1,927,271</u>	<u>\$ 173,186</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 27

Governor's School Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 750,885	\$ 770,619	\$ 780,563	\$ 9,944
10,000	10,000	5,177	(4,823)
-	-	49,978	49,978
529,525	535,009	537,636	2,627
-	-	-	-
<u>\$ 1,290,410</u>	<u>\$ 1,315,628</u>	<u>\$ 1,373,354</u>	<u>\$ 57,726</u>
<u>\$ 1,320,409</u>	<u>\$ 1,348,628</u>	<u>\$ 1,373,354</u>	<u>\$ (24,726)</u>
<u>\$ 1,320,409</u>	<u>\$ 1,348,628</u>	<u>\$ 1,373,354</u>	<u>\$ (24,726)</u>
<u>\$ (29,999)</u>	<u>\$ (33,000)</u>	<u>\$ -</u>	<u>\$ 33,000</u>
<u>\$ (29,999)</u>	<u>\$ (33,000)</u>	<u>\$ -</u>	<u>\$ 33,000</u>
<u>29,999</u>	<u>33,000</u>	<u>-</u>	<u>(33,000)</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, 2014

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	<u>2014</u>	<u>2013</u>
Governmental funds capital assets:		
Land	\$ 1,842,711	\$ 1,842,711
Buildings	125,105,118	110,643,396
Machinery and equipment	23,288,196	22,930,402
Construction in progress	62,141	14,727,100
Total governmental funds capital assets	<u>\$ 150,298,166</u>	<u>\$ 150,143,609</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 150,298,166	\$ 150,143,609
Total governmental funds capital assets	<u>\$ 150,298,166</u>	<u>\$ 150,143,609</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Schedule by Function and Activity  
 June 30, 2014

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Education:					
Schools	\$ 1,842,711	\$ 125,105,118	\$ 23,288,196	\$ 62,141	\$ 150,298,166
Total governmental funds capital assets	<u>\$ 1,842,711</u>	<u>\$ 125,105,118</u>	<u>\$ 23,288,196</u>	<u>\$ 62,141</u>	<u>\$ 150,298,166</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, 2014

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets July 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>Governmental Funds Capital Assets June 30, 2014</b>
Education:					
Schools	\$ 150,143,609	\$ 925,966	\$ -	\$ (771,409)	\$ 150,298,166
Total governmental funds capital assets	<u>\$ 150,143,609</u>	<u>\$ 925,966</u>	<u>\$ -</u>	<u>\$ (771,409)</u>	<u>\$ 150,298,166</u>

Statement of Changes in Net Position - Agency Fund  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2014

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2014</b>
<b><u>School Activity Funds</u></b>				
Assets:				
Cash and temporary investments	\$ 1,777,462	\$ 4,015,785	\$ 3,814,036	\$ 1,979,211
Total assets	<u>\$ 1,777,462</u>	<u>\$ 4,015,785</u>	<u>\$ 3,814,036</u>	<u>\$ 1,979,211</u>
Liabilities:				
Collections held in trust	\$ 1,777,462	\$ 4,015,785	\$ 3,814,036	\$ 1,979,211
Total liabilities	<u>\$ 1,777,462</u>	<u>\$ 4,015,785</u>	<u>\$ 3,814,036</u>	<u>\$ 1,979,211</u>

## **SUPPORTING SCHEDULES**

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property tax	\$ 33,865,500	\$ 36,328,000	\$ 35,856,020	\$ (471,980)
Real and personal public service corporation tax	1,453,000	1,559,000	1,632,201	73,201
Personal property tax	9,045,000	9,640,000	9,594,029	(45,971)
Mobile home tax	171,000	173,000	193,452	20,452
Machinery and tools tax	3,252,000	3,295,000	3,312,397	17,397
Penalties	315,000	375,000	384,884	9,884
Interest	240,000	350,000	426,037	76,037
Total general property taxes	\$ 48,341,500	\$ 51,720,000	\$ 51,399,020	\$ (320,980)
Other local taxes:				
Local sales and use tax	\$ 4,700,000	\$ 4,850,000	\$ 4,803,575	\$ (46,425)
Consumers' utility tax	1,675,000	1,715,000	1,724,037	9,037
Business license tax	3,200,000	3,200,000	3,488,169	288,169
Utility license tax	270,000	275,000	285,057	10,057
Bank stock tax	220,000	228,000	245,233	17,233
Tax on recordation and wills	630,000	645,000	607,613	(37,387)
Hotel and motel room tax	445,000	470,000	658,423	188,423
Restaurant food tax	2,214,066	2,214,066	2,081,118	(132,948)
Interest on local tax	40,000	45,000	57,200	12,200
Total other local taxes	\$ 13,394,066	\$ 13,642,066	\$ 13,950,425	\$ 308,359
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 55,000	\$ 55,000	\$ 49,174	\$ (5,826)
Land use application fees	20,000	29,000	28,627	(373)
Transfer fees	2,000	2,000	1,918	(82)
Cellular tower fees	9,800	9,800	10,500	700
Permits and other licenses	431,800	496,800	434,677	(62,123)
Total permits, privilege fees, and regulatory licenses	\$ 518,600	\$ 592,600	\$ 524,896	\$ (67,704)
Fines and forfeitures:				
Court fines and forfeitures	\$ 225,000	\$ 200,800	\$ 191,766	\$ (9,034)
Dog violation fines	15,000	15,000	16,320	1,320
Total fines and forfeitures	\$ 240,000	\$ 215,800	\$ 208,086	\$ (7,714)
Revenue from use of money and property:				
Revenue from use of money	\$ 186,550	\$ 187,300	\$ 173,644	\$ (13,656)
Revenue from use of property	340,100	361,000	363,984	2,984
Total revenue from use of money and property	\$ 526,650	\$ 548,300	\$ 537,628	\$ (10,672)
Charges for services:				
Excess fees of clerk	\$ 34,000	\$ 25,000	\$ 13,659	\$ (11,341)
Charges for law enforcement and traffic control	7,600	7,600	7,761	161
Charges for courthouse maintenance	80,000	80,000	73,896	(6,104)
Treasurer's collection fees	83,000	88,000	96,282	8,282
Concealed weapons permits	25,000	40,000	39,544	(456)
Courthouse security fees	130,000	130,000	124,057	(5,943)
Charges for Commonwealth's Attorney	7,000	7,000	6,858	(142)
Miscellaneous jail and inmate fees	15,000	15,000	7,512	(7,488)
Charges for sanitation and waste removal	1,000,000	1,000,000	1,092,513	92,513
Charges for parks and recreation	431,500	408,000	365,391	(42,609)
Charges for after school programs	307,000	307,000	288,984	(18,016)
Charges for day care	108,000	100,000	86,494	(13,506)
Charges for library	17,300	15,300	12,040	(3,260)
EMS transport service	1,100,000	1,160,000	1,235,079	75,079
Total charges for services	\$ 3,345,400	\$ 3,382,900	\$ 3,450,070	\$ 67,170

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 79,000	\$ 117,000	\$ 99,808	\$ (17,192)
Repayment of loans from fire companies	156,150	163,000	162,947	(53)
Total miscellaneous revenue	\$ 235,150	\$ 280,000	\$ 262,755	\$ (17,245)
Recovered costs:				
Fiscal agent fees-MRRJ	\$ 85,540	\$ 85,540	\$ 85,539	\$ (1)
Juvenile and domestic relations court costs	7,300	6,900	6,885	(15)
Other recovered costs	65,580	69,100	77,034	7,934
Total recovered costs	\$ 158,420	\$ 161,540	\$ 169,458	\$ 7,918
Total revenue from local sources	\$ 66,759,786	\$ 70,543,206	\$ 70,502,338	\$ (40,868)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 88,000	\$ 92,000	\$ 92,265	\$ 265
Mobile home titling tax	115,000	115,000	110,535	(4,465)
Communications sales and use tax	2,600,000	2,550,000	2,514,507	(35,493)
Timber sales	2,000	2,000	23,202	21,202
Motor vehicle rental tax	70,000	70,000	61,395	(8,605)
State recordation tax	175,000	185,000	190,351	5,351
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Total noncategorical aid	\$ 7,346,000	\$ 7,310,000	\$ 7,288,248	\$ (21,752)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 566,000	\$ 549,200	\$ 545,263	\$ (3,937)
Sheriff	2,732,200	2,756,900	2,761,799	4,899
Commissioner of revenue	206,400	207,500	207,398	(102)
Treasurer	160,100	160,100	158,447	(1,653)
Registrar/electoral board	46,500	45,300	46,449	1,149
Clerk of the Circuit Court	428,800	429,800	427,871	(1,929)
Total shared expenses	\$ 4,140,000	\$ 4,148,800	\$ 4,147,227	\$ (1,573)
Other categorical aid:				
Emergency medical services	\$ 78,000	\$ 79,000	\$ 80,592	\$ 1,592
Department of health - fire instructional grant	5,000	5,000	5,839	839
Litter control grant	16,600	17,900	17,869	(31)
Library grant	157,960	157,960	157,960	-
Grant for restoration of records	25,000	-	-	-
Victim-witness grant	71,920	71,920	71,746	(174)
Performing arts grant	5,000	5,000	5,000	-
Fireman's insurance fund	203,000	217,700	218,721	1,021
Technology trust fund	45,000	45,000	23,788	(21,212)
Seized funds	10,000	76,000	19,802	(56,198)
Saturation patrol grant	-	6,400	4,968	(1,432)
E-911 wireless funding	136,000	140,000	145,173	5,173
Spay and neuter funds	2,000	2,100	2,093	(7)
Total other categorical aid	\$ 755,480	\$ 823,980	\$ 753,551	\$ (70,429)
Total categorical aid	\$ 4,895,480	\$ 4,972,780	\$ 4,900,778	\$ (72,002)
Total revenue from the Commonwealth	\$ 12,241,480	\$ 12,282,780	\$ 12,189,026	\$ (93,754)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014 (Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Intergovernmental Revenues: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 272,000	\$ 290,000	\$ 290,354	\$ 354
Categorical aid:				
DMV ground transportation safety grant	\$ 35,000	\$ 35,000	\$ 32,348	\$ (2,652)
Domestic violence grant	31,020	31,020	31,020	-
Sane grant	18,500	16,900	14,181	(2,719)
Seized funds	-	-	55,883	55,883
DEQ royalty grant	-	1,000	957	(43)
Justice assistance grant	5,000	40,000	25,089	(14,911)
Bulletproof vest partnership grant	-	-	4,594	4,594
Homeland security grant	1,052,500	1,100,000	1,060,072	(39,928)
FEMA disaster relief	-	-	3,379	3,379
Stormwater program development grant	-	21,580	9,620	(11,960)
Total categorical aid	\$ 1,142,020	\$ 1,245,500	\$ 1,237,143	\$ (8,357)
Total revenue from the federal government	\$ 1,414,020	\$ 1,535,500	\$ 1,527,497	\$ (8,003)
Total intergovernmental revenues	\$ 13,655,500	\$ 13,818,280	\$ 13,716,523	\$ (101,757)
Total General Fund	\$ 80,415,286	\$ 84,361,486	\$ 84,218,861	\$ (142,625)
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 157,404	\$ 158,778	\$ 153,074	\$ (5,704)
Recovered costs:				
City of Staunton, Virginia	\$ 570,031	\$ 570,031	\$ 570,031	\$ -
City of Waynesboro, Virginia	565,887	565,887	565,887	-
Total recovered costs	\$ 1,135,918	\$ 1,135,918	\$ 1,135,918	\$ -
Total revenue from local sources	\$ 1,293,322	\$ 1,294,696	\$ 1,288,992	\$ (5,704)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 3,096,171	\$ 3,123,193	\$ 3,011,003	\$ (112,190)
Other grants and programs	132,465	132,465	132,464	(1)
Comprehensive Services Act program	2,157,000	2,275,000	2,209,098	(65,902)
Total categorical aid	\$ 5,385,636	\$ 5,530,658	\$ 5,352,565	\$ (178,093)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,693,858	\$ 5,743,552	\$ 5,537,233	\$ (206,319)
Comprehensive Services Act program	-	-	257,659	257,659
Total categorical aid	5,693,858	5,743,552	5,794,892	51,340
Total revenue from the federal government	\$ 5,693,858	\$ 5,743,552	\$ 5,794,892	\$ 51,340
Total intergovernmental revenues	\$ 11,079,494	\$ 11,274,210	\$ 11,147,457	\$ (126,753)
Total Virginia Public Assistance Fund	\$ 12,372,816	\$ 12,568,906	\$ 12,436,449	\$ (132,457)



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014 (Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (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	\$ 25,935	\$ 25,935	\$ 25,934	\$ (1)
Total other local taxes	\$ 25,935	\$ 25,935	\$ 25,934	\$ (1)
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 7,000	\$ 6,625	\$ (375)
Revenue from the use of property	2,500	2,500	4,171	1,671
Total revenue from use of money and property	\$ 2,500	\$ 9,500	\$ 10,796	\$ 1,296
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 236,450	\$ 423,498	\$ 187,048
Total miscellaneous revenue	\$ -	\$ 236,450	\$ 423,498	\$ 187,048
Recovered costs:				
Other recovered costs	\$ 16,800	\$ 71,200	\$ 184,407	\$ 113,207
Total recovered costs	\$ 16,800	\$ 71,200	\$ 184,407	\$ 113,207
Total revenue from local sources	\$ 45,235	\$ 343,085	\$ 644,635	\$ 301,550
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of conservation grant	\$ -	\$ 174,000	\$ 625,803	\$ 451,803
Department of fire programs training grant	-	-	35,708	35,708
Hazardous Material Grant	10,000	10,000	10,000	-
Rescue squad assistance fund grant	106,500	133,000	38,661	(94,339)
Reimbursement Department of Transportation	5,032,000	6,040,000	4,852,233	(1,187,767)
Commonwealth Governor Opportunity Funds	-	300,000	250,000	(50,000)
Virginia Water Facilities Revolving Fund	525,000	526,690	372,552	(154,138)
Total categorical aid	\$ 5,673,500	\$ 7,183,690	\$ 6,184,957	\$ (998,733)
Revenue from the federal government:				
Categorical aid:				
Homeland security grant, regional radio communications	\$ 475,000	\$ 588,000	\$ 150,000	\$ (438,000)
Hazardous material grant	-	15,000	13,192	(1,808)
Emergency planning grant	-	15,000	6,421	(8,579)
Transportation enhancement	125,000	534,000	543,608	9,608
Total categorical aid	\$ 600,000	\$ 1,152,000	\$ 713,221	\$ (438,779)
Total intergovernmental revenues	\$ 6,273,500	\$ 8,335,690	\$ 6,898,178	\$ (1,437,512)
Total County Capital Improvements Fund	\$ 6,318,735	\$ 8,678,775	\$ 7,542,813	\$ (1,135,962)
<b>School Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 1,400	\$ 1,041	\$ (359)
Total revenue from use of money and property	\$ -	\$ 1,400	\$ 1,041	\$ (359)
Miscellaneous revenue:				
Other miscellaneous	\$ 13,081	\$ 78,113	\$ 70,076	\$ (8,037)
Total miscellaneous revenue	\$ 13,081	\$ 78,113	\$ 70,076	\$ (8,037)
Total revenue from local sources	\$ 13,081	\$ 79,513	\$ 71,117	\$ (8,396)
Total School Capital Improvements Fund	\$ 13,081	\$ 79,513	\$ 71,117	\$ (8,396)
Total Primary Government	\$ 99,119,918	\$ 105,688,680	\$ 104,269,240	\$ (1,419,440)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014 (Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 31,950	\$ 31,600	\$ 30,180	\$ (1,420)
Total revenue from use of money and property	\$ 31,950	\$ 31,600	\$ 30,180	\$ (1,420)
Charges for services:				
Charges for education	\$ 352,406	\$ 361,818	\$ 345,702	\$ (16,116)
Tuition and payments from other divisions	679,753	271,927	208,504	(63,423)
Total charges for services	\$ 1,032,159	\$ 633,745	\$ 554,206	\$ (79,539)
Miscellaneous revenue:				
Other miscellaneous	\$ 541,876	\$ 1,010,363	\$ 602,199	\$ (408,164)
Total revenue from local sources	\$ 1,605,985	\$ 1,675,708	\$ 1,186,585	\$ (489,123)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 36,158,049	\$ 36,158,049	\$ 36,387,883	\$ 229,834
Total revenues from local governments	\$ 36,158,049	\$ 36,158,049	\$ 36,387,883	\$ 229,834
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,900,000	\$ 10,850,000	\$ 10,693,426	\$ (156,574)
Basic school aid	26,864,744	27,078,036	27,180,074	102,038
Regular foster care	93,869	64,691	81,152	16,461
Adult secondary education	84,548	84,854	86,517	1,663
Gifted and talented	300,487	302,099	302,678	579
Remedial education	614,039	617,333	618,515	1,182
Special education	1,064,769	1,070,482	1,072,532	2,050
Textbook payment	586,146	589,291	590,419	1,128
Standards of learning-project graduation	-	31,501	26,925	(4,576)
Vocational standards of quality payments	1,332,594	1,339,745	1,342,310	2,565
Vocational adult education	21,087	19,735	19,274	(461)
Social security fringe benefits	1,587,355	1,595,872	1,598,928	3,056
Retirement fringe benefits	2,645,592	2,659,787	2,664,880	5,093
Group life insurance instructional	97,985	98,511	98,699	188
Compensation supplement	615,246	618,501	619,681	1,180
Early reading intervention	113,414	167,136	167,136	-
Homebound education	21,885	24,783	24,783	-
Regional program tuition	750,500	715,519	615,614	(99,905)
Vocational education - equipment	29,077	28,885	29,345	460
Vocational occupational preparedness	177,727	187,771	164,028	(23,743)
Mentor teacher program	8,585	8,585	8,405	(180)
Special education - foster children	56,671	75,353	59,029	(16,324)
At risk payments	456,715	459,082	460,029	947
Primary class size	876,022	866,091	866,091	-
Technology	596,000	570,000	570,000	-
Standards of Learning algebra readiness	95,693	95,787	95,787	-
At risk four-year olds	569,746	569,746	569,746	-
English as a second language	115,137	113,237	113,237	-
Additional retirement inflation - preschool	485,749	485,749	485,749	-
Other state funds	58,199	134,390	139,007	4,617
Total categorical aid	\$ 51,219,581	\$ 51,522,552	\$ 51,363,996	\$ (158,556)
Total revenue from the Commonwealth	\$ 51,219,581	\$ 51,522,552	\$ 51,363,996	\$ (158,556)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2014 (Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
<b>Intergovernmental revenues: (continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 161,466	\$ 161,466	\$ 163,089	\$ 1,623
Adult literacy	160,013	-	-	-
Title I	1,300,269	1,408,918	1,213,628	(195,290)
Title VI-B, special education flow-through	2,561,941	2,399,732	2,069,219	(330,513)
Vocational education	130,594	156,983	135,568	(21,415)
Title VI-B, special education pre-school	61,037	45,640	44,280	(1,360)
Language acquisition	23,572	25,038	19,846	(5,192)
Title II Part A	281,669	271,796	275,533	3,737
Advanced placement	-	1,125	1,125	-
ITCV grant	52,807	77,040	77,033	(7)
Longitudinal data system grant	-	32,307	-	(32,307)
Total categorical aid	<u>\$ 4,733,368</u>	<u>\$ 4,580,045</u>	<u>\$ 3,999,321</u>	<u>\$ (580,724)</u>
Total intergovernmental revenue	<u>\$ 92,110,998</u>	<u>\$ 92,260,646</u>	<u>\$ 91,751,200</u>	<u>\$ (509,446)</u>
Total School Operating Fund	<u>\$ 93,716,983</u>	<u>\$ 93,936,354</u>	<u>\$ 92,937,785</u>	<u>\$ (998,569)</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 14,000</u>	<u>\$ 7,000</u>	<u>\$ 5,114</u>	<u>\$ (1,886)</u>
Charges for services:				
Cafeteria sales	<u>\$ 2,247,160</u>	<u>\$ 1,990,644</u>	<u>\$ 1,937,973</u>	<u>\$ (52,671)</u>
Total revenue from local sources	<u>\$ 2,261,160</u>	<u>\$ 1,997,644</u>	<u>\$ 1,943,087</u>	<u>\$ (54,557)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	<u>\$ 83,874</u>	<u>\$ 72,361</u>	<u>\$ 73,854</u>	<u>\$ 1,493</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	<u>\$ 2,322,000</u>	<u>\$ 2,240,000</u>	<u>\$ 2,328,252</u>	<u>\$ 88,252</u>
USDA donated food	<u>-</u>	<u>-</u>	<u>329,447</u>	<u>329,447</u>
Total categorical aid	<u>\$ 2,322,000</u>	<u>\$ 2,240,000</u>	<u>\$ 2,657,699</u>	<u>\$ 417,699</u>
Total revenue from the federal government	<u>\$ 2,322,000</u>	<u>\$ 2,240,000</u>	<u>\$ 2,657,699</u>	<u>\$ 417,699</u>
Total intergovernmental revenue	<u>\$ 2,405,874</u>	<u>\$ 2,312,361</u>	<u>\$ 2,731,553</u>	<u>\$ 419,192</u>
Total School Cafeteria Fund	<u>\$ 4,667,034</u>	<u>\$ 4,310,005</u>	<u>\$ 4,674,640</u>	<u>\$ 364,635</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>Head Start Fund:</b>				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ -	\$ -	\$ 771	\$ 771
Total revenues from local governments	\$ -	\$ -	\$ 771	\$ 771
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 2,123,035	\$ 2,100,457	\$ 1,926,500	\$ (173,957)
Total categorical aid	\$ 2,123,035	\$ 2,100,457	\$ 1,926,500	\$ (173,957)
Total revenue from the federal government	\$ 2,123,035	\$ 2,100,457	\$ 1,926,500	\$ (173,957)
Total intergovernmental revenue	\$ 2,123,035	\$ 2,100,457	\$ 1,927,271	\$ (173,186)
Total Head Start Fund	\$ 2,123,035	\$ 2,100,457	\$ 1,927,271	\$ (173,186)
<b>Governor's School Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 750,885	\$ 770,619	\$ 780,563	\$ 9,944
Total charges for services	\$ 750,885	\$ 770,619	\$ 780,563	\$ 9,944
Miscellaneous revenue:				
Other miscellaneous	\$ 10,000	\$ 10,000	\$ 5,177	\$ (4,823)
Total miscellaneous revenue	\$ 10,000	\$ 10,000	\$ 5,177	\$ (4,823)
Total revenue from local sources	\$ 760,885	\$ 780,619	\$ 785,740	\$ 5,121
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ -	\$ -	\$ 49,978	\$ 49,978
Total revenues from local governments	\$ -	\$ -	\$ 49,978	\$ 49,978
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 503,525	\$ 509,009	\$ 511,636	\$ 2,627
Technology funds	26,000	26,000	26,000	-
Total categorical aid	\$ 529,525	\$ 535,009	\$ 537,636	\$ 2,627
Total revenue from the Commonwealth	\$ 529,525	\$ 535,009	\$ 537,636	\$ 2,627
Total intergovernmental revenue	\$ 529,525	\$ 535,009	\$ 587,614	\$ 52,605
Total Governor's School Fund	\$ 1,290,410	\$ 1,315,628	\$ 1,373,354	\$ 57,726
Total Discretely Presented Component Unit - School Board	\$ 101,797,462	\$ 101,662,444	\$ 100,913,050	\$ (749,394)

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014

<b>Fund, Function, Activity, and Elements</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 148,045	\$ 151,285	\$ 139,188	\$ 12,097
General and financial administration:				
County administrator	\$ 536,155	\$ 552,940	\$ 543,795	\$ 9,145
Personnel	181,520	211,725	213,126	(1,401)
Legal services	203,095	211,400	224,213	(12,813)
Commissioner of revenue	804,165	842,760	831,646	11,114
Reassessment office	184,600	160,360	156,102	4,258
Treasurer	530,925	549,275	541,244	8,031
Central accounting	362,550	377,110	375,473	1,637
Management information systems	620,830	628,050	617,622	10,428
Other general and financial administration	1,036,720	504,200	495,856	8,344
Total general and financial administration	\$ 4,460,560	\$ 4,037,820	\$ 3,999,077	\$ 38,743
Board of elections:				
Electoral board and officials	\$ 220,640	\$ 224,680	\$ 204,330	\$ 20,350
Total board of elections	\$ 220,640	\$ 224,680	\$ 204,330	\$ 20,350
Total general government administration	\$ 4,829,245	\$ 4,413,785	\$ 4,342,595	\$ 71,190
Judicial administration:				
Courts:				
Circuit court	\$ 97,990	\$ 92,675	\$ 88,211	\$ 4,464
General district court	5,700	5,700	4,955	745
Special magistrates	3,855	4,055	3,521	534
Clerk of the circuit court	763,330	770,720	742,845	27,875
Total courts	\$ 870,875	\$ 873,150	\$ 839,532	\$ 33,618
Commonwealth's attorney:				
Commonwealth's attorney	\$ 938,445	\$ 928,260	\$ 922,644	\$ 5,616
Total commonwealth's attorney	\$ 938,445	\$ 928,260	\$ 922,644	\$ 5,616
Total judicial administration	\$ 1,809,320	\$ 1,801,410	\$ 1,762,176	\$ 39,234
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,496,765	\$ 5,822,845	\$ 5,778,300	\$ 44,545
Emergency operations center	1,565,780	1,589,845	1,524,088	65,757
Total law enforcement and traffic control	\$ 7,062,545	\$ 7,412,690	\$ 7,302,388	\$ 110,302
Fire and rescue services:				
Fire department	\$ 5,421,970	\$ 5,575,240	\$ 5,320,618	\$ 254,622
Volunteer emergency operations	2,067,338	1,956,617	1,785,493	171,124
Fire training center	274,875	287,860	275,039	12,821
Fire revolving fund disbursements	405,000	405,000	107,203	297,797
EMS transport service	655,215	595,015	622,351	(27,336)
Total fire and rescue services	\$ 8,824,398	\$ 8,819,732	\$ 8,110,704	\$ 709,028
Correction and detention:				
Probation and detention	\$ 1,588,776	\$ 1,708,910	\$ 1,705,614	\$ 3,296
Total correction and detention	\$ 1,588,776	\$ 1,708,910	\$ 1,705,614	\$ 3,296

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Inspections:				
Building	\$ 362,665	\$ 377,075	\$ 374,542	\$ 2,533
Total inspections	\$ 362,665	\$ 377,075	\$ 374,542	\$ 2,533
Other protection:				
Animal control	\$ 375,405	\$ 404,645	\$ 405,082	\$ (437)
Drug enforcement funds	98,785	164,070	145,440	18,630
Total other protection	\$ 474,190	\$ 568,715	\$ 550,522	\$ 18,193
Total public safety	\$ 18,312,574	\$ 18,887,122	\$ 18,043,770	\$ 843,352
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 17,000	\$ 17,000	\$ 16,253	\$ 747
Streetlights	116,000	116,000	106,786	9,214
Total maintenance of highways, streets, bridges & sidewalks	\$ 133,000	\$ 133,000	\$ 123,039	\$ 9,961
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,852,875	\$ 1,864,875	\$ 1,868,594	\$ (3,719)
Recycling program	150,750	145,500	141,667	3,833
Total sanitation and waste removal	\$ 2,003,625	\$ 2,010,375	\$ 2,010,261	\$ 114
Maintenance of general buildings and grounds:				
General properties	\$ 1,309,735	\$ 1,330,510	\$ 1,222,740	\$ 107,770
Total maintenance of general buildings and grounds	\$ 1,309,735	\$ 1,330,510	\$ 1,222,740	\$ 107,770
Total public works	\$ 3,446,360	\$ 3,473,885	\$ 3,356,040	\$ 117,845
Health and welfare:				
Health:				
Supplement of local health department	\$ 529,240	\$ 538,490	\$ 538,490	\$ -
Total health	\$ 529,240	\$ 538,490	\$ 538,490	\$ -
Mental health and mental retardation:				
Community services board	\$ 138,350	\$ 138,350	\$ 138,350	\$ -
Total mental health and mental retardation	\$ 138,350	\$ 138,350	\$ 138,350	\$ -
Welfare:				
Valley Education Alliance	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Valley Program for the Aging	15,404	15,404	15,404	-
Coordinated Area Transportation Services	47,900	47,900	47,900	-
Community Centers	11,250	8,750	8,750	-
Verona Food Pantry	39,540	39,540	39,540	-
Lions Sight and Hearing/Oak Grove Theatre	3,040	3,040	3,040	-
CAPSAW	41,650	41,650	41,650	-
Craigs ville personal property	22,390	26,985	26,985	-
Tax relief for the elderly	260,000	260,000	279,881	(19,881)
Total welfare	\$ 442,174	\$ 444,269	\$ 464,150	\$ (19,881)
Total health and welfare	\$ 1,109,764	\$ 1,121,109	\$ 1,140,990	\$ (19,881)

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

<b>Fund, Function, Activity, and Elements</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Over (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	36,158,049	36,158,049	36,438,632	(280,583)
Total education	<u>\$ 36,163,049</u>	<u>\$ 36,163,049</u>	<u>\$ 36,443,632</u>	<u>\$ (280,583)</u>
Parks, recreation and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,503,070	\$ 1,480,720	\$ 1,358,491	\$ 122,229
Total parks and recreation	<u>\$ 1,503,070</u>	<u>\$ 1,480,720</u>	<u>\$ 1,358,491</u>	<u>\$ 122,229</u>
Cultural enrichment:				
Fine Arts Grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total cultural enrichment	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Library:				
Contribution to county library	\$ 1,101,935	\$ 1,130,978	\$ 1,110,744	\$ 20,234
Churchville library	105,105	107,325	106,149	1,176
Total library	<u>\$ 1,207,040</u>	<u>\$ 1,238,303</u>	<u>\$ 1,216,893</u>	<u>\$ 21,410</u>
Total parks, recreation and cultural	<u>\$ 2,720,110</u>	<u>\$ 2,729,023</u>	<u>\$ 2,585,384</u>	<u>\$ 143,639</u>
Community development:				
Planning and community development:				
Community development	\$ 940,415	\$ 921,570	\$ 891,883	\$ 29,687
Tourism development	44,590	49,910	52,829	(2,919)
Economic development	273,154	244,449	235,294	9,155
Contribution to Economic Development Authority	74,000	112,000	95,097	16,903
Total planning and community development	<u>\$ 1,332,159</u>	<u>\$ 1,327,929</u>	<u>\$ 1,275,103</u>	<u>\$ 52,826</u>
Environmental management:				
Contribution to soil and water district	\$ 41,195	\$ 41,195	\$ 41,547	\$ (352)
Other environmental management	38,275	38,100	35,887	2,213
Total environmental management	<u>\$ 79,470</u>	<u>\$ 79,295</u>	<u>\$ 77,434</u>	<u>\$ 1,861</u>
Cooperative extension program:				
Extension office	\$ 104,660	\$ 97,660	\$ 87,470	\$ 10,190
Agricultural development	3,000	10,000	6,734	3,266
Total cooperative extension program	<u>\$ 107,660</u>	<u>\$ 107,660</u>	<u>\$ 94,204</u>	<u>\$ 13,456</u>
Total community development	<u>\$ 1,519,289</u>	<u>\$ 1,514,884</u>	<u>\$ 1,446,741</u>	<u>\$ 68,143</u>
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 124,405	\$ 124,405	\$ 124,405	\$ -
Contingencies	156,890	50,000	13,084	36,916
Total nondepartmental	<u>\$ 281,295</u>	<u>\$ 174,405</u>	<u>\$ 137,489</u>	<u>\$ 36,916</u>
Total General Fund	<u>\$ 70,191,006</u>	<u>\$ 70,278,672</u>	<u>\$ 69,258,817</u>	<u>\$ 1,019,855</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

<b>Fund, Function, Activity, and Elements</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Over (Under)</b>
<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	\$ 7,689,750	\$ 7,807,087	\$ 7,668,901	\$ 138,186
Public assistance	3,199,000	3,199,000	3,109,764	89,236
Comprehensive services	3,300,000	3,500,000	3,772,168	(272,168)
Family resource center	235,000	235,000	11,825	223,175
Total welfare and social services	<u>\$ 14,423,750</u>	<u>\$ 14,741,087</u>	<u>\$ 14,562,658</u>	<u>\$ 178,429</u>
Total health and welfare	<u>\$ 14,423,750</u>	<u>\$ 14,741,087</u>	<u>\$ 14,562,658</u>	<u>\$ 178,429</u>
Total Virginia Public Assistance Fund	<u>\$ 14,423,750</u>	<u>\$ 14,741,087</u>	<u>\$ 14,562,658</u>	<u>\$ 178,429</u>
<b>Debt Service Funds:</b>				
<b>County Debt Service:</b>				
Debt service:				
Principal retirement	\$ 318,162	\$ 46,339	\$ 46,338	\$ 1
Interest and other fiscal charges	75,834	166,900	166,900	-
Total County Debt Service	<u>\$ 393,996</u>	<u>\$ 213,239</u>	<u>\$ 213,238</u>	<u>\$ 1</u>
<b>School Debt Service:</b>				
Debt service:				
Principal retirement	\$ 5,828,591	\$ 5,828,591	\$ 5,828,591	\$ -
Interest and other fiscal charges	2,481,874	2,506,174	2,504,373	1,801
Total School Debt Service	<u>\$ 8,310,465</u>	<u>\$ 8,334,765</u>	<u>\$ 8,332,964</u>	<u>\$ 1,801</u>
Total Debt Service Funds	<u>\$ 8,704,461</u>	<u>\$ 8,548,004</u>	<u>\$ 8,546,202</u>	<u>\$ 1,802</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects expenditures:				
Landfill	\$ -	\$ -	\$ 370,874	\$ (370,874)
County schools	-	380,118	-	380,118
Road construction	7,970,000	9,346,000	8,059,474	1,286,526
Greenville sewer construction project	2,136,000	2,182,700	1,250,964	931,736
Programs	857,800	1,228,059	849,198	378,861
Equipment replacement	645,570	4,445,305	1,596,634	2,848,671
Building renovations and construction	257,960	628,765	200,987	427,778
Economic development	-	344,800	1,272,975	(928,175)
Community contributions	36,324	36,524	91,104	(54,580)
Grants	10,000	25,000	15,882	9,118
Total capital projects	<u>\$ 11,913,654</u>	<u>\$ 18,617,271</u>	<u>\$ 13,708,092</u>	<u>\$ 4,909,179</u>
Total Capital Improvements Fund	<u>\$ 11,913,654</u>	<u>\$ 18,617,271</u>	<u>\$ 13,708,092</u>	<u>\$ 4,909,179</u>
<b>School Capital Improvements Fund:</b>				
Capital projects expenditures:				
WES Renovations	\$ -	\$ 915,147	\$ 254,130	\$ 661,017
Other school projects	-	341,509	189,988	151,521
Building renovations	-	84,363	84,363	-
Total capital projects	<u>\$ -</u>	<u>\$ 1,341,019</u>	<u>\$ 528,481</u>	<u>\$ 812,538</u>
Total School Capital Improvements Fund	<u>\$ -</u>	<u>\$ 1,341,019</u>	<u>\$ 528,481</u>	<u>\$ 812,538</u>
Total Primary Government	<u>\$ 105,232,871</u>	<u>\$ 113,526,053</u>	<u>\$ 106,604,250</u>	<u>\$ 6,921,803</u>



Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

<b>Fund, Function, Activity, and Elements</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
School board	\$ 187,226	\$ 184,028	\$ 151,819	\$ 32,209
Executive administration services	509,230	530,691	571,242	(40,551)
Personnel	284,369	292,153	276,293	15,860
Fiscal services	469,642	514,527	515,912	(1,385)
Data processing services	490,258	420,800	400,033	20,767
Total administration of schools	<u>\$ 1,940,725</u>	<u>\$ 1,942,199</u>	<u>\$ 1,915,299</u>	<u>\$ 26,900</u>
Instruction costs:				
Elementary and secondary schools	\$ 61,691,547	\$ 60,782,633	\$ 60,104,723	\$ 677,910
Guidance services	2,544,325	2,561,344	2,497,320	64,024
Social worker services	460,030	460,017	458,495	1,522
Other instructional costs	1,637,345	1,618,868	1,601,090	17,778
Media services	1,818,488	1,821,142	1,805,221	15,921
Technology services	2,234,374	2,621,794	2,808,278	(186,484)
Office of the principal	5,768,428	6,015,621	5,963,590	52,031
Total instruction costs	<u>\$ 76,154,537</u>	<u>\$ 75,881,419</u>	<u>\$ 75,238,717</u>	<u>\$ 642,702</u>
Operating costs:				
Attendance and health services	\$ 1,297,386	\$ 1,384,839	\$ 1,276,609	\$ 108,230
Pupil transportation	5,412,912	5,778,043	6,026,042	(247,999)
Operation and maintenance of school plant	8,911,423	8,949,854	8,481,118	468,736
Total operating costs	<u>\$ 15,621,721</u>	<u>\$ 16,112,736</u>	<u>\$ 15,783,769</u>	<u>\$ 328,967</u>
Total education	<u>\$ 93,716,983</u>	<u>\$ 93,936,354</u>	<u>\$ 92,937,785</u>	<u>\$ 998,569</u>
Total School Operating Fund	<u><u>\$ 93,716,983</u></u>	<u><u>\$ 93,936,354</u></u>	<u><u>\$ 92,937,785</u></u>	<u><u>\$ 998,569</u></u>
<b>Special Revenue Funds:</b>				
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 4,667,034	\$ 4,310,005	\$ 4,609,981	\$ (299,976)
Total Cafeteria Fund	<u><u>\$ 4,667,034</u></u>	<u><u>\$ 4,310,005</u></u>	<u><u>\$ 4,609,981</u></u>	<u><u>\$ (299,976)</u></u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2014 (Continued)

<b>Fund, Function, Activity, and Elements</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Over (Under)</b>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>Head Start Fund:</b>				
Education:				
Instruction	\$ 1,707,971	\$ 1,682,957	\$ 1,555,276	\$ 127,681
Administration, attendance, and health	321,975	320,362	297,897	22,465
Transportation services	65,580	67,288	65,421	1,867
Operations and maintenance services	27,509	29,850	8,677	21,173
Total education	<u>\$ 2,123,035</u>	<u>\$ 2,100,457</u>	<u>\$ 1,927,271</u>	<u>\$ 173,186</u>
Total Head Start Fund	<u>\$ 2,123,035</u>	<u>\$ 2,100,457</u>	<u>\$ 1,927,271</u>	<u>\$ 173,186</u>
<b>Governor's School Fund:</b>				
Education:				
Instruction	\$ 1,289,209	\$ 1,317,428	\$ 1,344,561	\$ (27,133)
Operations and maintenance services	31,200	31,200	28,793	2,407
Total education	<u>\$ 1,320,409</u>	<u>\$ 1,348,628</u>	<u>\$ 1,373,354</u>	<u>\$ (24,726)</u>
Total Governor's School Fund	<u>\$ 1,320,409</u>	<u>\$ 1,348,628</u>	<u>\$ 1,373,354</u>	<u>\$ (24,726)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 101,827,461</u>	<u>\$ 101,695,444</u>	<u>\$ 100,848,391</u>	<u>\$ 847,053</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	
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	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	7 - 10
Debt Capacity	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	11 - 12
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	13 - 14
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These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	15 - 17

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

**COUNTY OF AUGUSTA, VIRGINIA**

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

	Fiscal Year		
	2005	2006	2007
Primary government			
Governmental activities			
Net investment in capital assets	\$ 4,137,028	\$ 18,782,488	\$ 19,304,458
Restricted	407,017	761,648	1,085,858
Unrestricted	47,972,236	37,831,120	48,980,851
Total primary government, governmental activities net assets	\$ 52,516,281	\$ 57,375,256	\$ 69,371,167
Total primary government, governmental activities net position			
Component unit <sup>(2)</sup>			
Component unit - school board			
Net investment in capital assets	\$ 45,782,601	\$ 49,398,261	\$ 53,676,783
Unrestricted (deficit)	1,030,877	995,471	608,705
Total component unit net assets	\$ 46,813,478	\$ 50,393,732	\$ 54,285,488
Total component unit net position			
Total Reporting entity			
Net investment in capital assets	\$ 49,919,629	\$ 68,180,749	\$ 72,981,241
Restricted	407,017	761,648	1,085,858
Unrestricted	49,003,113	38,826,591	49,589,556
Total reporting entity net assets	\$ 99,329,759	\$ 107,768,988	\$ 123,656,655
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.

Table 1

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	\$ 6,505,638	\$ 14,050,950	\$ 6,243,063	\$ 14,785,963
1,332,428	1,135,867	1,496,794	1,442,518	1,700,541	1,803,491	4,534,029
54,562,777	54,560,726	52,255,565	58,132,662	46,866,214	43,862,461	41,015,719
<u>\$ 67,827,526</u>	<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>
\$ 63,146,689	\$ 65,374,681	\$ 67,937,017	\$ 70,147,502	\$ 73,689,709	\$ 79,495,252	\$ 73,843,782
(80,333)	(1,220,695)	(1,329,711)	(1,930,375)	(1,771,091)	(2,760,786)	(3,294,961)
<u>\$ 63,066,356</u>	<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>
\$ 75,079,010	\$ 76,659,515	\$ 81,053,748	\$ 76,653,140	\$ 87,740,659	\$ 85,738,315	\$ 88,629,745
1,332,428	1,135,867	1,496,794	1,442,518	1,700,541	1,803,491	4,534,029
54,482,444	53,340,031	50,925,854	56,202,287	45,095,123	41,101,675	37,720,758
<u>\$ 130,893,882</u>	<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>

**COUNTY OF AUGUSTA, VIRGINIA**

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Primary government:</b>				
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 2,478,683	\$ 4,079,044	\$ 4,311,447	\$ 5,509,093
Judicial administration	2,679,389	1,240,876	1,594,317	1,851,046
Public safety	15,189,283	16,101,838	13,644,513	15,262,308
Public works	5,034,373	6,895,780	5,247,249	5,696,530
Health and welfare	10,821,758	11,961,725	11,680,282	12,994,411
Education	32,680,676	35,060,055	37,298,801	42,733,092
Parks, recreation and cultural	1,956,779	2,375,514	2,501,010	3,291,280
Community development	1,095,394	2,047,389	1,628,788	2,213,214
Interest on long-term debt	2,348,501	2,314,508	2,653,362	3,353,767
Total primary government expenses	<u>\$ 74,284,836</u>	<u>\$ 82,076,729</u>	<u>\$ 80,559,769</u>	<u>\$ 92,904,741</u>
<b>Program Revenues:</b>				
Governmental activities:				
Charges for services:				
General government	\$ 201,308	\$ 38,174	\$ 723,199	\$ 744,154
Judicial administration	358,190	525,703	614,220	433,807
Public safety	1,818,693	1,963,916	50,341	226,257
Public works	1,218,967	1,210,912	2,257,679	1,332,972
Health and welfare	789,387	796,865	188,485	326,113
Parks, recreation and cultural	552,890	564,861	649,233	654,110
Community development	794,058	747,914	-	-
Operating grants and contributions	14,256,910	15,401,030	13,542,540	15,423,055
Capital grants and contributions	2,747,769	2,777,194	2,227,600	2,769,821
Total primary government program revenues	<u>\$ 22,738,172</u>	<u>\$ 24,026,569</u>	<u>\$ 20,253,297</u>	<u>\$ 21,910,289</u>
Total primary government net expense <sup>(1)</sup>	<u>\$ (51,546,664)</u>	<u>\$ (58,050,160)</u>	<u>\$ (60,306,472)</u>	<u>\$ (70,994,452)</u>
<b>General Revenues and Other Changes in Net Position/Assets</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 35,098,887	\$ 36,591,540	\$ 40,998,297	\$ 41,016,853
Local sales and use taxes	4,387,914	4,738,044	4,846,918	5,016,195
Motor vehicle licenses taxes	1,785,822	1,823,862	1,823,630	1,798,392
Consumer utility taxes	2,688,223	3,600,361	4,281,024	4,532,958
Business licenses taxes	2,662,780	2,879,209	3,009,798	3,142,260
Restaurant food taxes	1,990,184	2,128,691	2,255,343	2,294,098
Other local taxes	3,287,426	2,786,138	2,000,072	1,871,161
Unrestricted grants and contributions	5,030,068	5,338,644	5,209,278	5,012,362
Unrestricted revenues from use of money and property	1,461,575	2,263,684	3,554,050	2,817,589
Gain (loss) on disposal of capital assets	-	-	(622,633)	-
Miscellaneous	1,219,120	758,962	475,137	1,948,943
Total primary government	<u>\$ 59,611,999</u>	<u>\$ 62,909,135</u>	<u>\$ 67,830,914</u>	<u>\$ 69,450,811</u>
<b>Change in Net Assets</b>				
Total primary government	<u>\$ 8,065,335</u>	<u>\$ 4,858,975</u>	<u>\$ 7,524,442</u>	<u>\$ (1,543,641)</u>
<b>Change in Net Position</b>				
Total primary government				

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 5,065,770	\$ 4,184,974	\$ 4,692,239	\$ 5,596,300	\$ 6,214,685	\$ 5,826,866
1,842,573	1,757,348	1,708,402	1,679,718	1,763,311	1,772,021
15,832,972	15,364,669	15,980,626	16,383,625	20,223,736	19,778,068
7,711,226	4,314,949	3,612,340	4,913,232	9,779,172	11,849,900
11,340,693	13,092,468	12,853,535	13,531,460	13,600,850	14,576,794
39,022,157	37,563,872	39,017,924	39,414,225	44,657,620	36,151,010
3,604,760	3,029,700	3,488,980	3,686,421	2,908,027	2,613,593
1,944,793	1,777,548	1,575,691	1,987,718	3,607,318	2,703,540
3,445,502	3,058,358	2,771,393	2,506,373	2,575,695	2,314,911
<u>\$ 89,810,446</u>	<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>
\$ 662,395	\$ 570,568	\$ 666,334	\$ 566,517	\$ 612,266	\$ 621,178
371,909	299,426	298,686	238,266	238,047	218,470
237,223	405,743	879,276	831,899	1,180,338	1,497,982
1,111,324	1,149,190	987,779	947,668	947,251	1,092,513
361,690	382,719	352,321	388,108	329,763	153,074
722,807	749,885	722,413	791,546	816,405	752,909
-	-	-	-	-	-
15,777,283	15,052,450	15,042,625	15,109,815	16,026,250	17,285,378
3,241,550	197,886	432,880	1,319,142	5,723,148	7,429,523
<u>\$ 22,486,181</u>	<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>\$ (67,324,265)</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>
\$ 43,396,769	\$ 42,723,198	\$ 44,520,421	\$ 44,920,894	\$ 46,893,968	\$ 51,900,224
4,477,956	4,384,864	4,493,294	4,532,643	4,823,327	4,803,575
55,167	-	-	-	-	-
4,278,675	4,295,733	4,298,171	4,236,210	4,272,272	1,724,037
3,141,510	2,655,872	3,034,935	3,241,549	3,183,170	3,488,169
2,250,640	2,169,738	2,169,324	2,193,920	2,246,096	2,081,118
1,656,024	1,638,634	1,594,562	1,557,871	1,629,127	1,853,526
4,905,684	4,639,546	4,614,673	4,601,015	4,815,573	7,578,602
1,822,584	883,653	773,458	594,536	509,635	537,628
-	-	-	-	375,088	-
493,157	1,832,444	31,706	164,360	-	818,655
<u>\$ 66,478,166</u>	<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>\$ (846,099)</u>	<u>\$ (112,337)</u>	<u>\$ (788,272)</u>	<u>\$ (3,463,113)</u>		
				<u>\$ (10,708,690)</u>	<u>\$ 6,249,858</u>



**COUNTY OF AUGUSTA, VIRGINIA**

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Component unit <sup>(3)</sup>:</b>				
<b>Expenses:</b>				
School board	\$ 85,722,696	\$ 92,703,329	\$ 103,409,589	\$ 105,239,965
Total component unit expenses	<u>\$ 85,722,696</u>	<u>\$ 92,703,329</u>	<u>\$ 103,409,589</u>	<u>\$ 105,239,965</u>
<b>Program Revenues:</b>				
Charges for services	\$ 3,270,806	\$ 3,321,361	\$ 3,705,206	\$ 3,987,435
Operating grants and contributions	16,463,833	58,263,933	64,709,114	66,916,249
Capital grants and contributions	831,618	851,769	836,049	797,446
Total component unit program revenues	<u>\$ 20,566,257</u>	<u>\$ 62,437,063</u>	<u>\$ 69,250,369</u>	<u>\$ 71,701,130</u>
Total component unit net expense <sup>(1)</sup>	<u>\$ (65,156,439)</u>	<u>\$ (30,266,266)</u>	<u>\$ (34,159,220)</u>	<u>\$ (33,538,835)</u>
<b>General Revenues and Other Changes in Net Position/Assets</b>				
Unrestricted grants and contributions	\$ 67,325,950	\$ 33,404,980	\$ 37,072,203	\$ 41,033,071
Unrestricted revenues from use of money and property	48,680	120,899	152,792	115,541
Miscellaneous	808,522	320,641	825,981	1,171,091
Total component unit	<u>\$ 68,183,152</u>	<u>\$ 33,846,520</u>	<u>\$ 38,050,976</u>	<u>\$ 42,319,703</u>
<b>Change in Net Assets</b>				
Total component unit	<u>\$ 3,026,713</u>	<u>\$ 3,580,254</u>	<u>\$ 3,891,756</u>	<u>\$ 8,780,868</u>
<b>Change in Net Position</b>				
Total component unit				
<b>Total Reporting Entity Change in Net Assets</b>	<u>\$ 11,092,048</u>	<u>\$ 8,439,229</u>	<u>\$ 11,416,198</u>	<u>\$ 7,237,227</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.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 111,389,217	\$ 106,765,743	\$ 101,812,342	\$ 99,494,039	\$ 101,705,922	\$ 110,663,364
<u>\$ 111,389,217</u>	<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>
\$ 4,309,758	\$ 3,969,259	\$ 3,903,726	\$ 3,625,413	\$ 4,216,248	\$ 3,272,742
70,181,095	67,489,090	62,292,979	62,352,796	63,796,761	60,559,006
578,532	813,450	-	-	-	-
<u>\$ 75,069,385</u>	<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>\$ (36,319,832)</u>	<u>\$ (34,493,944)</u>	<u>\$ (35,615,637)</u>	<u>\$ (33,515,830)</u>	<u>\$ (33,692,913)</u>	<u>\$ (46,831,616)</u>
\$ 36,381,838	\$ 35,963,285	\$ 36,461,858	\$ 36,339,862	\$ 38,164,900	\$ 40,795,739
77,666	50,872	52,957	45,453	43,934	35,294
947,958	933,107	710,643	832,006	299,927	607,376
<u>\$ 37,407,462</u>	<u>\$ 36,947,264</u>	<u>\$ 37,225,458</u>	<u>\$ 37,217,321</u>	<u>\$ 38,508,761</u>	<u>\$ 41,438,409</u>
<u>\$ 1,087,630</u>	<u>\$ 2,453,320</u>	<u>\$ 1,609,821</u>	<u>\$ 3,701,491</u>		
				\$ 4,815,848	\$ (5,393,207)
<u>\$ 241,531</u>	<u>\$ 2,340,983</u>	<u>\$ 821,549</u>	<u>\$ 238,378</u>		
				\$ (5,892,842)	\$ 856,651

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
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	4,272,272	-	2,246,096	3,183,170	61,418,833
2012	44,920,894	4,532,643	4,236,210	-	2,193,920	3,241,549	59,125,216
2011	44,520,421	4,493,294	4,298,171	-	2,169,324	3,034,935	58,516,145
2010	42,723,198	4,384,864	4,295,733	-	2,169,738	2,655,872	56,229,405
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
2005	35,098,887	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,613,810

<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 2014, 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)

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 407,017	\$ 741,541	\$ 1,085,858	\$ 1,332,428	\$ 1,135,867
Unreserved	17,598,056	16,263,261	20,592,646	17,289,242	13,363,450
Nonspendable					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	\$ <u>18,005,073</u>	\$ <u>17,004,802</u>	\$ <u>21,678,504</u>	\$ <u>18,621,670</u>	\$ <u>14,499,317</u>
All other governmental funds					
Reserved	\$ 28,523,195	\$ 25,442,249	\$ 34,275,104	\$ 34,894,572	\$ 35,887,286
Unreserved, reported in:					
Capital projects funds	-	-	(7,541,836)	581,874	650,341
Debt services funds	-	-	-	(500)	(500)
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	\$ <u>28,523,195</u>	\$ <u>25,442,249</u>	\$ <u>26,733,268</u>	\$ <u>35,475,946</u>	\$ <u>36,537,127</u>

<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

Fiscal Year				
2010	2011 <sup>(1)</sup>	2012	2013	2014
\$ 1,631,079	\$ -	\$ -	\$ -	\$ -
12,201,976	-	-	-	-
	5,000	143,157	91,255	41,721
-	1,442,518	1,700,541	1,803,492	2,006,339
-	645,660	407,722	747,920	691,504
-	631,426	199,905	203,579	206,303
-	13,416,628	11,940,495	12,319,579	11,986,399
<u>\$ 13,833,055</u>	<u>\$ 16,141,232</u>	<u>\$ 14,391,820</u>	<u>\$ 15,165,825</u>	<u>\$ 14,932,266</u>
\$ 35,477,239	\$ -	\$ -	\$ -	\$ -
644,894	-	-	-	-
-	-	-	-	-
-	6,572,262	5,374,308	4,929,034	2,244,271
-	10,250,894	8,134,044	5,294,761	3,304,648
-	20,820,221	22,294,342	21,750,133	24,831,423
<u>\$ 36,122,133</u>	<u>\$ 37,643,377</u>	<u>\$ 35,802,694</u>	<u>\$ 31,973,928</u>	<u>\$ 30,380,342</u>

# COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Revenues</b>				
General property taxes	\$ 34,616,279	\$ 37,850,345	\$ 40,945,162	\$ 40,856,658
Other local taxes	16,802,349	17,956,305	18,216,785	18,655,064
Permits, privilege fees and regulatory licenses	794,058	765,606	702,238	697,717
Fines and forfeitures	176,852	186,124	224,266	195,626
Revenue from use of money and property	1,445,113	2,224,715	3,498,183	2,766,852
Charges for services	2,307,499	2,456,587	2,521,143	2,824,070
Miscellaneous	1,237,864	742,133	536,046	1,930,812
Recovered costs	2,455,084	2,440,028	1,181,549	848,945
Intergovernmental:				
Commonwealth	16,756,534	17,387,178	14,935,463	17,115,948
Federal	5,287,054	6,129,690	6,043,955	6,089,290
Total revenues	\$ 81,878,686	\$ 88,138,711	\$ 88,804,790	\$ 91,980,982
<b>Expenditures</b>				
General government administration	\$ 3,210,610	\$ 3,237,610	\$ 3,515,136	\$ 4,227,869
Judicial administration	1,117,543	1,268,300	1,502,163	1,885,147
Public safety	14,827,604	15,314,641	13,410,881	14,790,155
Public works	2,515,917	2,886,088	3,034,064	3,144,129
Health and welfare	10,789,063	11,868,923	12,395,465	13,686,090
Education	25,895,416	28,010,867	30,072,708	31,763,370
Parks, recreation and cultural	2,287,135	2,340,685	2,515,714	2,678,852
Community development	1,325,598	1,495,977	1,635,706	1,743,298
Nondepartmental	-	-	-	-
Capital projects	15,182,609	19,805,811	36,605,957	17,424,291
Debt service				
Principal	2,994,266	3,572,479	3,580,578	4,921,853
Interest and other fiscal charges	2,120,675	2,418,547	1,973,221	3,446,208
Total expenditures	\$ 82,266,436	\$ 92,219,928	\$ 110,241,593	\$ 99,711,262
Deficiency of revenues under expenditures	\$ (387,750)	\$ (4,081,217)	\$ (21,436,803)	\$ (7,730,280)
Other financing sources (uses)				
Transfers in	\$ 13,201,991	\$ 22,610,887	\$ 15,973,349	\$ 20,031,363
Transfers out	(13,201,991)	(22,610,887)	(15,973,349)	(20,031,363)
Bonds issued	6,454,481	-	26,610,000	12,729,426
Premium on bonds issued	474,102	-	791,524	686,698
Sale of capital assets	-	-	-	-
Total other financing sources, net	\$ 6,928,583	\$ -	\$ 27,401,524	\$ 13,416,124
Net change in fund balances	\$ 6,540,833	\$ (4,081,217)	\$ 5,964,721	\$ 5,685,844
Debt service as a percentage of noncapital expenditures	7.04%	7.51%	7.00%	9.24%

Table 5

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 42,760,266	\$ 42,548,270	\$ 43,846,031	\$ 44,460,692	\$ 47,584,001	\$ 51,399,020	
15,859,972	15,144,841	15,590,286	15,787,363	16,174,522	13,976,359	
590,168	503,698	570,514	487,988	526,622	524,896	
206,887	237,312	268,311	209,963	239,453	208,086	
1,792,056	876,207	771,283	609,792	544,808	549,465	
2,670,293	2,816,521	3,067,984	3,066,053	3,357,995	3,603,144	
437,853	346,108	418,728	322,129	542,617	756,329	
841,161	952,433	1,138,069	1,267,077	1,476,825	1,489,783	
17,557,521	12,703,348	14,269,074	15,076,076	18,182,170	23,726,548	
6,366,997	7,186,534	5,665,700	5,870,864	8,265,021	8,035,610	
\$ 89,083,174	\$ 83,315,272	\$ 85,605,980	\$ 87,157,997	\$ 96,894,034	\$ 104,269,240	
\$ 4,036,220	\$ 3,343,925	\$ 3,616,106	\$ 4,075,387	\$ 4,625,805	\$ 4,342,595	
1,789,570	1,699,758	1,684,155	1,685,862	1,782,776	1,762,176	
14,791,170	14,011,363	14,505,659	15,098,509	17,314,645	18,043,770	
3,624,473	3,070,550	3,172,573	3,159,713	3,301,565	3,356,040	
14,605,119	13,843,889	13,822,278	14,531,194	14,728,109	15,703,648	
31,884,595	31,615,617	32,297,967	31,821,633	33,822,914	36,443,632	
2,718,695	2,534,024	2,527,128	2,684,847	2,637,783	2,585,384	
1,721,192	1,552,743	1,535,833	1,596,841	1,428,431	1,446,741	
-	-	-	-	204,272	137,489	
7,868,417	4,092,663	7,853,227	15,232,499	18,408,583	14,236,573	
5,400,528	5,332,496	5,327,893	5,802,775	5,739,880	5,874,929	
3,704,367	3,299,500	3,019,293	2,740,438	2,573,576	2,671,273	
\$ 92,144,346	\$ 84,396,528	\$ 89,362,112	\$ 98,429,698	\$ 106,568,339	\$ 106,604,250	
\$ (3,061,172)	\$ (1,081,256)	\$ (3,756,132)	\$ (11,271,701)	\$ (9,674,305)	\$ (2,335,010)	
\$ 16,999,833	\$ 15,170,842	\$ 13,694,038	\$ 16,250,701	\$ 13,458,170	\$ 16,621,651	
(16,999,833)	(15,170,842)	(13,608,485)	(16,250,701)	(13,458,170)	(16,621,651)	
-	-	7,500,000	6,600,000	5,526,186	691,882	
-	-	-	966,694	718,271	-	
-	-	-	-	375,088	-	
\$ -	\$ -	\$ 7,585,553	\$ 7,566,694	\$ 6,619,545	\$ 691,882	
\$ (3,061,172)	\$ (1,081,256)	\$ 3,829,421	\$ (3,705,007)	\$ (3,054,760)	\$ (1,643,128)	
10.16%	10.83%	9.73%	9.70%	8.00%	8.24%	

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
2014	\$ 51,399,020	\$ 4,803,575	\$ 1,724,037	\$ -	\$ 2,081,118	\$ 3,488,169	\$ 63,495,919
2013	47,584,001	4,823,327	4,272,272	-	2,246,096	3,183,170	62,108,866
2012	44,460,692	4,532,643	4,236,210	-	2,193,920	3,241,549	58,665,014
2011	43,846,031	4,493,294	4,298,171	-	2,169,324	3,034,935	57,841,755
2010	42,548,270	4,384,864	4,295,733	-	2,169,738	2,655,872	56,054,477
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
2005	34,616,279	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,131,202

<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 2014, 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>
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%
2005	4,383,324,880	521,161,070	133,732,440	172,866,940	5,211,085,330	0.73	5,726,467,396	91.00%

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 Calendar Years

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Property Tax Rates					
Calendar Years	Real Estate	Personal Property Vehicle	Other	Mobile Homes	Machinery and Tools
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
2005	0.58	1.90	1.90	0.58	1.90

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

COUNTY OF AUGUSTA, VIRGINIA

Table 9

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Business Type	Fiscal Year 2014			Fiscal Year 2005		
		2013 Assessed Valuation	Rank	% of Total Assessed Valuation	2004 Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 173,739,410	1	2.22%	\$ 74,661,030	2	1.43%
Hershey Foods Corporation	Food Manufacturer	103,219,310	2	1.32%	84,036,275	1	1.61%
McKee Baking Company	Food Manufacturer	71,959,380	3	0.92%	70,919,110	3	1.36%
Shenandoah Valley Electric	Public Utility	54,038,180	4	0.69%	35,486,141	5	0.68%
Target Corporation	Distribution Center	43,322,570	5	0.55%	44,273,060	4	0.85%
MeadWestvaco <sup>(1)</sup>	Paper Mfg. Warehouse	26,485,300	6	0.34%	-	-	-
Daikin	Industrial Air Cond. Equip.	26,373,000	7	0.34%	13,194,570	8	0.25%
Hollister, Inc	Medical Supplies Mfg.	23,217,101	8	0.30%	11,509,410	10	0.22%
Nibco, Inc	Copper Pipe Fittings Mfg.	18,133,490	9	0.23%	12,272,901	9	0.24%
Reynolds Metals	Flexible Packaging	15,219,660	10	0.19%	16,377,200	7	0.31%
Verizon	Public Utility	-	-	-	26,477,550	6	0.51%
		<u>\$ 555,707,401</u>		<u>7.10%</u>	<u>\$ 389,207,247</u>		<u>6.96%</u>

Source: Commissioner of Revenue

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

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
2014 <sup>(2)</sup>	\$ 36,970,772	\$ 17,831,060	48.23%	\$ -	\$ 17,831,060	48.23%
2013	47,830,373	46,083,456	96.35%	- <sup>(3)</sup>	46,083,456	96.35%
2012	44,774,638	43,464,667	97.07%	547,491	44,012,158	98.30%
2011	43,112,259	41,527,999	96.33%	813,159	42,341,158	98.21%
2010	42,384,976	41,069,985	96.90%	911,219	41,981,204	99.05%
2009	42,508,211	41,069,985	96.62%	926,477	41,996,462	98.80%
2008	42,260,206	40,234,384	95.21%	786,709	41,021,093	97.07%
2007	39,794,687	38,607,594	97.02%	553,813	39,161,407	98.41%
2006	39,595,968	38,618,690	97.53%	505,819	39,124,509	98.81%
2005	36,798,517	35,259,148	95.82%	498,069	35,757,217	97.17%

Source: Commissioner of Revenue, County Treasurer's office

## Note:

<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 Years	Governmental Activities		Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Revenue Bonds			
2014 \$	54,161,138	\$ 6,171,730	\$ 60,332,868	2.23%	\$ 816
2013	59,989,729	5,526,185	65,515,914	2.42%	886
2012	65,729,609	-	65,729,609	2.44%	892
2011	64,932,384	-	64,932,384	2.53%	883
2010	62,760,277	-	62,760,277	2.56%	851
2009	68,092,773	-	68,092,773	2.89%	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
2005	46,228,785	-	46,228,785	2.23%	671

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 Year</b>		<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value <sup>(2)</sup></b>	<b>Net Bonded Debt per Capita <sup>(1)</sup></b>
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
2005		46,228,785	0.89%	671

<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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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemploy- ment Rate</b>
2014	73,912	\$ 36,597	49.51%	50-54	10,325	4.70%
2013	73,912	36,597	49.51%	50-54	10,415	5.30%
2012	73,658	36,597	49.69%	50-54	10,405	5.90%
2011	73,549	34,918	47.48%	50-54	10,457	6.20%
2010	73,750	33,250	45.08%	45-49	10,515	6.60%
2009	72,020	32,764	45.49%	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%
2005	68,900	30,146	43.75%	40	10,691	2.90%

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 2014			Fiscal Year 2005		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	3.91%	1000+	1	4.11%
Augusta Health	1000+	2	3.91%	1000+	2	4.11%
Hershey Chocolate of Virginia	500-999	3	1.96%	500-999	5	2.05%
McKee Foods Corporation	500-999	4	1.96%	1000+	3	4.11%
Target Corp.	500-999	5	1.96%	500-999	4	2.05%
Daikin McQuay	250-499	6	0.98%			
Hollister, Inc.	250-499	7	0.98%	250-499	9	1.03%
Blue Ridge Community College	250-499	8	0.98%			
County of Augusta	250-499	9	0.98%			
J.B. Hunt Transport	250-499	10	0.98%			
Ply Gem Siding Group (Alcoa Building Products)				250-499	7	1.03%
Western State Hospital				500-999	6	2.05%
American Safety Razor Co, Inc.				250-499	8	1.03%
Augusta Correctional Center				250-499	10	1.03%
Totals-average	<u>7,125</u>		<u>18.57%</u>	<u>8,250</u>		<u>21.57%</u>
Total County Employment	<u>38,361</u>			<u>36,502</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					
	2005	2006	2007	2008	2009	2010
General government	53	48	52	52	50	46
Judicial administration	19	22	22	22	26	26
Public safety						
Sheriffs department (1)	129	85	81	81	76	74
Emergency communication center	18	18	21	20	19	18
Fire & rescue	27	37	44	44	48	47
Building inspections	8	9	9	9	7	7
Animal control	2	2	3	3	3	3
Public works						
General maintenance	21	20	19	18	18	17
Health and welfare						
Department of social services	116	118	121	120	121	129
Culture and recreation						
Parks and recreation	8	9	11	11	10	11
Library	16	16	17	16	17	15
Community development	12	13	13	13	12	12
Economic development	-	-	-	-	-	1
Totals	<u>429</u>	<u>397</u>	<u>413</u>	<u>409</u>	<u>407</u>	<u>406</u>

Source: Individual county departments

(1) Reduction in personnel in 2006 is due to opening of Middle River Regional Jail.

Table 15

Fiscal Year			
2011	2012	2013	2014
46	46	47	46
26	26	23	23
74	74	74	76
19	19	18	18
51	59	80	80
6	6	6	6
3	3	3	3
17	17	17	17
129	129	121	123
11	10	10	10
15	15	15	15
12	12	10	10
1	1	1	2
410	417	425	429

# COUNTY OF AUGUSTA, VIRGINIA

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year				
	2005	2006	2007	2008	2009
Public safety					
Sheriffs department:					
Number of police personnel and officers	131	79	79	81	76
Physical arrests	3,838	5,899	3,975	3,692	3,421
Traffic violations	4,492	5,980	7,000	6,434	6,656
Parking violations	-	-	-	-	-
Fire and rescue:					
Number of calls answered	16,699	16,716	17,974	19,401	17,508
Number of volunteers (1)	882	912	923	1,001	1,003
Number of paid fire personnel and officers	29	37	43	43	48
Building inspections:					
Permits issued	1,458	1,337	1,241	1,117	868
Animal control:					
Number of calls answered	5,007	4,603	4,056	3,866	3,948
Public works					
General maintenance:					
Trucks/vehicles	7	7	7	7	7
Health and welfare					
Department of Social Services:					
Caseload	7,934	8,695	8,734	9,034	9,889
Culture and recreation					
Parks and recreation:					
After-school program participants	306	261	323	377	349
Community development					
Planning:					
Zoning permits issued	597	512	539	598	565
Component Unit - School Board					
Education:					
Number of teachers:					
Instruction	1,079	1,098	1,135	1,140	1,147
Other	442	453	465	478	483
Total	1,521	1,551	1,600	1,618	1,630
Local expenditures per pupil (2)	\$ 2,901	\$ 3,157	\$ 3,299	\$ 3,745	\$ 3,835

Source: Individual county departments

(1) All County funded stations

(2) Includes debt service

Table 16

Fiscal Year				
2010	2011	2012	2013	2014
76	74	74	74	76
2,203	1,935	1,608	1,642	1,865
6,124	5,608	4,079	3,367	3,928
-	-	-	-	28
18,065	17,800	18,093	18,884	17,949
1,006	802	884	890	964
47	51	59	80	81
791	763	780	728	N/A
3,218	2,858	2,884	3,272	N/A
7	7	7	7	7
11,053	12,148	12,153	12,389	12,050
324	300	291	304	289
494	565	525	487	N/A
1,155	1,136	1,111	1,105	1,088
485	481	467	474	478
1,640	1,617	1,578	1,579	1,566
\$ 3,828	\$ 3,887	\$ 3,879	\$ 4,046	\$ 4,357

# COUNTY OF AUGUSTA, VIRGINIA

## Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
General government							
Administration buildings	16	16	16	17	17	17	17
Vehicles	5	5	5	5	5	5	5
Public safety							
Sheriffs department:							
Number of stations	3	3	3	3	3	1	1
Patrol units	59	68	68	79	71	71	71
Other vehicles	18	17	18	10	10	9	11
Fire and rescue:							
Number of fire stations	14	14	14	14	14	14	15
Number of rescue stations	8	8	8	8	8	8	10
Number of apparatus	159	162	161	169	172	177	166
Building inspections:							
Vehicles	5	6	6	6	6	5	5
Animal control:							
Vehicles	2	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	7
Compactor sites	10	10	10	10	10	10	10
Health and welfare							
Department of Social Services:							
Vehicles	17	22	24	24	26	27	27
Culture and recreation							
Parks and recreation:							
Community centers	6	6	6	6	6	6	6
Vehicles	6	8	8	8	8	13	13
Parks	2	2	4	4	4	5	5
Parks acreage	55	55	115	115	115	210	210
Swimming pools	1	1	1	1	1	2	2
Tennis courts (1)	18	18	18	18	18	18	18
Library:							
Vehicles	2	2	2	2	1	1	1
Community development							
Planning:							
Vehicles	4	7	7	7	7	4	4
Economic development:							
Vehicles	-	-	-	-	-	-	-
Component Unit - School Board							
Education:							
Number of schools:							
Elementary	12	12	12	12	12	12	12
Middle	3	3	4	4	4	4	4
High	5	5	5	5	5	5	5

Source: Individual county departments

(1) At high and middle schools.

Table 17

Fiscal Year		
2012	2013	2014
17	17	17
5	5	5
1	1	1
71	72	75
11	17	14
15	15	15
10	12	12
155	159	169
4	3	4
3	3	3
1	1	1
7	7	7
10	10	10
27	28	28
6	6	6
14	15	15
5	5	5
210	210	210
2	2	2
18	18	18
1	1	1
4	4	4
-	-	1
12	12	11
4	4	4
5	5	5

## **COMPLIANCE SECTION**

# County of Augusta, Virginia

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2014

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Headstart program	93.600		\$ 1,926,500
Total Dept. Health & Human Services - direct payments			\$ 1,926,500
Pass Through Payments:			
Administration for Children and Families:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	Not Provided	\$ 19,732
Temporary Assistance to Needy Families (TANF)	93.558	Not Provided	1,249,970
Refugee and Entrant Assistance - State Administered Programs	93.566	Not Provided	6,839
Low Income Home Energy Assistance	93.568	Not Provided	93,090
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575	Not Provided	(1,710)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not Provided	140,858
Child Care and Development Cluster Total			\$ 139,148
Chafee Education and Training Vouchers Program (ETV)	93.599	Not Provided	6,486
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Provided	6,583
Foster Care - Title IV-E	93.658	Not Provided	743,121
Adoption Assistance	93.659	Not Provided	523,706
Social Services Block Grant	93.667	Not Provided	899,549
Chafee Foster Care Independence	93.674	Not Provided	15,758
Children's Health Insurance Program	93.767	Not Provided	35,838
Medical Assistance Program (Title XIX)	93.778	Not Provided	988,782
Total Dept. Health & Human Services - pass-through payments			\$ 4,728,602
Total Department Health and Human Services			\$ 6,655,102
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster Food distribution	10.555	Not Provided	\$ 329,447
Department of Education:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	Not Provided	464,293
National School Lunch Program	10.555	Not Provided	1,863,959
Total Child Nutrition Cluster			\$ 2,657,699
Schools and Roads - Grants to States	10.665	Not Provided	163,089
Department of Social Services:			
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Provided	1,066,290
Total Department of Agriculture - pass-through payments			\$ 3,887,078
Total Department of Agriculture			\$ 3,887,078



**County of Augusta, Virginia**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

<b>Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226		\$ 290,354
Department of the Treasury:			
Direct payments:			
Treasury Forfeiture Fund Program	21.000		\$ 54,507
Department of Justice:			
Direct payments:			
Equitable Sharing Program	16.922		\$ 1,376
Edward Byrne Memorial Justice Assistance Grant Program	16.738		25,088
Bulletproof Vest Partnership Program	16.607		4,594
Total Department of Justice - direct payments			\$ 31,058
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Women (SANE)	16.588	13-I4704VA12	\$ 14,181
Violence Against Women	16.588	13-O3161VA12	7,647
Violence Against Women	16.588	14-P3161VA13	23,373
Total Department of Justice - pass-through payments			\$ 45,201
Total Department of Justice			\$ 76,259
Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
Chesapeake Bay Program	66.466	SWM-2012-P04	\$ 9,620
DEQ Royalty Grants	66.000	Not Provided	957
Total Department of Environmental Quality - pass-through payments			\$ 10,577
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	SC-2014-54005-5253	\$ 674
Alcohol Open Container Requirements	20.607	154AL-2013-53121-4836	11,248
Alcohol Open Container Requirements	20.607	154AL-2014-54004-5252	20,425
Department of Transportation:			
Highway Planning and Construction	20.205	EN08-007-123	543,608
Total Department of Transportation - pass-through payments			\$ 575,955

**County of Augusta, Virginia**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

<b>Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
U.S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
State Homeland Security Program	97.073	EMW-2011-SS-0060	\$ 150,000
State Homeland Security Program	97.073	2012 SHSP	13,192
Staffing for Adequate Fire and Emergency Response	97.083	Not Provided	1,060,072
Emergency Management Performance Grant	97.042	2014 EMPG	6,421
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4072-DR-VA	3,379
Total Department of Homeland Security - pass-through payments			\$ 1,233,064
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	Not Provided	\$ 1,348,720
Special Education Cluster:			
Title VI-B: Special Education-Grants to States	84.027	Not Provided	2,430,423
Title VI-B: Special Education Preschool Grant	84.173	Not Provided	51,574
Total Special Education Cluster			\$ 2,481,997
Career and Technology Education: Basic Grants to States	84.048	Not Provided	\$ 135,568
English Language Acquisition Grants	84.365	Not Provided	19,847
Special Education - Grants for Infants and Families	84.181	Not Provided	77,033
Title II Part A - Improving Teacher Quality	84.367	Not Provided	275,533
Advance Placement Incentive Program	84.330	Not Provided	1,125
Total Department of Education pass-through payments:			\$ 4,339,823
Total Expenditures of Federal Awards			\$ 17,122,719

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, 2014

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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, 2014. 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*, 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		\$ <u>8,035,609</u>
Total primary government		\$ <u>8,035,609</u>
Discretely presented component unit - School Board:		
School operating fund		\$ 3,999,321
School cafeteria fund		2,657,699
Head start fund		<u>1,926,500</u>
Total discretely presented component unit - School Board		\$ <u>8,583,520</u>
Total federal expenditures per basic financial statements		\$ <u>16,619,129</u>
Prior year expenditures not previously reported on the SEFA		
Title I: Grants to Local Educational Agencies	84.010	\$ 135,092
Special Education Cluster:		
Title VI-B: Special Education-Grants to States	84.027	361,205
Title VI-B: Special Education Preschool Grant	84.173	<u>7,293</u>
Special Education Cluster Total		\$ <u>368,498</u>
Total prior year expenditures not previously reported		\$ <u>503,590</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards		\$ <u>17,122,719</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, 2014, 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, 2014.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 that 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*YBMares, LLP*

Harrisonburg, Virginia  
November 25, 2014



**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, 2014. 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.

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*YBMares, LLP*

Harrisonburg, Virginia  
November 25, 2014

**COUNTY OF AUGUSTA, VIRGINIA**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u>      </u> Yes	<u>  √  </u> No
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
20.205	Highway Planning and Construction
<b>Special Education Cluster:</b>	
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
93.659	Adoption Assistance
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs \$513,682

Auditee qualified as low-risk auditee?   √   Yes        No



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

II. FINANCIAL STATEMENT FINDINGS

A. Material Weakness in Internal Control

2014-001: Material Weakness Due to Material Audit Adjustments

Requirement: The year-end financial statements obtained from the County to be audited should be final and free of material misstatement.

Pertaining specifically to recording capital assets, capital assets should be recorded when monies are expended or when donations are received. Capital asset expenditures are expensed in the fund statements, but then shown as a reconciling item on the entity-wide statements. Capital asset donations are shown as a reconciling item on the entity-wide statements. Assets transferred to and from the County and School Board should be recorded when title is transferred.

Pertaining to payroll expenditures, accrual adjustments should be made to record any amounts due to employees and the related fringe benefits owed at year end.

Pertaining to grant revenues, accrual adjustments should be made to record accounts receivable and revenue for all allowable and reimbursable grant expenditures that relate to the prior fiscal year.

Condition: Upon auditing the County's year-end balances, there were instances of material adjustments identified, including entries to restate prior periods; entries to record capital assets that were formerly expensed; entries to record assets that were transferred from the School Board to the County that were not recorded by the County; entries to record payroll accrual amounts; and entries to record accounts receivable and revenue related to grants.

Effect: As noted above, the effect of these transactions misstated prior year total fund balance/net position of the County and School Board. The necessary restatement above was material to the financial statements, and was needed in order to more accurately represent the County's financial position. Failure to record the items noted above is a departure from Governmental Accounting Standards.

Recommendation: We recommend the County continue to use increased levels of due diligence in maintaining proper schedules to support accurate balances. We also recommend the County continue to properly identify and record capital assets, as they are constructed, so as to prevent the occurrence of future restatements. We recommend the recording of capital asset transfers as they occur. We also recommend review of year end accrual entries, including those related to payroll and payroll related expenditures as well as grant receivables and related revenues. This is a necessary practice, in an effort to further ensure more accurate financial reporting.

**COUNTY OF AUGUSTA, VIRGINIA**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**COUNTY OF AUGUSTA, VIRGINIA**

**CORRECTIVE ACTION PLAN  
Year Ended June 30, 2014**

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.

**COUNTY OF AUGUSTA, VIRGINIA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2014**

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