

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

Prepared by

Melissa Meyerhoeffer, Director of Finance

Lora Swortzel, Accountant

Augusta County, Virginia

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016**

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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 28, 2016

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, 2016, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the County of Augusta issue annually a report on its financial position and activity, and this report be audited by an independent firm of certified public accountants.

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

The accounting firm of PBMares, LLP, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This audit was conducted using guidelines set forth by *Government Auditing Standards* and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Based upon this audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2016, 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 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 2015 population was 73,314. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 21% of the jobs in the County. Manufacturing employs approximately 5,500 of 36,000 plus workers in the County's labor force and makes up approximately 3.2% of the total local property taxes. Agriculture is a large portion of the overall economy of the County. Augusta County is one of the top producers of many commodities in the state and this wealth of production overflows into many other industries of the County; including farm equipment manufacturers and dealers, transportation, energy, retail, and the ever growing agritourism business. The unemployment rate for the County decreased from 4.7% in 2015 to 3.5% in 2016. The County's rate remains lower than that of the State's unemployment rate of 4.0% and compares favorably to the national unemployment rate of 5.1%.

In fiscal year 2016, local revenues increased by 5%. The main contributor to this increase was sales and use tax, which was up by 8% over the prior year. This is a good indicator that consumer spending may be gaining from the previous recession. The previous high collection for sales tax was in fiscal year 2008. The County has exceeded this previous high by \$406,000. This trend is in line with the total taxable sales for Augusta County as reported by the Virginia Department of Taxation, which increased by approximately 6.7% over the prior year. The County also realized an increase in general property taxes due to a slight growth in real estate assessments which are up by 1.19% over the previous fiscal year. The County also had a public service corporation complete a large infrastructure upgrade which created an increase in overall taxes received from public service corporations.

□ **Major Initiatives and Goals** □

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

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

During Fiscal Year 2016, the County issued Virginia Public School Authority General Obligation Bonds to finance Phase VI of the Augusta County Schools' Capital Improvement Program which included construction of two new elementary schools and the expansion of one middle school. The two new elementary schools will each be 91,050 square feet and accommodate 750 students in grades Pre-K through fifth providing both instructional and support services. Both facilities will include administrative and core support service areas including principal office, guidance office, media center, cafeteria and dining spaces, remedial and specialized instruction, physical education/recreational use, and separation of bus and parent drop-offs. The new facilities will replace the current Riverheads Elementary School and the current Hugh K. Cassell Elementary School which are more than 40 years old and have failing electrical, mechanical, and plumbing infrastructures. The existing facilities will be demolished once the new facilities are complete. The expansion of Wilson Middle School, which was originally constructed in 2005, will be multiple two-story classroom additions (two additions of two stories each). Wilson Middle School's operating capacity will be increased from 540 to 750 students. The additional space will include nine general classrooms and three science labs with adjacent prep and storage rooms. Financing for the construction projects will be done through two Virginia Public School Authority General Obligation Bond sales. The first issue was completed on April 26, 2016 for \$27,825,000. The second issue is expected to be completed in November 2016 for \$14,285,000. The School Board strives to keep debt service spending within authorized budgeted guidelines through long term planning of school capital projects.

□ Financial Information □

Financial Planning

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. The County has established a Fund Balance policy to maintain an unassigned General Fund balance of no less than two months of General Fund expenditures. Unassigned General Fund balance would provide the County with financial resources to address unforeseen revenue fluctuations, unanticipated expenditures and emergencies, which result in unanticipated budgetary shortfalls. As of June 30, 2016, the County meets this fund balance policy requirement. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements the County has less than the required two months of General Fund operating expenditures by \$1,570,832. The County will consider this requirement as it reviews the fund balance policy and prepares for the fiscal year 2017 revised budget.

Capital Improvement Plan

The Capital Improvement Plan provides a systematic approach to planning and financing capital improvements including future capital facility needs, correlating projects to community goals and growth, eliminating poorly planned expenditures, encouraging cooperation with other governmental units, and facilitation of private sector improvements consistent with the County Comprehensive Plan. As part of the budget process each year the County Administrator proposes a capital improvements plan. Each year, based on the availability of funds and specific general operating revenues, amounts are budgeted as a transfer from the general operating budget to the Capital Improvement Fund. These transfers may vary year to year depending on the anticipation or demand of new projects, the availability of revenues in the General Fund, and year end fund balance surpluses. The County Capital Improvements Fund includes balances assigned to depreciation accounts for future capital replacement costs for fire apparatus, emergency communications equipment, information technology, vehicle replacements, and building capital improvements. It also includes balances assigned to develop and maintain County parks and recreational facilities, infrastructure improvements and economic development initiatives, renovations and improvements to County buildings, and fund support for local organizations capital improvements, such as Blue Ridge Community College and Shenandoah Valley Regional Airport Commission. The Capital Improvement Plan is based on a five year outlook of replacement costs and needs. It anticipates future replacement costs by incorporating an inflationary factor into the original purchase cost and allocating that amount over the life of the capital asset. The Capital Improvement Plan has enabled the County to afford needed projects without bonding the cost. At June 30, 2016, the County had a number of debt issues outstanding related to school construction. These issues totaled \$71,450,958 in general obligation bonds. At June 30, 2016, the County also had revenue bonds for construction of a gravity sewage system, a roadway and bridge construction, and Mill Place water tank outstanding. These issues totaled \$7,262,431.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, money market funds, U.S. Agency Securities, Corporate Debt, and municipal bonds. The yield on investments ranged from 0.55% to 5%. Due to the decrease in rates on bonds and mutual funds, the County revised its investment policy in 2009 to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates have risen slightly with a range of rates of 0.115% to 0.478% in 2016. 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, 2015. This is the eighteenth 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. Timothy K. Fitzgerald, County Administrator, Ms. Jennifer Whetzel, Deputy County Administrator, Mr. Richard T. Homes, Treasurer, Mr. Mark Lotts, School Board Director of Business and Finance, Mr. Jerry Orlando, Shenandoah Valley Department of Social Services, and the members of their staffs. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

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

Sincerely,



Melissa Meyerhoeffer
Director of Finance



Lora Swortzel
Accountant



Government Finance Officers Association

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

Presented to

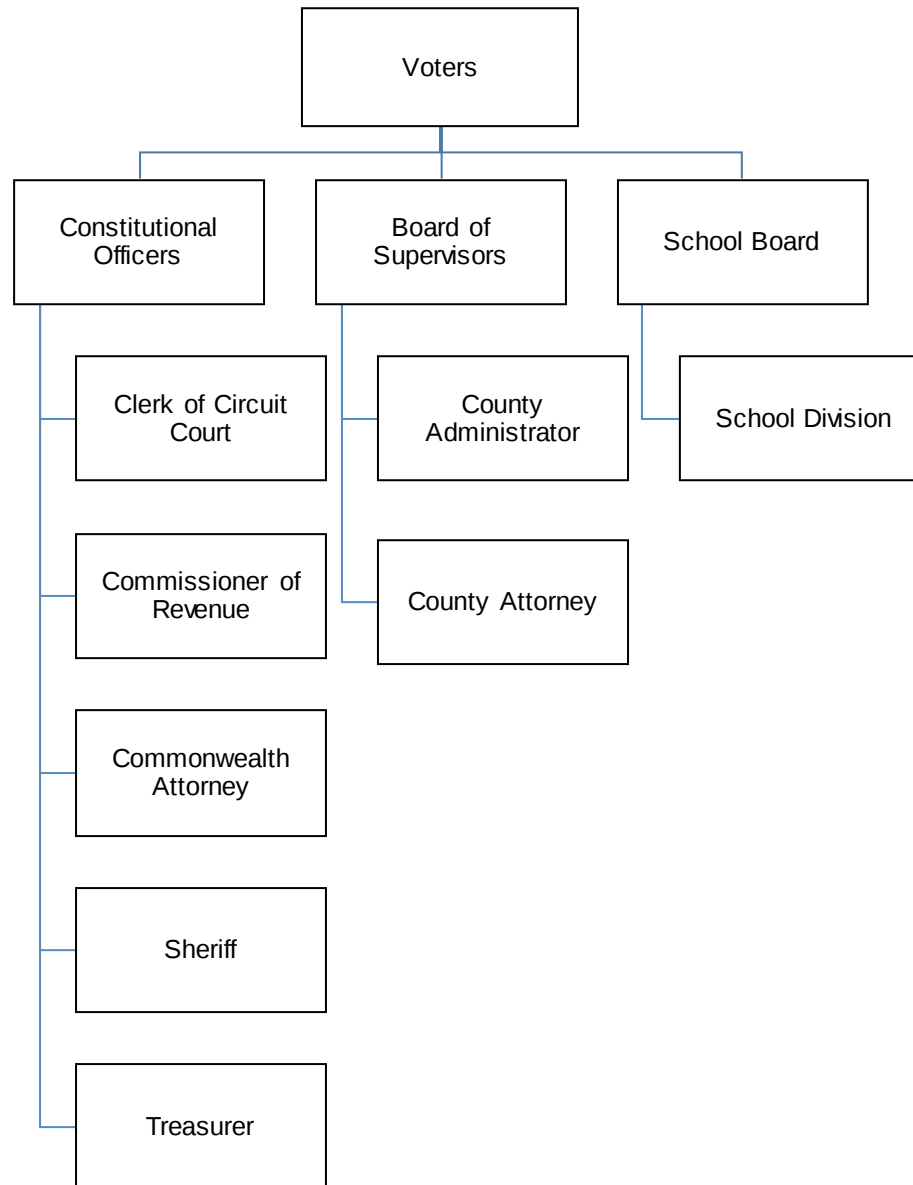
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Virginia**

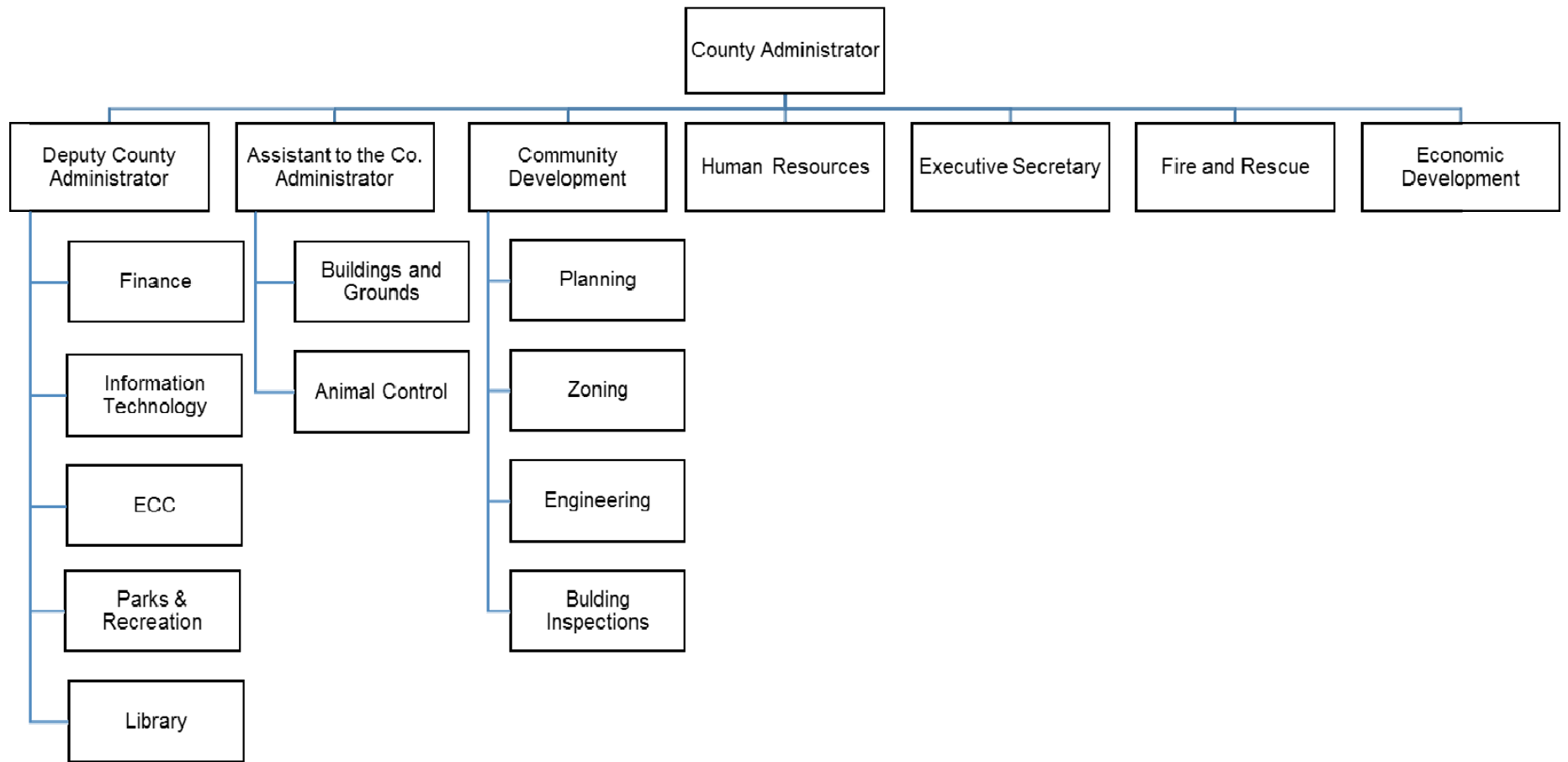
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

County of Augusta, Virginia Organizational Chart





COUNTY OF AUGUSTA, VIRGINIA

BOARD OF SUPERVISORS

Carolyn S. Bragg, Chairman
Tracy C. Pyles, Jr., Vice-Chairman

Wendell L. Coleman
Gerald W. Garber
Terry Lee Kelley, Jr.

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

COUNTY SCHOOL BOARD

David R. Shiflett, Chairman
Timothy R. Quillen, Vice-Chairman

Nicholas T. Collins
John L. Ocheltree, Jr.
Jeremy L. Shiflett

Timothy Z. Swortzel
John M. Ward
Marsha K. Buehner, Clerk

OTHER OFFICIALS

Judges of the Circuit Court Hon. Victor V. Ludwig, Hon. Charles L. Ricketts, III and Hon. Anita D. Filson
Judge of the General District Court.....Hon. William Chapman Goodwin
Judges of the Juvenile & Domestic Court Hon. Laura Dascher, Hon. Linda Jones and Hon. Paul Tucker
Clerk of the General District CourtChristy Hostetter
Clerk of the Juvenile & Domestic CourtTeresa L. Smith
Clerk of the Circuit Court.....Carol M. Brydge
Commonwealth Attorney.....Tim Martin
Commissioner of the Revenue.....W. Jean Shrewsbury
TreasurerRichard T. Homes
Sheriff.....Donald Smith
Superintendent of Schools.....Dr. Eric Bond
Director of Augusta County Service Authority.....Kenneth J. Fanfoni
Director of Social Services.....Anita Harris
General Registrar.....Constance Messick
Chief Building InspectorG.W. Wiseman
Director of Community DevelopmentJohn Wilkinson
Director of Economic Development.....Amanda N. Glover
Director of Information TechnologyJacquelyn A. Zetwick
Director of Parks and Recreation.....Andy Wells
Director of Emergency Operation Center.....Donna J. Good
Chief of Fire and RescueCarson D. Holloway
Maintenance ManagerTony Clements
Library DirectorDiantha McCauley
Human Resources Director.....Faith Souder
County AttorneyPatrick J. Morgan
County AdministratorTimothy K. Fitzgerald
Deputy County AdministratorJennifer M. Whetzel
Assistant to the County Administrator.....Candy Hensley
Director of Finance.....Melissa W. Meyerhoeffer

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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, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 13-23 and 91-99, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 28, 2016

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, 2016. This narrative is to be read in conjunction with the additional information we have furnished in our letter of transmittal which can be found earlier in this report.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$45,932,699 (net position). Of this amount, \$4,559,615 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$(8,136,829) of which \$(96,659,726) is unrestricted. (See Exhibit 1.)
- The County's total net position decreased by \$4,040. The School Board's total net position increased by \$14,572,765. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$105,594,741 and \$110,604,430, respectively, for fiscal year 2016. (See Exhibit 2.)
- Expenses were \$105,598,781 for governmental activities and \$96,031,665 for School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,439,272, or 16.9 percent of the total General Fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2017 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 \$63,253,150, an increase of \$20,763,807 in comparison with the prior year. Approximately 18 percent of this total amount, or \$11,681,306, is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

The Statement of Net Position presents all of the County's permanent accounts, or assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County includes future pension expenses as deferred outflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County includes property taxes receivable, investment land held for sale and projected earnings related to pension plan investments as deferred inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or declining. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The Statement of Activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The Statement of Activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

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

Fund Financial Statements

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

Governmental funds

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

Fiduciary funds

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

Notes to the financial statements

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

Other information

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

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

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Augusta, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,932,699 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>2016</u>	<u>2015</u>
Current and other assets	\$ 119,570,851	\$ 87,821,255
Capital assets, net	63,947,031	69,534,985
Total assets	<u>\$ 183,517,882</u>	<u>\$ 157,356,240</u>
Deferred outflows of resources	<u>\$ 2,322,105</u>	<u>\$ 2,265,275</u>
Long-term liabilities	\$ 87,239,891	\$ 62,888,324
Other liabilities	30,105,507	26,351,620
Total liabilities	<u>\$ 117,345,398</u>	<u>\$ 89,239,944</u>
Deferred inflows of resources	<u>\$ 22,561,890</u>	<u>\$ 24,444,832</u>
Net Position:		
Net investment in capital assets	\$ 14,697,452	\$ 16,731,529
Restricted	26,675,632	3,933,728
Unrestricted	4,559,615	25,271,482
Total net position	<u><u>\$ 45,932,699</u></u>	<u><u>\$ 45,936,739</u></u>

For the County, net investment in capital assets (i.e., land, buildings, machinery, and equipment), represents 32 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 58 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 \$4,559,615 or 10 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

During the current fiscal year, the government's net position decreased by \$4,040.

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

Governmental Activities

Governmental activities decreased the County's net position by \$4,040. Key elements of this decrease are as follows:

County of Augusta's Changes in Net Position

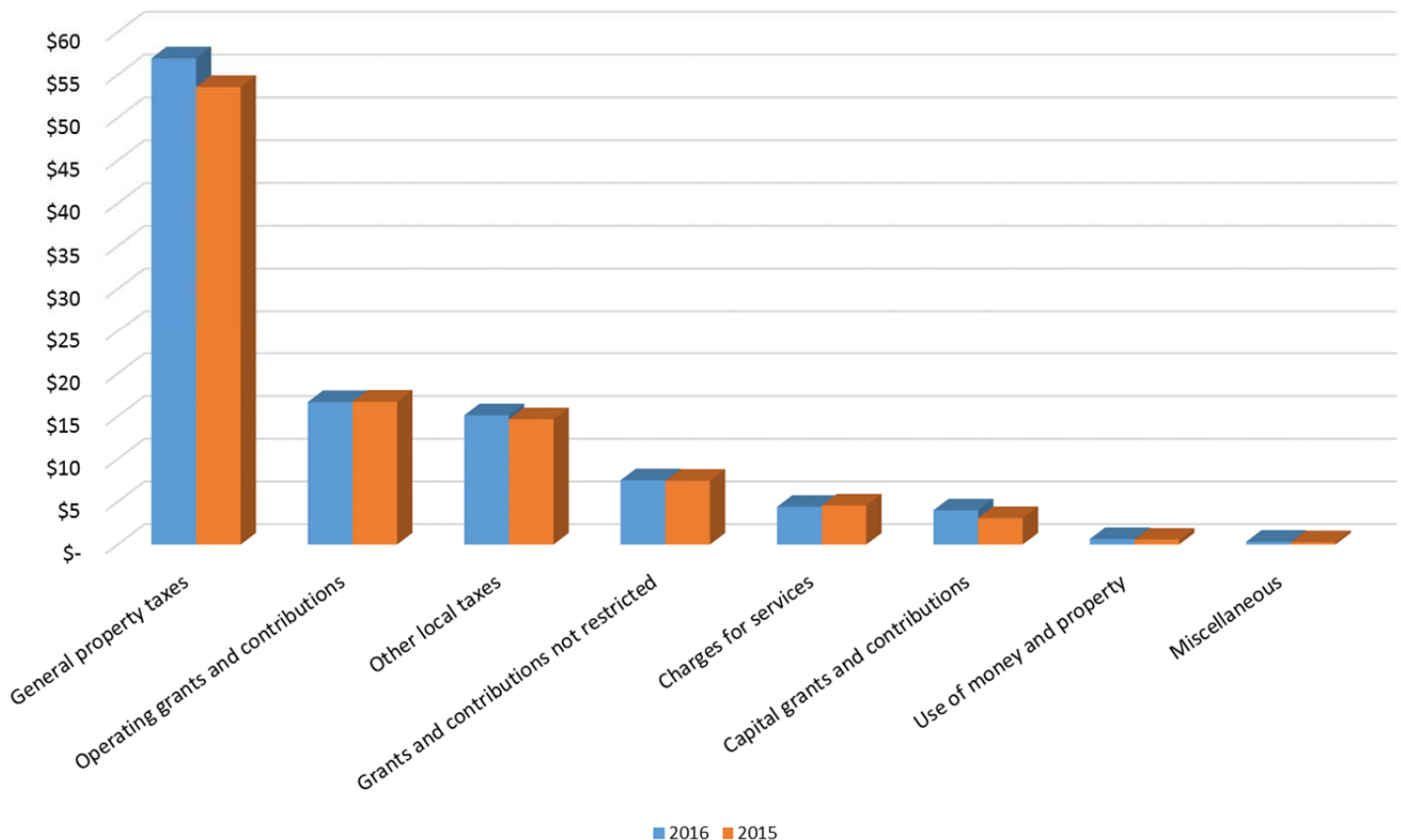
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,404,666	\$ 4,560,846
Operating grants and contributions	16,661,521	16,701,623
Capital grants and contributions	4,009,604	3,084,267
General revenues:		
General property taxes	56,937,887	53,585,755
Other local taxes	15,115,255	14,645,141
Use of money and property	634,230	567,927
Miscellaneous	320,825	270,000
Grants and contributions not restricted to specific programs	7,510,753	7,446,327
Total revenues	<u>\$ 105,594,741</u>	<u>\$ 100,861,886</u>
Expenses:		
General government	\$ 5,499,180	\$ 5,872,140
Judicial administration	1,865,010	1,716,540
Public safety	12,583,559	18,716,024
Public works	7,230,620	6,880,503
Health and welfare	14,668,197	14,725,715
Education	57,310,967	45,818,355
Parks, recreation and cultural	2,821,846	2,771,476
Community development	1,750,061	2,878,735
Interest on long-term debt	1,869,341	2,137,087
Total expenses	<u>\$ 105,598,781</u>	<u>\$ 101,516,575</u>
Decrease in net position	\$ (4,040)	\$ (654,689)
Net position, beginning	<u>45,936,739</u>	<u>46,591,428</u>
Net position, ending	<u>\$ 45,932,699</u>	<u>\$ 45,936,739</u>

Governmental Activities – Revenues

- General property taxes increased by approximately \$3.3 million. This is largely due to realizing the second half of tax collections with an increased tax rate. The tax rate increased for calendar year 2016 from \$0.56 to \$0.58. Public service corporation taxes also increased due to an increase assessment on one public service corporation provider who underwent a major infrastructure upgrade.
- Other local taxes increased by 3%, largely due to an increase in collections of local sales tax. Lodging and meals taxes continue to see growth as well.
- Capital grants and contributions increased over the prior year by approximately \$925,000 or 30%. This is largely due to receiving state and federal funds to offset a dam rehabilitation project.

Governmental Activities - Revenue by Source

Fiscal Years Ended June 30, 2016 and 2015
(\$ in Millions)

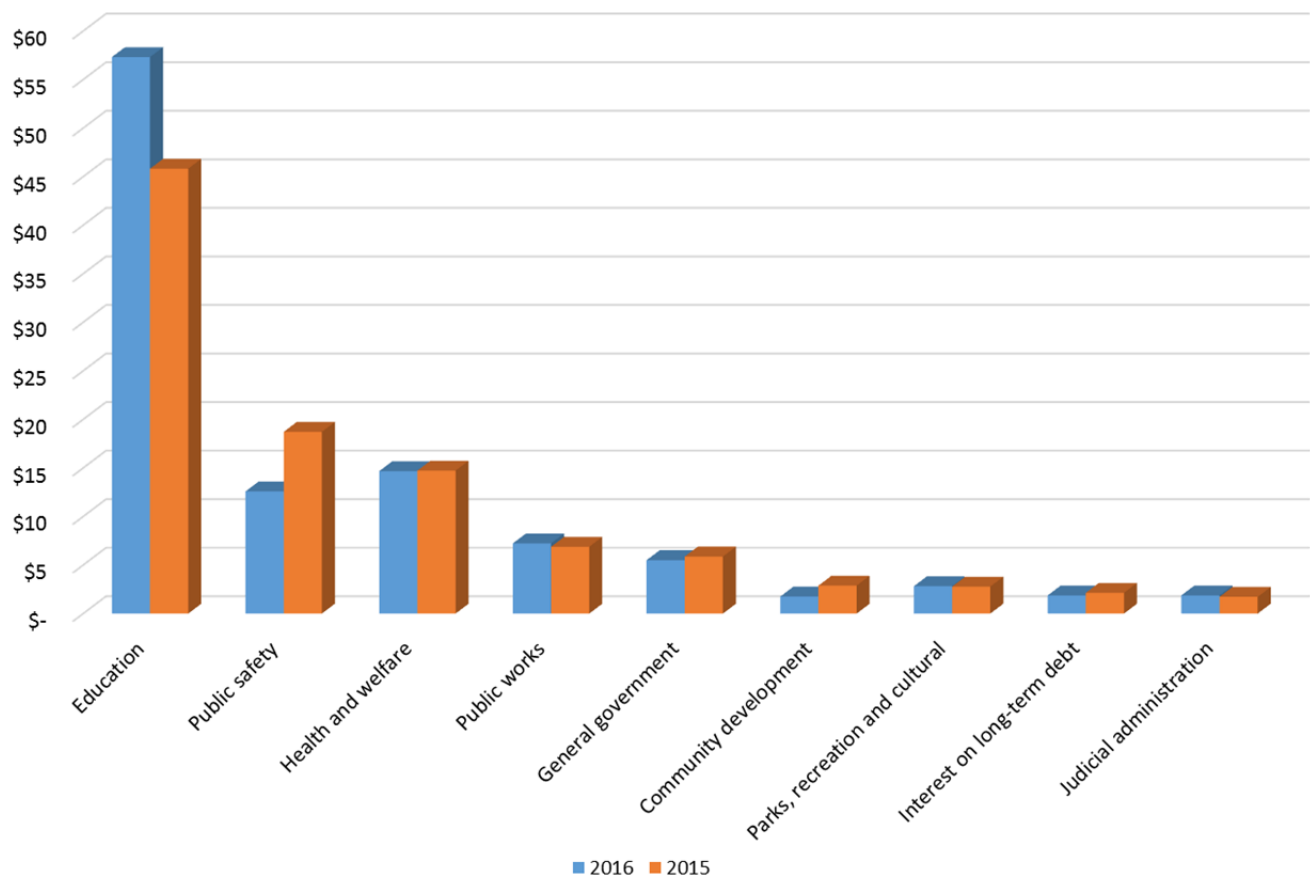


Governmental Activities – Expenses

- Expenses allocated to education were 25% higher in fiscal year 2016 due to construction projects related to building two replacement elementary schools and remodeling a middle school.
- Public safety expenses decreased over the prior year due to recognizing the notes receivable for the addition of new authority members to Middle River Regional Jail Authority.
- Interest on long term debt decreased by approximately 12% from fiscal year 2015. This is due to completion of two outstanding bond issues from 1995 and lower interest rates on current bond issuances.

Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2016 and 2015
(\$ 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 \$63,253,150. Approximately 18 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance falls within the categories of nonspendable, restricted, committed, or assigned. Nonspendable fund balance totals \$106,494 which is inventories and prepaid items reported in the governmental funds. Restricted fund balance includes funds that have been constrained for specific purposes by sources outside the government. Restricted fund balance includes funds received from the state for fire programs, state and federal asset forfeiture funds, and funds recently received from a bond issuance for school construction. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The General Fund is the chief operating fund of the County. As of June 30, 2016, total fund balance of the General Fund was \$16,688,691, of which \$12,439,272 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.9 percent of total General Fund expenditures, which includes transfers to the School Board component unit of \$38,511,372.

The fund balance of the County's General Fund increased by \$842,539 during the current fiscal year. The key factor in this increase was due to an increase in other local taxes collected, particularly locals sales and use tax.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, Debt Service Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2016, total fund balances of these funds were \$0, \$0, \$27,878,879, and \$18,685,580, respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The Debt Service Fund accounts for debt service payments made by the County. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management's Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$322,364 increase. This increase is related to increased costs in public safety related to equipment needed to outfit new personnel funded through a grant. Budgeted revenues increased by \$2,559,880. The increase in budgeted revenues can be attributed to an increase in real estate taxes including public service corporation and an increase in sales and use tax. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2016, is \$63,947,031 (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:

- An increase in public safety equipment for an ambulance (\$179,827) and a defibrillator and monitor (\$32,987).
- Replacement of 12 sheriff vehicles (\$337,641) and purchase of a court service van (\$54,218).
- Switch upgrade for information services (\$50,245) and a new phone system (\$57,591).
- Completion of construction in progress for related equipment for E911 telephone system (\$287,596), Library electronic tracking monitoring system (RFID-\$59,897), and completion of Mill Place Water Tank (\$2,328,636).
- Construction in progress includes an Emergency Communication radio project to update current radio tower equipment (\$664,079) and a new website development (\$37,308).

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

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Land	\$ 5,486,551	\$ 5,486,551
Buildings and system	47,876,760	54,197,755
Machinery and equipment	6,331,649	3,691,795
Land improvements	3,550,684	3,822,893
Construction in progress	701,387	2,335,991
Total	<u>\$ 63,947,031</u>	<u>\$ 69,534,985</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>2016</u>	<u>2015</u>
General obligation bonds	\$ 71,450,958	\$ 48,919,633
Premium on general obligation bonds	4,434,211	2,219,770
Revenue bonds	7,262,431	7,735,108
Premium on revenue bonds	901,141	979,986
Net OPEB obligation	1,580,000	1,396,000
Compensated absences	1,611,150	1,637,827
Total	<u>\$ 87,239,891</u>	<u>\$ 62,888,324</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 2016 was 3.5 percent. The County's rate is slightly better than the state's unemployment rate of 4.0 percent and still compares favorably to the national average rate of 5.1 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, 39 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 1 percent, 49 percent, and 4 percent of total revenues for the General Fund, Virginia Public Assistance, and the School Operating Fund, respectively.
- Investment earnings are subject to changes associated with the U.S. treasury securities because of actions by the Federal Reserve.
- Real Estate tax rates for fiscal year 2017 are \$0.58 per \$100 of assessed value. Personal Property tax rates for autos and motorcycles are \$2.50 per \$100 of assessed value. Other Personal Property tax rates are \$2.50 per \$100 of assessed value for campers, boats, and airplanes and \$2.00 per \$100 assessed valued value for business personal property, large trucks and machinery and tools.

All of these factors were considered in preparing the County's budget for the 2017 fiscal year.

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund expenditures at the close of the fiscal year. As of June 30, 2016, the County meets this fund balance policy requirement. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$1,570,832. The County will consider this requirement as it reviews its fund balance policy and prepares for the fiscal year 2017 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 2017 budget year, although as in 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.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2016

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u> <u>School Board</u>
ASSETS		
Cash and cash equivalents	\$ 28,655,633	\$ 2,578,648
Cash in custody of others	316,103	3,000
Investments	21,918,026	-
Investments - Land held for sell	902,560	-
Receivables (net of allowance for uncollectibles):		
Taxes receivable	24,214,544	-
Accounts receivable	1,865,765	184,808
Notes receivable	7,771,049	-
Due from primary government	-	7,984,359
Due from component unit	322,738	-
Due from other governmental units	3,590,236	4,708,364
Inventories	16,459	-
Prepaid expenses	90,035	-
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents (in custody of others)	24,015,848	-
Equity interest in joint venture	5,891,855	-
Capital assets (net of accumulated depreciation):		
Land	5,486,551	1,573,501
Buildings and system	47,876,760	72,450,050
Machinery and equipment	6,331,649	3,022,760
Land improvement	3,550,684	-
Construction in progress	701,387	11,476,586
Total assets	<u>\$ 183,517,882</u>	<u>\$ 103,982,076</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	<u>\$ 2,322,105</u>	<u>\$ 9,111,496</u>
Total deferred outflows of resources	<u>\$ 2,322,105</u>	<u>\$ 9,111,496</u>
LIABILITIES		
Reconciled overdraft	\$ 1,570,833	\$ 219,854
Accounts payable	4,858,383	6,320,362
Accrued liabilities	784,176	5,320,097
Accrued interest payable	911,201	-
Due to primary government	-	322,738
Due to component unit	7,984,359	-
Unearned revenue	1,096,957	150,984
Deposits held in escrow	1,264,547	-
Net pension liability	11,635,051	94,880,977
Long-term liabilities:		
Due within one year	5,300,625	372,968
Due in more than one year	81,939,266	6,087,791
Total liabilities	<u>\$ 117,345,398</u>	<u>\$ 113,675,771</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 18,895,086	\$ -
Deferred revenue - other	776,916	-
Deferred revenue - land held for sale	902,560	-
Pension plan	1,987,328	7,554,630
Total deferred inflows of resources	<u>\$ 22,561,890</u>	<u>\$ 7,554,630</u>
NET POSITION		
Net investment in capital assets	\$ 14,697,452	\$ 88,522,897
Restricted:		
Fire revolving loans	2,650,955	-
Drug enforcement	8,829	-
Capital Projects	24,015,848	-
Unrestricted (deficit)	4,559,615	(96,659,726)
Total net position	<u>\$ 45,932,699</u>	<u>\$ (8,136,829)</u>

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

County of Augusta, Virginia

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,499,180	\$ 647,440	\$ 441,823	\$ 350
Judicial administration	1,865,010	207,767	1,056,608	-
Public safety	12,583,559	1,430,692	3,936,869	409,794
Public works	7,230,620	1,093,681	18,930	3,340,191
Health and welfare	14,668,197	181,556	10,995,403	-
Education	57,310,967	-	-	34,167
Parks, recreation and cultural	2,821,846	843,530	201,888	25,102
Community development	1,750,061	-	10,000	200,000
Interest on long-term debt	1,869,341	-	-	-
Total governmental activities	\$ 105,598,781	\$ 4,404,666	\$ 16,661,521	\$ 4,009,604
Total primary government	\$ 105,598,781	\$ 4,404,666	\$ 16,661,521	\$ 4,009,604
COMPONENT UNIT:				
School Board	\$ 96,031,665	\$ 3,367,635	\$ 64,139,916	\$ 46,509
Total component unit	\$ 96,031,665	\$ 3,367,635	\$ 64,139,916	\$ 46,509

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
- 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	
\$	(4,409,567)	\$	-
	(600,635)		-
	(6,806,204)		-
	(2,777,818)		-
	(3,491,238)		-
	(57,276,800)		-
	(1,751,326)		-
	(1,540,061)		-
	(1,869,341)		-
\$	<u>(80,522,990)</u>	\$	<u>-</u>
\$	<u>(80,522,990)</u>	\$	<u>-</u>
\$	-	\$	(28,477,605)
\$	<u>-</u>	\$	<u>(28,477,605)</u>
\$	56,937,887	\$	-
	5,422,965		-
	1,781,431		-
	3,526,206		-
	2,419,683		-
	1,964,970		-
	634,230	54,183	
	320,825	565,464	
	<u>7,510,753</u>	<u>42,430,723</u>	
\$	<u>80,518,950</u>	\$	<u>43,050,370</u>
	(4,040)	14,572,765	
	<u>45,936,739</u>	<u>(22,709,594)</u>	
\$	<u>45,932,699</u>	\$	<u>(8,136,829)</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2016

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	School Capital Improvements	Total
ASSETS						
Cash and cash equivalents	\$ 23,425,585	\$ -	\$ -	\$ 5,230,048	\$ -	\$ 28,655,633
Cash in custody of others	311,803	4,300	-	-	-	316,103
Investments	147,084	-	-	21,770,942	-	21,918,026
Receivables (net of allowance for uncollectibles):						
Taxes receivable	24,214,544	-	-	-	-	24,214,544
Accounts receivable	1,807,146	-	19,938	38,681	-	1,865,765
Notes receivable	499,982	-	-	-	-	499,982
Due from other funds	428,176	-	-	-	-	428,176
Due from component unit	322,738	-	-	-	-	322,738
Due from other governmental units	1,737,835	766,041	-	1,086,360	-	3,590,236
Inventories	16,459	-	-	-	-	16,459
Prepaid items	90,035	-	-	-	-	90,035
Restricted assets:						
Cash and cash equivalents	-	-	-	13,759	24,002,089	24,015,848
Total assets	<u>\$ 53,001,387</u>	<u>\$ 770,341</u>	<u>\$ 19,938</u>	<u>\$ 28,139,790</u>	<u>\$ 24,002,089</u>	<u>\$ 105,933,545</u>
LIABILITIES						
Reconciled overdraft	\$ -	\$ -	\$ -	\$ -	\$ 1,570,833	\$ 1,570,833
Accounts payable	772,407	79,389	-	260,911	3,745,676	4,858,383
Accrued liabilities	501,462	282,714	-	-	-	784,176
Due to other funds	-	408,238	19,938	-	-	428,176
Due to component unit	7,984,359	-	-	-	-	7,984,359
Unearned revenue	1,096,957	-	-	-	-	1,096,957
Deposits held in escrow	1,264,547	-	-	-	-	1,264,547
Total liabilities	<u>\$ 11,619,732</u>	<u>\$ 770,341</u>	<u>\$ 19,938</u>	<u>\$ 260,911</u>	<u>\$ 5,316,509</u>	<u>\$ 17,987,431</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 23,916,048	\$ -	\$ -	\$ -	\$ -	\$ 23,916,048
Unavailable revenue - other	776,916	-	-	-	-	776,916
Total deferred inflows of resources	<u>\$ 24,692,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,692,964</u>
FUND BALANCES						
Nonspendable	\$ 106,494	\$ -	\$ -	\$ -	\$ -	\$ 106,494
Restricted	2,659,784	-	-	13,759	19,443,546	22,117,089
Committed	1,249,069	-	-	2,645,897	-	3,894,966
Assigned	234,072	-	-	25,219,223	-	25,453,295
Unassigned	12,439,272	-	-	-	(757,966)	11,681,306
Total fund balances	<u>\$ 16,688,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,878,879</u>	<u>\$ 18,685,580</u>	<u>\$ 63,253,150</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 53,001,387</u>	<u>\$ 770,341</u>	<u>\$ 19,938</u>	<u>\$ 28,139,790</u>	<u>\$ 24,002,089</u>	<u>\$ 105,933,545</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, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 63,253,150
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	63,947,031
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	5,020,962
Notes receivable - EDA loan	420,000
Notes receivable - Middle River Regional Jail Authority's new members	6,851,067
Equity interest in joint venture not reported in the funds.	5,891,855
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(99,786,143)
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.	2,322,105
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.	<u>(1,987,328)</u>
Net position of governmental activities	<u>\$ 45,932,699</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	School Capital Improvements	Total
REVENUES						
General property taxes	\$ 56,207,747	\$ -	\$ -	\$ -	\$ -	\$ 56,207,747
Other local taxes	15,115,255	-	-	25,042	-	15,140,297
Permits, privilege fees, and regulatory licenses	568,023	-	-	-	-	568,023
Fines and forfeitures	149,052	-	-	-	-	149,052
Revenue from the use of money and property	634,230	-	-	23,303	20,243	677,776
Charges for services	3,462,548	181,556	43,487	-	-	3,687,591
Miscellaneous	320,825	-	-	435,073	13,924	769,822
Recovered costs	152,821	1,327,670	-	1,013,178	-	2,493,669
Intergovernmental revenues:						
Commonwealth	12,253,970	4,886,306	-	1,344,043	-	18,484,319
Federal	922,901	6,109,097	-	2,132,403	-	9,164,401
Total revenues	\$ 89,787,372	\$ 12,504,629	\$ 43,487	\$ 4,973,042	\$ 34,167	\$ 107,342,697
EXPENDITURES						
Current:						
General government administration	\$ 4,638,398	\$ -	\$ -	\$ -	\$ -	\$ 4,638,398
Judicial administration	1,910,072	-	-	-	-	1,910,072
Public safety	19,178,655	-	-	-	-	19,178,655
Public works	3,467,975	-	-	-	-	3,467,975
Health and welfare	1,193,284	15,185,669	-	-	-	16,378,953
Education	38,511,372	-	-	-	-	38,511,372
Parks, recreation and cultural	2,798,340	-	-	-	-	2,798,340
Community development	1,555,969	-	-	-	-	1,555,969
Nondepartmental	169,899	-	-	-	-	169,899
Capital projects	-	-	-	7,106,830	12,867,765	19,974,595
Debt service:						
Principal retirement	-	-	5,766,352	-	-	5,766,352
Interest and other fiscal charges	-	-	2,232,756	-	202,215	2,434,971
Total expenditures	\$ 73,423,964	\$ 15,185,669	\$ 7,999,108	\$ 7,106,830	\$ 13,069,980	\$ 116,785,551
Excess (deficiency) of revenues over (under) expenditures	\$ 16,363,408	\$ (2,681,040)	\$ (7,955,621)	\$ (2,133,788)	\$ (13,035,813)	\$ (9,442,854)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 1,080,000	\$ 2,681,040	\$ 7,955,621	\$ 6,610,579	\$ 1,833,503	\$ 20,160,743
Transfers out	(16,600,869)	-	-	(3,559,874)	-	(20,160,743)
Issuance of general obligation bonds	-	-	-	-	27,825,000	27,825,000
Premium on general obligation bonds	-	-	-	-	2,381,661	2,381,661
Total other financing sources (uses), net	\$ (15,520,869)	\$ 2,681,040	\$ 7,955,621	\$ 3,050,705	\$ 32,040,164	\$ 30,206,661
Net change in fund balances	\$ 842,539	\$ -	\$ -	\$ 916,917	\$ 19,004,351	\$ 20,763,807
Fund balances - beginning	15,846,152	-	-	26,961,962	(318,771)	42,489,343
Fund balances - ending	\$ 16,688,691	\$ -	\$ -	\$ 27,878,879	\$ 18,685,580	\$ 63,253,150

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

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ 20,763,807
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.	59,503
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals, trade-ins, transfers, and donations) is to decrease net assets.	(5,647,457)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	730,140
Notes receivable - EDA loan	(60,000)
Notes receivable - Middle River Regional Jail Authority's new members	6,851,067
Revenues related to the equity interest in joint venture not reported as revenues in the funds.	227,914
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.	(24,440,309)
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.	(810,810)
Deferred outflows of resources - pension contributions	<u>2,322,105</u>
Change in net position of governmental activities	<u>\$ (4,040)</u>

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

Statement of Net Position
 Fiduciary Funds
 June 30, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 7,974,527
Other receivables	338,478
Prepaid expenses	206,474
Total assets	<u>\$ 8,519,479</u>
LIABILITIES	
Accounts payable	\$ 708,040
Accrued liabilities	339,392
Other liabilities	3,657,962
Amounts held for Social Services Clients	163,604
Amounts held for Shenandoah Valley Regional Program for Special Education	1,435,690
Amounts held for Valley Alcohol Safety Action Program	118,536
Amounts held for Valley Career and Technical Center	197,520
Amounts held for Valley Children's Advocacy Center	22,763
Amounts held for Insurance Trust	1,875,972
Total liabilities	<u>\$ 8,519,479</u>

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Note 1—Summary of Significant Accounting Policies:

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, 2016.

Discretely Presented Component Units - The County has one discretely presented component unit, the Augusta County School Board.

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

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

A. Financial Reporting Entity (continued)

Joint Ventures

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of revenues for the Augusta Regional Landfill for the year ended June 30, 2016 is as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Revenues	\$ 1,453,680	\$ 540,341	\$ 737,848
% of Total Revenues	53.21%	19.78%	27.01%

The County's net investment is recorded on the Statement of Net Position. The County's equity interest as of June 30, 2016 was \$5,891,855.

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

The County School Board and the Cities of Staunton and Waynesboro participate in supporting the Valley Career and Technical Center (Center) for local residents. The Center provides vocational training to secondary and adult students. The Center is governed by a six member board of trustees of which two are appointed by the Augusta County School Board, two by City of Staunton School Board and two by City of Waynesboro School Board. Funding for the Center was provided by the County of Augusta, City of Staunton and City of Waynesboro for the year ended June 30, 2016 as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Operations	\$ 2,681,632	\$ 744,091	\$ 710,507
% of Total Contributions	64.83%	17.99%	17.18%

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 \$147,530 for operations to the Valley Community Services Board, \$135,179 to the Shenandoah Valley Airport, \$107,732 to the Shenandoah Valley Juvenile Detention Home and \$1,673,969 to the Middle River Regional Jail Authority. The School Board contributed \$1,490,072 to the Shenandoah Valley Regional Program for operations.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

B. Government-wide and fund financial statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items 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.

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

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

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

The government reports the following major governmental funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

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

Net Position Flow Assumption

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

D. Assets, liabilities, deferred inflows/outflows of resources and net position/fund balance

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.

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

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

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, 2016, the General Fund had allowances of \$852,378 for property taxes and \$553,214 for EMS transport fees.

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 acquisition value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Land improvements	15-20
Machinery and equipment	5-10

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

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

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 Position. In accordance with the provisions of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be the maximum paid upon retirement. The County accrues salary-related payments associated with the payment of compensated absences.

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.

10. *Fund Equity*

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself by the Board of Supervisors. To be reported as committed, amounts cannot be used for any other purpose unless the Board of Supervisors takes the action to remove or change the constraint;

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

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

10. Fund Equity (Continued)

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

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund operating expenditures at the close of the fiscal year, as adjusted for temporary funding of unanticipated budgetary shortfalls, if applicable. In the event the unassigned General Fund balance is used to provide for temporary funding of unanticipated budgetary shortfalls, the County shall restore the unrestricted General Fund balance to the minimum level of two months of General Fund operating expenditures within three to five fiscal years following the fiscal year in which the event occurred. The plan to restore the unassigned General Fund balance shall be included and highlighted in the County's adopted budget. The County currently meets the fund balance policy and no such adjustments are necessary. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance Fund. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$1,570,832. See Note 18 for more information on fund balance designations.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

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

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 \$24,015,848 for unspent debt proceeds at June 30, 2016. Of those funds, \$13,759 will be spent during fiscal year 2017 for county capital projects. The remaining funds of \$24,002,089 will be spent during fiscal year 2017 for school capital projects.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County and Component Unit have items that qualify for reporting in this category. The two items are the employer's fiscal year 2016 Virginia Retirement System contributions plus the changes in proportion and differences between employer contributions and are reported in the government-wide Statement of Net Position for the County and School Board.

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. Six types of items qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable (\$23,916,048) and other deferred revenues (\$776,916) 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. The third item, land held for investment, is also recorded as unavailable revenue and is deferred and recognized as an inflow of resources in the period the land is sold. The three additional items, the net difference between projected and actual earnings on the Virginia Retirement System's plan investments plus the difference between expected and actual experience plus the changes in proportion and differences between employer contributions and proportionate share of contributions, are reported in the government-wide Statement of Net Position for the County and School Board.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

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

14. Pensions

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

15. Subsequent Events

The County has evaluated subsequent events through November 28, 2016, the date on which the financial statements were available to be issued.

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

A. Explanation of certain differences between the governmental funds' Balance Sheet and the government-wide Statement of Net Position

The governmental funds' balance sheet includes a reconciliation between *fund balance total governmental funds* and *net position of governmental activities* as reported in the government-wide Statements of Net Position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$99,786,143) and (\$101,341,736) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (78,713,389)	\$ -
Unamortized premium on bonds	(5,335,352)	-
Accrued interest payable	(911,201)	-
Net OPEB obligation	(1,580,000)	(4,510,000)
Net pension liability	(11,635,051)	(94,880,977)
Compensated absences	(1,611,150)	(1,950,759)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$ (99,786,143)	\$ (101,341,736)

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

B. Explanation of certain differences between the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental funds' statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$59,503 and \$7,295,979 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 2,134,967	\$ 13,218,632
Depreciation and amortization expense	<u>(2,075,464)</u>	<u>(5,922,653)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>59,503</u>	\$ <u>7,295,979</u>

Another element of that reconciliation explains the net effect of various miscellaneous transactions involving capital assets (i.e. disposals, trade-ins, transfers, and donations). The details of these (\$5,647,457) and \$5,369,329 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Sales of capital assets	\$ (71,000)	\$ (269,210)
Donations of capital assets	15,573	46,509
Allocation of debt financed school assets based on current year repayments	<u>(5,592,030)</u>	<u>5,592,030</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>(5,647,457)</u>	\$ <u>5,369,329</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

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

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

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of this \$24,440,309 difference in the primary government are as follows:

	<u>Primary Government</u>
Principal repayments:	
General obligation debt	\$ 5,766,352
Other:	
Issuance of general obligation bonds	(27,825,000)
Premium on issuance of general obligation bonds	<u>(2,381,661)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (24,440,309)</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 \$(810,810) and \$(8,068,895) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Compensated absences	\$ 26,677	\$ (32,600)
Net OPEB obligation	(184,000)	(826,000)
Pension expense	(1,016,902)	(7,210,295)
Accrued interest	117,350	-
Amortization of bond premium	<u>246,065</u>	<u>-</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (810,810)</u>	<u>\$ (8,068,895)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 3—Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, School Operating Fund, School Cafeteria Fund, School Capital Improvements Fund, Debt Service Fund, Head Start Fund, Governor's School Fund and County Capital Improvements Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. During preparation of the revised budget, the County Administrator is authorized to transfer budgeted amounts between general government departments and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary review is employed as a management control device during the year for all budgeted funds.
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, 2016, the School Cafeteria Fund had expenditures exceeding appropriations due to a non-cash adjustment for USDA inventories. The Governor's School Fund also had expenditures exceeding appropriations due to additional grant funds received on the State Governor School Grant and additional related expenditures.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 4—Deposits and Investments:

Deposits

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

Custodial Credit Risk (Deposits)

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

Investments

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

Custodial Credit Risk (Investments)

The County's investment policy provides that securities purchased for the County shall be held by the County Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the County's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County. Further, if held by a custodian, the custodian must be a third-party, not a counterparty (buyer or seller) to the transaction. At June 30, 2016, 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.

The County's rated debt investments as of June 30, 2016 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values

	Fair Quality Ratings				
	AAA _m	AAA	AA+	AA	AA-
U.S. Agencies	\$ -	\$ -	\$ 18,104,051	\$ -	\$ -
Corporate Debt	-	100,130	-	1,008,300	2,158,451
Local Government Investment Pool	147,084	-	-	-	-
Municipal Bonds	-	-	400,010	-	-
Total	\$ <u>147,084</u>	\$ <u>100,130</u>	\$ <u>18,504,061</u>	\$ <u>1,008,300</u>	\$ <u>2,158,451</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 4—Deposits and Investments: (Continued)

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	\$ 400,010	\$ 400,010	-
Corporate Debt	3,266,881	2,313,096	953,785
U.S. Agencies	18,104,051	6,620,324	11,483,727
Total	<u>\$ 21,770,942</u>	<u>\$ 9,333,430</u>	<u>\$ 12,437,512</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.

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

The County has the following recurring fair value measurements as of June 30, 2016:

- U.S. agency securities of \$18,104,051 are valued using quoted market prices (Level 1 inputs).
- Municipal bonds of \$400,010 are valued using quoted market prices (Level 1 inputs).
- Corporate debt of \$3,266,881 are valued using quoted market prices (Level 1 inputs).
- Mutual funds of \$19,119,720 are valued using quoted market prices (Level 1 inputs).

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 5—Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Shenandoah Valley Regional Program for Special Education:</u>		
VRS net pension liability	\$ -	\$ 1,245,071
<u>Commonwealth of Virginia:</u>		
Local sales tax	969,432	-
State sales tax	-	2,029,596
Motor vehicle carrier's tax	78,345	-
State recordation tax	46,450	-
Titling tax	22,122	-
Reimbursement of shared services	353,476	-
Auto rental tax	12,657	-
Criminal justice	34,365	-
Wireless PSAP	40,530	-
Library	40,283	-
Hazardous materials	10,000	-
Transportation	8,583	-
Watershed	825,025	-
School	-	37,942
Other	3,117	-
Children's Services Act	244,225	-
Virginia public assistance	131,208	-
<u>Federal Government:</u>		
Virginia public assistance	390,608	-
Criminal justice	18,722	-
Homeland security	126,221	-
Transportation	7,957	-
Transportation enhancement	69,105	-
Hazardous materials	815	-
Watershed	156,990	-
School	-	925,438
Headstart	-	470,317
Totals	\$ <u>3,590,236</u>	\$ <u>4,708,364</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 6—Interfund/Entity Obligations:

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

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 428,176	\$ -	\$ 7,984,359	\$ 322,738
Debt Service Fund	-	19,938	-	-
Virginia Public Assistance Fund	-	408,238	-	-
Total	<u>\$ 428,176</u>	<u>\$ 428,176</u>	<u>\$ 7,984,359</u>	<u>\$ 322,738</u>
Component Unit-School Board:				
School Operating Fund	\$ -	\$ -	\$ -	\$ 7,983,381
Head Start Fund	-	-	-	978
Governor's School Fund	-	-	322,738	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,738</u>	<u>\$ 7,984,359</u>

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 1,080,000	\$ 16,600,869
Virginia Public Assistance Fund	2,681,040	-
School Capital Improvements Fund	1,833,503	-
Debt Service Fund	7,955,621	-
County Capital Improvements Fund	6,610,579	3,559,874
Total	<u>\$ 20,160,743</u>	<u>\$ 20,160,743</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, 2016 (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, 2016.

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
General obligation bonds	\$ 48,919,633	\$ 27,825,000	\$ 5,293,675	\$ 71,450,958
Revenue bonds	7,735,108	-	472,677	7,262,431
Premiums on bond issues	3,199,756	2,381,661	246,065	5,335,352
Net OPEB obligation	1,396,000	515,000	331,000	1,580,000
Compensated absences	1,637,827	796,894	823,571	1,611,150
Total Long-Term Liabilities	\$ 62,888,324	\$ 31,518,555	\$ 7,166,988	\$ 87,239,891

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

Year Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 4,421,880	\$ 2,473,541	\$ 487,676	\$ 249,122
2018	5,365,707	2,554,727	497,677	234,347
2019	5,466,668	2,309,264	517,676	214,553
2020	4,811,804	2,077,018	537,677	193,759
2021	4,418,004	1,875,600	557,676	171,866
2022-2026	22,758,481	6,440,514	2,908,383	522,473
2027-2031	12,793,414	2,608,917	1,588,382	77,447
2032-2036	11,415,000	1,013,641	167,284	-
Total	\$ 71,450,958	\$ 21,353,222	\$ 7,262,431	\$ 1,663,567

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Primary Government-Governmental Activity Indebtedness (continued)

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction):</u>		
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$713,112 to \$742,320 through July 15, 2018, plus semi-annual interest at 5.1%.	\$ 2,182,776	\$ 713,112
\$2,000,000 1999A Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments of \$100,000 through July 15, 2019, plus semi-annual interest at 6.1%.	400,000	100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$338,424 to \$369,360 through July 15, 2019, plus semi-annual interest at 6.1%.	1,414,309	338,424
\$5,875,000 2004A Series, issued May 13, 2004, Virginia Public School Authority Bonds, due in annual installments from \$290,000 to \$295,000 through July 2025, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$425,392 which will be amortized over the life of the bond.	2,630,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$329,852 to \$372,067 through July 15, 2024, plus semi-annual interest at 4.1% to 5.1%. The bond was issued at a premium of \$474,102 which will be amortized over the life of the bond.	3,163,247	329,852
\$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.	14,630,000	1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$616,742 to \$742,320 through July 15, 2027, plus semi-annual interest at 4.35% to 5.1%. The bond was issued at a premium of \$686,698 which will be amortized over the life of the bond.	8,094,376	616,742
\$7,500,000 2011A Series, issued June 28, 2011, Virginia Public School Authority Bonds as Qualified School Construction Bonds, due in annual installments of \$468,750 through June 1, 2027, plus semi-annual interest which will be reimbursed to VPSA as a federal tax credit and then transferred to the County.	5,156,250	468,750

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (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
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$230,000 to \$490,000 through July 15, 2032, plus semi-annual interest at 3.05% to 5.05%. The bond was issued at a premium of \$966,694 which will be amortized over the life of the bond.	\$ 5,955,000	\$ 230,000
\$27,825,000 2016A Series, issued April 26, 2016, Virginia Public School Authority Bonds due in annual installments from \$890,000 to \$1,875,000 through July 15, 2035 plus semi-annual interest at 2.05% to 5.05%. The bond was issued at a premium of \$2,381,661 which will be amortized over the life of the bond.	27,825,000	-
Sub-total General obligation bonds payable	\$ 71,450,958	\$ 4,421,880
Unamortized premium on general obligation bonds	\$ 4,434,211	\$ 167,220
<u>Revenue bonds:</u>		
\$1,789,123 2012B Series, issued August 23, 2012, Virginia Resources Authority Bonds due in annual installments of \$92,677 through December 1, 2033. The loan is interest free.	\$ 1,557,431	\$ 92,676
\$4,415,000 2013A Series, issued June 5, 2013, Virginia Resources Authority Bonds due in annual installments from \$235,000 to \$390,000 through October 1, 2028, plus semi-annual interest at 2.02% to 4.84%. The bond was issued at a premium of \$718,271 which will be amortized over the life of the bond.	3,970,000	235,000
\$1,890,000 2014C Series, issued November 19, 2014, Virginia Resources Authority Bonds due in annual installments from \$160,000 to \$235,000 through October 1, 2024, plus semi-annual interest at 2.97% to 5.13%. The bond was issued at a premium of \$309,600 which will be amortized over the life of the bond.	1,735,000	160,000
Sub-total revenue bonds payable	\$ 7,262,431	\$ 487,676
Unamortized premium on revenue bonds	\$ 901,141	\$ 78,845
Net OPEB obligation (payable from General Fund)	\$ 1,580,000	-
Compensated absences (payable from the General Fund)	\$ 1,611,150	\$ 145,004
Total	\$ 87,239,891	\$ 5,300,625

All general obligation bonds were issued for the purpose of school construction and renovation. Repayment of the revenue bonds will be funded through the General Fund.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Primary Government-Governmental Activity Indebtedness (continued)

Arbitrage Rebate Compliance:

As of June 30, 2016 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, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Net OPEB obligation	\$ 3,684,000	\$ 1,773,000	\$ 947,000	\$ 4,510,000
Compensated absences	1,918,159	870,636	838,036	1,950,759
Total Long-Term Liabilities	<u>\$ 5,602,159</u>	<u>\$ 2,643,636</u>	<u>\$ 1,785,036</u>	<u>\$ 6,460,759</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Net OPEB obligation (payable from the School Fund)	\$ 4,510,000	\$ -
Accrued compensated absences (payable from the School Fund)	1,950,759	372,968
Total long-term obligations	<u>\$ 6,460,759</u>	<u>\$ 372,968</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan:

Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

A. Plan Description

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

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

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Hybrid Opt-In Election Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	About the Hybrid Retirement Plan (Continued) • 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. Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees.* • School division employees (teachers). • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution, but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as Plan 1.	Creditable Service <u>Defined Benefit Component</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
		<u>Defined Contribution Component</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contribution Component</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		Vesting (Continued) <u>Defined Contribution Component</u> (Continued) • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70 1/2.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. 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.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1. <u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier Defined Benefit Component The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component Not applicable.
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age Defined Benefit Component Same as Plan 2.
Political subdivisions hazardous duty employees: Age 60.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility Defined Benefit Component Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.
Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		<u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
Political subdivisions hazardous duty employees: Age 50 with at least five years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2.
<u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	<u>Eligibility:</u> Same as Plan 1.	<u>Eligibility:</u> Same as Plan 1 and Plan 2.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)	Cost-of-Living Adjustment (COLA) in Retirement (Continued)
<u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • 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. • Political Subdivision Employees: The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).	<u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Employees: Same as Plan 1.	<u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. 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.	Disability Coverage Political subdivision employees: 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. Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Purchase of Prior Service Same as Plan 1.	Disability Coverage Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Purchase of Prior Service Defined Benefit Component Same as Plan 1, with the following exceptions: - Hybrid Retirement Plan members are ineligible for ported service. - The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. - Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost. Defined Contribution Component Not applicable.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

County

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	265
Inactive members:	
Vested inactive members	56
Non-vested inactive members	98
Inactive members active elsewhere in VRS	275
Total inactive members	429
Active members	418
Total covered employees	1,112

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2016 was 12.55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$2,322,105 and \$2,313,950 for the years ended June 30, 2016 and 2015, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

School Board Non-Professional

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	51
Inactive members:	
Vested inactive members	11
Non-vested inactive members	50
Inactive members active elsewhere in VRS	15
Total inactive members	76
Active members	89
Total covered employees	216

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2016 was 8.57% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$211,936 and \$226,499 for the years ended June 30, 2016 and 2015, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

School Board Professional

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board Professional's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014, adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%; however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board for the professional plan were \$7,738,560 and \$8,064,922 for the years ended June 30, 2016 and 2015, respectively.

B. Net Pension Liability

The County and the School Board's non-professional plan net pension liabilities were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

At June 30, 2016, the School Board reported a liability for the professional plan of \$94,157,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the School Board's proportion was 0.74809% as compared to 0.73785% at June 30, 2014.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employee's in the County's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County's retirement plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2015.

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

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in male and female rates of disability

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – School Board Professional Plan

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2015.

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

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

Mortality Rates:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

Discount Rate

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

C. Changes in the Net Pension Liability

County

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	\$ 82,626,687	\$ 72,175,169	\$ 10,451,518
Changes for the Year:			
Service cost	2,101,912	-	2,101,912
Interest	5,639,039	-	5,639,039
Difference between expected and actual experience	(82,018)	-	(82,018)
Contributions – employer	-	2,313,950	(2,313,950)
Contributions – employee	-	921,678	(921,678)
Net investment income	-	3,285,690	(3,285,690)
Benefit payments, including refunds of employee contributions	(4,137,964)	(4,137,964)	-
Administrative expense	-	(45,225)	45,225
Other changes	-	(693)	693
Net changes	3,520,969	2,337,436	1,183,533
Balances at June 30, 2015	\$ 86,147,656	\$ 74,512,605	\$ 11,635,051

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

C. Changes in the Net Pension Liability (Continued)

School Board Non-Professional

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2014	\$ 11,298,686	\$ 10,492,943	\$ 805,743
Changes for the Year:			
Service cost	250,850	-	250,850
Interest	770,891	-	770,891
Difference between expected and actual experience	(276,356)	-	(276,356)
Contributions – employer	-	226,499	(226,499)
Contributions – employee	-	130,761	(130,761)
Net investment income	-	476,637	(476,637)
Benefit payments, including refunds of employee contributions	(571,921)	(571,921)	-
Administrative expense	-	(6,644)	6,644
Other changes	-	(102)	102
Net changes	173,464	255,230	(81,766)
Balances at June 30, 2015	\$ 11,472,150	\$ 10,748,173	\$ 723,977

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County net pension liability	\$ 22,985,345	\$ 11,635,051	\$ 2,250,413
School Board non-professional net pension liability (asset)	2,161,113	723,977	(473,629)
School Board professional net pension liability	137,790,000	94,157,000	58,238,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

C. Changes in the Net Pension Liability (Continued)

Detailed information about the pension plans' fiduciary net position are available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules and the VRS Teacher Retirement Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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

County

For the year ended June 30, 2016, the County recognized pension expense of \$1,016,902. The County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 59,609
Net difference between projected and actual earnings on pension plan investments	-	1,927,719
Employer contributions subsequent to the measurement date	2,322,105	-
Total	\$ 2,322,105	\$ 1,987,328

The \$2,322,105 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

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

Year Ending June 30,	Amount
2017	\$ 780,541
2018	780,541
2019	772,921
2020	(346,675)
	<u>\$ 1,987,328</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

School Board Non-Professional

For the year ended June 30, 2016, the School Board recognized pension expense related to its non-professional plan of \$(21,672). The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 195,550
Net difference between projected and actual earnings on pension plan investments	-	283,080
Employer contributions subsequent to the measurement date	211,936	-
Total	\$ 211,936	\$ 478,630

The \$211,936 reported as deferred outflows of resources related pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

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

Year Ending June 30,	Amount
2017	\$ 191,841
2018	191,841
2019	144,972
2020	(50,024)
	<u>\$ 478,630</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

School Board Professional

For the year ended June 30, 2016, the School Board recognized pension expense related to the professional plan of \$6,070,967. Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

The School Board professional plan includes employees of the Shenandoah Valley Regional Program for the purpose of determining the actuarial valuation for post employment retirement liability. The actuarial valuation cannot be determined for the Program's employees separately from the School Board's employees, but a portion of the pension expense totaling \$531,934 has been allocated and reported as due from the Program.

At June 30, 2016, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,297,000
Net difference between projected and actual earnings on pension plan investments	-	5,766,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,161,000	13,000
Employer contributions subsequent to the measurement date	7,738,560	-
Total	\$ 8,899,560	\$ 7,076,000

The \$7,738,560 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 2,313,000
2018	2,313,000
2019	2,313,000
2020	(1,040,000)
2021	<u>16,000</u>
	<u><u>\$ 5,915,000</u></u>

Note 10—Other Postemployment Benefits Program:

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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

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. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the County for retirees regardless of age if he/she has been employed by the County for at least 10 years immediately prior to the disability. The County reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay-as-you-go cost for OPEB benefits is \$515,000 for fiscal year 2016. The County has paid \$331,000 toward this obligation during fiscal year 2016. 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, 2016 (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)	\$	540,000
Interest on OPEB Obligation		56,000
Adjustment to ARC		(81,000)
Annual OPEB cost	\$	515,000
Contributions Made		(331,000)
Increase in Net OPEB Obligation	\$	184,000
Net OPEB Obligation - beginning of year		1,396,000
Net OPEB Obligation - end of year	\$	<u>1,580,000</u>

For 2016, the County's cash payment of \$331,000 was \$184,000 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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/16	\$ 515,000	64.27%	\$ 1,580,000
6/30/15	505,000	68.91%	1,396,000
6/30/14	490,000	66.94%	1,239,000

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, 2016 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

County: (continued)

D. Funded Status and Funding Progress: (continued)

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

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

E. Actuarial Methods and Assumptions:

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

Cost Method

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

Actuarial Assumptions

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

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 \$1,773,000 for fiscal year 2016. The School Board has paid \$947,000 toward this obligation during fiscal year 2016. 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, 2016 (CONTINUED)

Note 10—Other Postemployment 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)	\$	1,841,000
Interest on OPEB Obligation		147,000
Adjustment to ARC		(215,000)
Annual OPEB cost	\$	1,773,000
Contributions Made		(947,000)
Increase in Net OPEB Obligation	\$	826,000
Net OPEB Obligation - beginning of year		3,684,000
Net OPEB Obligation - end of year	\$	<u>4,510,000</u>

For 2016, the School Board's cash payment of \$947,000 was \$826,000 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 2016 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/16	\$ 1,773,000	53.41%	\$ 4,510,000
6/30/15	1,731,000	52.05%	3,684,000
6/30/14	1,763,000	60.86%	2,854,000

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%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

School Board: (continued)

Health Insurance Plan (continued)

D. Funded Status and Funding Progress (continued)

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

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

E. Actuarial Methods and Assumptions

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

Cost Method

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

Actuarial Assumptions

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

School Board: (continued)

VRS Health Insurance Credit Program

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2016, 2015, and 2014 were \$586,490, \$589,569, and \$598,945, respectively, and equaled the required contributions for each year.

Note 11—Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$1,096,957 and \$150,984 is comprised of the following:

	Governmental Activities	School Board
Federal payment in lieu of taxes	\$ 373,380	\$ -
Prepaid property taxes	723,577	-
ITCV grant	-	89,838
Community Foundation donation	-	2,500
Prepaid meals-cafeteria	-	58,646
Total	<u>\$ 1,096,957</u>	<u>\$ 150,984</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 12—Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue at June 30, 2016 totaled \$24,692,964 for the fund financial statements and deferred revenue totaled \$20,574,562 for government-wide financial statements. It is comprised of the following:

	Property Taxes	Other	Land Held for Investment
Property taxes receivable, net of allowance (reported on Fund statements)	\$ 5,020,962	\$ -	\$ -
Unbilled property taxes for second half 2016	18,895,086	-	-
Land held for investment (reported on Government-wide statements)	-	-	902,560
Repayment of loans from fire departments	-	499,982	-
EMS transport fees	-	267,527	-
Other	-	9,407	-
Total	<u>\$ 23,916,048</u>	<u>\$ 776,916</u>	<u>\$ 902,560</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 13—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 5,486,551	\$ -	\$ -	\$ -	5,486,551
Construction in progress	2,335,991	333,575	-	(1,968,179)	701,387
Total capital assets not being depreciated	\$ 7,822,542	\$ 333,575	\$ -	\$ (1,968,179)	\$ 6,187,938
Capital assets being depreciated:					
Buildings	\$ 76,186,017	\$ -	\$ -	\$ (5,293,675)	\$ 70,892,342
Machinery and equipment	12,896,413	1,816,965	(543,684)	1,968,179	16,137,873
Land Improvements	5,019,683	-	-	-	5,019,683
Total capital assets being depreciated	\$ 94,102,113	\$ 1,816,965	\$ (543,684)	\$ (3,325,496)	\$ 92,049,898
Accumulated depreciation for:					
Buildings	\$ (21,988,262)	\$ (728,965)	\$ -	\$ (298,355)	\$ (23,015,582)
Machinery and equipment	(9,204,618)	(1,074,290)	472,684	-	(9,806,224)
Land Improvements	(1,196,790)	(272,209)	-	-	(1,468,999)
Total accumulated depreciation	\$ (32,389,670)	\$ (2,075,464)	\$ 472,684	\$ (298,355)	\$ (34,290,805)
Total capital assets being depreciated, net	\$ 61,712,443	\$ (258,499)	\$ (71,000)	\$ (3,623,851)	\$ 57,759,093
Governmental activities capital assets, net	\$ 69,534,985	\$ 75,076	\$ (71,000)	\$ (5,592,030)	\$ 63,947,031

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

Governmental activities:	
General government	\$ 1,193,963
Judicial administration	14,157
Public safety	697,816
Public works	45,239
Health and welfare	44,916
Parks, recreation, and cultural	63,581
Community development	15,792
Total depreciation expenses-governmental activities	\$ 2,075,464

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,842,711	\$ -	\$ (269,210)	\$ -	\$ 1,573,501
Construction in progress	1,515,698	10,670,283	-	(709,395)	11,476,586
Total capital assets not being depreciated	\$ 3,358,409	\$ 10,670,283	\$ (269,210)	\$ (709,395)	\$ 13,050,087
Capital assets being depreciated:					
Buildings	\$ 130,833,187	\$ 1,921,007	\$ -	\$ 6,003,070	\$ 138,757,264
Machinery and equipment	23,813,054	673,851	(284,727)	-	24,202,178
Total capital assets being depreciated:	\$ 154,646,241	\$ 2,594,858	\$ (284,727)	\$ 6,003,070	\$ 162,959,442
Accumulated depreciation for:					
Buildings	\$ (61,348,604)	\$ (5,256,965)	\$ -	\$ 298,355	\$ (66,307,214)
Machinery and equipment	(20,798,457)	(665,688)	284,727	-	(21,179,418)
Total accumulated depreciation	\$ (82,147,061)	\$ (5,922,653)	\$ 284,727	\$ 298,355	\$ (87,486,632)
Total capital assets being depreciated, net	\$ 72,499,180	\$ (3,327,795)	\$ -	\$ 6,301,425	\$ 75,472,810
School Board capital assets, net	\$ 75,857,589	\$ 7,342,488	\$ (269,210)	\$ 5,592,030	\$ 88,522,897

Depreciation expense charged to education was \$5,922,653.

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the *Code of Virginia*, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Augusta County, Virginia for the year ended June 30, 2016, is that school financed assets in the amount of \$43,625,958 are reported in the Primary Government for financial reporting purposes.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 14—Risk Management:

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

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

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

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

Note 15—Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of the U.S. Office of Management and the Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

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

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

COUNTY OF AUGUSTA, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)****Note 16—Joint Venture – Augusta Regional Landfill: Landfill Closure and Post-closure Costs:
(Continued)**

At June 30, 2016, the Augusta Regional Landfill reported as its landfill closure liability \$4,399,021 which represents the cumulative amount reported to date based on the use of 90% 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 \$2,789,793 at June 30, 2016. This represents the cumulative amount reported to date based on the use of 100.00% of the estimated capacity of the Permit #21 landfill of which the County is 60.33% responsible and 90% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.84% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2016 for both landfill permits are \$7,188,814. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$611,460 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$3,042,081 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.

Note 17—Construction Contracts Outstanding:

The Primary Government had the following material contracts outstanding at June 30, 2016:

Project	Original Contract Amount	Amount Spent as of June 30, 2016	Amount of Contract Remaining at Year End
Public Safety Radio System upgrade	\$ 3,195,062	\$ -	\$ 3,195,062
Aerial Fire Truck	1,050,071	-	1,050,071
Wilson Middle School addition design	314,289	298,655	15,634
Hugh Cassell Elementary School design	980,453	917,332	63,121
Riverheads Elementary School design	1,210,029	1,135,203	74,826
Wilson Middle School addition construction	2,041,459	1,267,318	774,141
Hugh Cassell Elementary School construction	18,334,526	4,162,542	14,171,984
Riverheads Elementary School construction	18,506,643	2,982,112	15,524,531
Total	\$ 45,632,532	\$ 10,763,162	\$ 34,869,370

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 18—Fund Balance:

Fund balance had the following classifications at June 30, 2016:

	<u>General</u>	<u>County Capital Improvements</u>	<u>School Capital Improvements</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				
Inventories	\$ 16,459	\$ -	\$ -	\$ 16,459
Prepaid items	90,035	-	-	90,035
Restricted for:				
Fire revolving loan program	2,650,955	-	-	2,650,955
Drug enforcement	8,829	-	-	8,829
Capital projects	-	13,759	19,443,546	19,457,305
Committed to:				
Education	543,217	-	-	543,217
Emergency medical services	705,852	-	-	705,852
Other capital projects	-	2,645,897	-	2,645,897
Assigned to:				
Fire revolving loan program	188,142	-	-	188,142
Drug enforcement	45,930	-	-	45,930
Other capital projects	-	25,219,223	-	25,219,223
Unassigned	12,439,272	-	(757,966)	11,681,306
Total	<u>\$ 16,688,691</u>	<u>\$ 27,878,879</u>	<u>\$ 18,685,580</u>	<u>\$ 63,253,150</u>

Note 19—Notes Receivable:

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

Amounts due to the County at June 30, 2016 include:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 60,000	\$ 15,750
2018	60,000	13,500
2019	60,000	11,250
2020	60,000	9,000
2021	60,000	6,750
2022	60,000	4,500
2023	60,000	2,250
	<u>\$ 420,000</u>	<u>\$ 63,000</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 19—Notes Receivable: (Continued)

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

The total paid to the County by the County of Rockingham and City of Harrisonburg to become a member jurisdiction of MRRJA was \$846,186 in fiscal year 2016, which has been shown as a recovered cost in the Capital Improvements Fund, and as a reduction in the receivable on the Governmental Activities Statement of Net Position.

Amounts due to the County at June 30, 2016 include:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 697,518	\$ 148,668
2018	712,654	133,532
2019	728,118	118,067
2020	743,918	102,267
2021	760,062	86,124
2022	776,555	69,631
2023	793,406	52,780
2024	810,623	35,563
2025	828,213	17,972
	<u>\$ 6,851,067</u>	<u>\$ 764,604</u>

Note 20—Risk Management:

Health Insurance – County and School Board

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (CONTINUED)

Note 20—Risk Management: (Continued)

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2016 and 2015:

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2016	\$ 1,819,940	\$ 1,612,800	\$ (1,819,940)	\$ 1,612,800
June 30, 2015	-	1,819,940	-	1,819,940

Note 21—Commitments, Contingencies and Subsequent Events:

Operating Leases

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

Subsequent Events

In November 2016, the County issued \$14,285,000 in Virginia Public School Authority (VPSA) 2016B General Obligation Bonds. The bonds will be used to finance the remaining construction costs to build two new elementary schools and remodel a middle school. The bonds were issued at a premium of \$1,247,289 and will be due in annual installments ranging from \$345,000 to \$990,000 through July 15, 2036, plus semi-annual interest at 2.80% to 5.05%.

Note 22—Upcoming Pronouncements:

At June 30, 2016, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

Note 22—Upcoming Pronouncements: (Continued)

GASB Statement No. 78, *Pensions Provided through Certain Multi-Employer Defined Benefit Pension Plans*, amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. Statement No. 78 will be effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 80, *Blending Requirements for Certain Component Units* – an amendment of GASB Statement No. 14, will improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*. Statement No. 80 will be effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Statement No. 82 will be effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Management has not determined the effects these new Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

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

General Fund

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

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Over (Under)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 54,890,075	\$ 56,572,600	\$ 56,207,747	\$ (364,853)
Other local taxes	14,051,958	14,408,958	15,115,255	706,297
Permits, privilege fees, and regulatory licenses	619,600	610,900	568,023	(42,877)
Fines and forfeitures	223,500	150,500	149,052	(1,448)
Revenue from the use of money and property	550,600	596,600	634,230	37,630
Charges for services	3,607,600	3,625,800	3,462,548	(163,252)
Miscellaneous	218,000	317,000	320,825	3,825
Recovered costs	139,200	152,900	152,821	(79)
Intergovernmental revenues:				
Commonwealth	12,407,900	12,343,655	12,253,970	(89,685)
Federal	326,220	815,620	922,901	107,281
Total revenues	<u>\$ 87,034,653</u>	<u>\$ 89,594,533</u>	<u>\$ 89,787,372</u>	<u>\$ 192,839</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,918,745	\$ 4,700,050	\$ 4,638,398	\$ 61,652
Judicial administration	1,932,550	1,936,887	1,910,072	26,815
Public safety	19,960,825	20,535,619	19,178,655	1,356,964
Public works	3,676,635	3,622,155	3,467,975	154,180
Health and welfare	1,207,151	1,195,263	1,193,284	1,979
Education	39,384,220	39,384,220	38,511,372	872,848
Parks, recreation and cultural	2,851,497	2,840,861	2,798,340	42,521
Community development	1,601,875	1,630,033	1,555,969	74,064
Nondepartmental	174,405	185,179	169,899	15,280
Total expenditures	<u>\$ 75,707,903</u>	<u>\$ 76,030,267</u>	<u>\$ 73,423,964</u>	<u>\$ 2,606,303</u>
Excess of revenues over expenditures	<u>\$ 11,326,750</u>	<u>\$ 13,564,266</u>	<u>\$ 16,363,408</u>	<u>\$ 2,799,142</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,180,000	\$ 1,180,000	\$ 1,080,000	\$ (100,000)
Transfers out	<u>(12,452,550)</u>	<u>(16,415,678)</u>	<u>(16,600,869)</u>	<u>(185,191)</u>
Total other financing uses, net	<u>\$ (11,272,550)</u>	<u>\$ (15,235,678)</u>	<u>\$ (15,520,869)</u>	<u>\$ (285,191)</u>
Net change in fund balances	\$ 54,200	\$ (1,671,412)	\$ 842,539	\$ 2,513,951
Fund balances - beginning	<u>(54,200)</u>	<u>1,671,412</u>	<u>15,846,152</u>	<u>14,174,740</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,688,691</u>	<u>\$ 16,688,691</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final	Amounts	
REVENUES				
Charges for services	\$ 190,150	\$ 190,869	\$ 181,556	\$ (9,313)
Recovered costs	1,327,670	1,327,670	1,327,670	-
Intergovernmental revenues:				
Commonwealth	5,433,422	5,444,728	4,886,306	(558,422)
Federal	6,128,839	6,151,997	6,109,097	(42,900)
Total revenues	<u>\$ 13,080,081</u>	<u>\$ 13,115,264</u>	<u>\$ 12,504,629</u>	<u>\$ (610,635)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 15,623,353	\$ 15,719,536	\$ 15,185,669	\$ 533,867
Total expenditures	<u>\$ 15,623,353</u>	<u>\$ 15,719,536</u>	<u>\$ 15,185,669</u>	<u>\$ 533,867</u>
Deficiency of revenues under expenditures	<u>\$ (2,543,272)</u>	<u>\$ (2,604,272)</u>	<u>\$ (2,681,040)</u>	<u>\$ (76,768)</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 2,543,272	\$ 2,604,272	\$ 2,681,040	\$ 76,768
Total other financing sources	<u>\$ 2,543,272</u>	<u>\$ 2,604,272</u>	<u>\$ 2,681,040</u>	<u>\$ 76,768</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Other Postemployment Benefit Program
Schedule of Funding Progress

PRIMARY GOVERNMENT:**County Other Postemployment Benefits 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 Benefits 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.

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

	Fiscal Year June 30,	
	2014	2015
Total Pension Liability		
Service cost	\$ 2,078,481	\$ 2,101,912
Interest	5,396,036	5,639,039
Differences between expected and actual experience	-	(82,018)
Benefit payments, including refunds of employee contributions	(3,868,114)	(4,137,964)
Net change in total pension liability	\$ 3,606,403	\$ 3,520,969
Total pension liability - beginning	79,020,284	82,626,687
Total pension liability - ending (a)	<u><u>\$ 82,626,687</u></u>	<u><u>\$ 86,147,656</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 2,210,642	\$ 2,313,950
Contributions - employee	909,646	921,678
Net investment income	9,910,591	3,285,690
Benefit payments, including refunds of employee contributions	(3,868,114)	(4,137,964)
Administrative expense	(53,478)	(45,225)
Other	523	(693)
Net change in plan fiduciary net position	\$ 9,109,810	\$ 2,337,436
Plan fiduciary net position - beginning	63,065,359	72,175,169
Plan fiduciary net position - ending (b)	<u><u>\$ 72,175,169</u></u>	<u><u>\$ 74,512,605</u></u>
County's net pension liability - ending (a) - (b)	<u><u>\$ 10,451,518</u></u>	<u><u>\$ 11,635,051</u></u>
Plan fiduciary net position as a percentage of the total pension liability	87.35%	86.49%
Covered-employee payroll	\$ 17,685,136	\$ 18,437,849
County's net pension liability as a percentage of covered-employee payroll	59.10%	63.10%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
- | | |
|---|---|
| LEOS: | NON-LEOS: |
| a. Update mortality table | a. Update mortality table |
| b. Adjustments to rates of service retirement for females | b. Decrease in rates of service retirement |
| c. Increase in rates of withdrawal | c. Decrease in rates of disability retirement |
| d. Decrease in male and female rates of disability | d. Reduce rates of salary increases by 0.25% |
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

Schedule of Changes in the School Board Non-Professional
Net Pension Liability and Related Ratios - Virginia Retirement System

	Fiscal Year June 30,	
	2014	2015
Total Pension Liability		
Service cost	\$ 257,529	\$ 250,850
Interest	739,629	770,891
Differences between expected and actual experience	-	(276,356)
Benefit payments, including refunds of employee contributions	(529,213)	(571,921)
Net change in total pension liability	\$ 467,945	\$ 173,464
Total pension liability - beginning	10,830,741	11,298,686
Total pension liability - ending (a)	<u><u>\$ 11,298,686</u></u>	<u><u>\$ 11,472,150</u></u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 218,931	\$ 226,499
Contributions - employee	131,504	130,761
Net investment income	1,445,168	476,637
Benefit payments, including refunds of employee contributions	(529,213)	(571,921)
Administrative expense	(7,868)	(6,644)
Other	76	(102)
Net change in plan fiduciary net position	\$ 1,258,598	\$ 255,230
Plan fiduciary net position - beginning	9,234,345	10,492,943
Plan fiduciary net position - ending (b)	<u><u>\$ 10,492,943</u></u>	<u><u>\$ 10,748,173</u></u>
School Board's non-professional net pension liability - ending (a) - (b)	<u><u>\$ 805,743</u></u>	<u><u>\$ 723,977</u></u>
Plan fiduciary net position as a percentage of the total pension liability	92.87%	93.69%
Covered-employee payroll	\$ 2,593,969	\$ 2,642,929
School Board's non-professional net pension liability as a percentage of covered-employee payroll	31.06%	27.39%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
 - a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Increase in rates of withdrawal
 - d. Decrease in male and female rates of disability
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

Schedule of School Board Share of Net Pension Liability
VRS Teacher Retirement Plan (Cost-Sharing) - Virginia Retirement System

	Fiscal Year June 30,	
	2014	2015
Employer's proportion of the net pension liability	0.73785%	0.74809%
Employer's proportionate share of the net pension liability	\$ 89,167,000	\$ 94,157,000
Employer's covered-employee payroll	\$ 53,959,194	\$ 55,620,152
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.25%	169.29%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
- a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Decrease in rate of withdrawals for 3 through 9 years of service
 - d. Decrease in rates of availability
 - e. Reduce rates of salary increase by 0.25% per year
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

Schedule of County Contributions - Virginia Retirement System

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 2,210,642	\$ 2,313,950
Contributions in relation to the CRC	<u>2,210,642</u>	<u>2,313,950</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>
Employer's covered-employee payroll	\$ 17,685,136	\$ 18,437,849
Contributions as a percentage of covered-employee payroll	12.50%	12.55%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
- | | |
|-------------------------------|-------------------------------------|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 20-29 years |
| Asset valuation method | 5-year smoothed market |
| Cost-of-living adjustments | 2.50% |
| Projected salary increases | 3.50%-5.35% |
| Investment rate of return | 7.0%, including inflation at 2.50% |
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

Schedule of School Board Non-Professional Contributions - Virginia Retirement System

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 218,931	\$ 226,499
Contributions in relation to the CRC	218,931	226,499
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 2,593,969	\$ 2,642,929
Contributions as a percentage of covered-employee payroll	8.44%	8.57%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
- | | |
|-------------------------------|-------------------------------------|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 20-29 years |
| Asset valuation method | 5-year smoothed market |
| Cost-of-living adjustments | 2.50% |
| Projected salary increases | 3.50%-5.35% |
| Investment rate of return | 7.0%, including inflation at 2.50% |
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

Schedule of School Board Professional Contributions - Virginia Retirement System

	Fiscal Year June 30,	
	2014	2015
Contractually required contribution (CRC)	\$ 6,291,642	\$ 8,064,922
Contributions in relation to the CRC	<u>6,291,642</u>	<u>8,064,922</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>
Employer's covered-employee payroll	\$ 53,959,194	\$ 55,620,152
Contributions as a percentage of covered-employee payroll	11.66%	14.50%

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:
- | | |
|-------------------------------|-------------------------------------|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 20-29 years |
| Asset valuation method | 5-year smoothed market |
| Cost-of-living adjustments | 2.50% |
| Projected salary increases | 3.50%-5.35% |
| Investment rate of return | 7.0%, including inflation at 2.50% |
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

OTHER SUPPLEMENTARY INFORMATION

Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Over</u>
				<u>(Under)</u>
REVENUES				
Charges for services	\$ 35,521	\$ 40,805	\$ 43,487	\$ 2,682
Total revenues	\$ 35,521	\$ 40,805	\$ 43,487	\$ 2,682
EXPENDITURES				
Debt service:				
Principal retirement	\$ 5,766,352	\$ 5,766,352	\$ 5,766,352	\$ -
Interest and other fiscal charges	2,236,944	2,235,496	2,232,756	2,740
Total expenditures	\$ 8,003,296	\$ 8,001,848	\$ 7,999,108	\$ 2,740
Deficiency of revenues under expenditures	\$ (7,967,775)	\$ (7,961,043)	\$ (7,955,621)	\$ 5,422
OTHER FINANCING SOURCES				
Transfers in	\$ 7,967,775	\$ 7,961,043	\$ 7,955,621	\$ (5,422)
Total other financing sources	\$ 7,967,775	\$ 7,961,043	\$ 7,955,621	\$ (5,422)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County Capital Improvements Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Other local taxes	\$ 25,042	\$ 25,042	\$ 25,042	\$ -
Revenue from the use of money and property	21,300	22,400	23,303	903
Miscellaneous	200	421,700	435,073	13,373
Recovered costs	960,685	974,186	1,013,178	38,992
Intergovernmental revenues:				
Commonwealth	155,140	503,393	1,344,043	840,650
Federal	304,395	2,701,342	2,132,403	(568,939)
Total revenues	<u>\$ 1,466,762</u>	<u>\$ 4,648,063</u>	<u>\$ 4,973,042</u>	<u>\$ 324,979</u>
EXPENDITURES				
Capital projects	\$ 5,218,637	\$ 12,308,798	\$ 7,106,830	\$ 5,201,968
Total expenditures	<u>\$ 5,218,637</u>	<u>\$ 12,308,798</u>	<u>\$ 7,106,830</u>	<u>\$ 5,201,968</u>
Deficiency of revenues under expenditures	<u>\$ (3,751,875)</u>	<u>\$ (7,660,735)</u>	<u>\$ (2,133,788)</u>	<u>\$ 5,526,947</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,587,875	\$ 6,496,735	\$ 6,610,579	\$ 113,844
Transfers out	(2,826,372)	(3,659,875)	(3,559,874)	100,001
Total other financing sources (uses), net	<u>\$ (238,497)</u>	<u>\$ 2,836,860</u>	<u>\$ 3,050,705</u>	<u>\$ 213,845</u>
Net change in fund balances	\$ (3,990,372)	\$ (4,823,875)	\$ 916,917	\$ 5,740,792
Fund balances - beginning	3,990,372	4,823,875	26,961,962	22,138,087
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,878,879</u>	<u>\$ 27,878,879</u>

School Capital Improvements Fund

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

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 33,639	\$ 9,958	\$ 20,243	\$ 10,285
Miscellaneous	13,912	13,946	13,924	(22)
Total revenues	<u>\$ 47,551</u>	<u>\$ 23,904</u>	<u>\$ 34,167</u>	<u>\$ 10,263</u>
EXPENDITURES				
Current:				
Capital projects	\$ 10,290,321	\$ 18,515,839	\$ 12,867,765	\$ 5,648,074
Debt service:				
Interest and other fiscal charges	-	-	202,215	(202,215)
Total expenditures	<u>\$ 10,290,321</u>	<u>\$ 18,515,839</u>	<u>\$ 13,069,980</u>	<u>\$ 5,445,859</u>
Deficiency of revenues under expenditures	<u>\$ (10,242,770)</u>	<u>\$ (18,491,935)</u>	<u>\$ (13,035,813)</u>	<u>\$ 5,456,122</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 1,500,000	\$ 1,833,503	\$ 1,833,503	\$ -
Issuance of general obligation bonds	40,774,878	30,000,000	27,825,000	(2,175,000)
Premium on general obligation bonds	-	-	2,381,661	2,381,661
Total other financing sources	<u>\$ 42,274,878</u>	<u>\$ 31,833,503</u>	<u>\$ 32,040,164</u>	<u>\$ 206,661</u>
Net change in fund balances	\$ 32,032,108	\$ 13,341,568	\$ 19,004,351	\$ 5,662,783
Fund balances - beginning	(32,032,108)	(13,341,568)	(318,771)	13,022,797
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,685,580</u>	<u>\$ 18,685,580</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Statement of Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds						Total
	Special Welfare	Shenandoah Valley Regional Program for Special Education	Valley Alcohol Safety Action Program	Valley Career and Technical Center	Valley Children's Advocacy Center	Insurance Trust	
ASSETS							
Cash and cash equivalents	\$ 163,604	\$ 3,599,304	\$ 107,930	\$ 410,184	\$ 15,181	\$ 3,678,324	\$ 7,974,527
Other receivables	-	169,203	53,958	106,567	8,750	-	338,478
Prepaid expenses	-	-	-	4,000	-	202,474	206,474
Total assets	<u>\$ 163,604</u>	<u>\$ 3,768,507</u>	<u>\$ 161,888</u>	<u>\$ 520,751</u>	<u>\$ 23,931</u>	<u>\$ 3,880,798</u>	<u>\$ 8,519,479</u>
LIABILITIES							
Accounts payable	\$ -	\$ 82,779	\$ 9,071	\$ 222,996	\$ 1,168	\$ 392,026	\$ 708,040
Accrued liabilities	-	204,876	34,281	100,235	-	-	339,392
Other liabilities	-	2,045,162	-	-	-	1,612,800	3,657,962
Amounts held for social services clients	163,604	-	-	-	-	-	163,604
Amounts held for Shenandoah Valley Regional Program for Special Education	-	1,435,690	-	-	-	-	1,435,690
Amounts held for Valley Alcohol Safety Action Program	-	-	118,536	-	-	-	118,536
Amounts held for Valley Career and Technical Center	-	-	-	197,520	-	-	197,520
Amounts held for Valley Children's Advocacy Center	-	-	-	-	22,763	-	22,763
Amounts held for Insurance Trust	-	-	-	-	-	1,875,972	1,875,972
Total liabilities	<u>\$ 163,604</u>	<u>\$ 3,768,507</u>	<u>\$ 161,888</u>	<u>\$ 520,751</u>	<u>\$ 23,931</u>	<u>\$ 3,880,798</u>	<u>\$ 8,519,479</u>

Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 156,233	\$ 253,589	\$ 246,218	\$ 163,604
Total assets	<u>\$ 156,233</u>	<u>\$ 253,589</u>	<u>\$ 246,218</u>	<u>\$ 163,604</u>
LIABILITIES				
Amounts held for social services clients	\$ 156,233	\$ 253,589	\$ 246,218	\$ 163,604
Total liabilities	<u>\$ 156,233</u>	<u>\$ 253,589</u>	<u>\$ 246,218</u>	<u>\$ 163,604</u>
Shenandoah Valley Regional Program for Special Education Fund:				
ASSETS				
Cash and cash equivalents	\$ 2,234,905	\$ 10,515,212	\$ 9,150,813	\$ 3,599,304
Other receivables	575,687	169,203	575,687	169,203
Total assets	<u>\$ 2,810,592</u>	<u>\$ 10,684,415</u>	<u>\$ 9,726,500</u>	<u>\$ 3,768,507</u>
LIABILITIES				
Accounts payable	\$ 92,456	\$ 82,779	\$ 92,456	\$ 82,779
Accrued liabilities	208,849	204,876	208,849	204,876
Other liabilities	1,546,230	2,045,162	1,546,230	2,045,162
Amounts held for Shenandoah Valley Regional Program for Special Education	963,057	10,515,212	10,042,579	1,435,690
Total liabilities	<u>\$ 2,810,592</u>	<u>\$ 12,848,029</u>	<u>\$ 11,890,114</u>	<u>\$ 3,768,507</u>
Valley Alcohol Safety Action Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 144,267	\$ 359,939	\$ 396,276	\$ 107,930
Other receivables	68,193	53,958	68,193	53,958
Total assets	<u>\$ 212,460</u>	<u>\$ 413,897</u>	<u>\$ 464,469</u>	<u>\$ 161,888</u>
LIABILITIES				
Accounts payable	\$ 10,500	\$ 9,071	\$ 10,500	\$ 9,071
Accrued liabilities	32,107	34,281	32,107	34,281
Amounts held for Valley Alcohol Safety Action Program	169,853	370,545	421,862	118,536
Total liabilities	<u>\$ 212,460</u>	<u>\$ 413,897</u>	<u>\$ 464,469</u>	<u>\$ 161,888</u>
Valley Career and Technical Center Fund:				
ASSETS				
Cash and cash equivalents	\$ 386,207	\$ 4,253,316	\$ 4,229,339	\$ 410,184
Other receivables	18,967	106,567	18,967	106,567
Prepaid expenses	-	4,000	-	4,000
Total assets	<u>\$ 405,174</u>	<u>\$ 4,363,883</u>	<u>\$ 4,248,306</u>	<u>\$ 520,751</u>
LIABILITIES				
Accounts payable	\$ 146,173	\$ 222,996	\$ 146,173	\$ 222,996
Accrued liabilities	95,328	100,235	95,328	100,235
Amounts held for Valley Career and Technical Center	163,673	4,253,316	4,219,469	197,520
Total liabilities	<u>\$ 405,174</u>	<u>\$ 4,576,547</u>	<u>\$ 4,460,970</u>	<u>\$ 520,751</u>
Valley Children's Advocacy Center Fund:				
ASSETS				
Cash and cash equivalents	\$ 16,792	\$ 153,934	\$ 155,545	\$ 15,181
Other receivables	5,647	8,750	5,647	8,750
Total assets	<u>\$ 22,439</u>	<u>\$ 162,684</u>	<u>\$ 161,192</u>	<u>\$ 23,931</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,168	\$ -	\$ 1,168
Amounts held for Valley Children's Advocacy Center	22,439	153,934	153,610	22,763
Total liabilities	<u>\$ 22,439</u>	<u>\$ 155,102</u>	<u>\$ 153,610</u>	<u>\$ 23,931</u>
Insurance Trust Fund:				
ASSETS				
Cash and cash equivalents	\$ 2,646,467	\$ 19,884,662	\$ 18,852,805	\$ 3,678,324
Prepaid expenses	560,000	202,474	560,000	202,474
Total assets	<u>\$ 3,206,467</u>	<u>\$ 20,087,136</u>	<u>\$ 19,412,805</u>	<u>\$ 3,880,798</u>
LIABILITIES				
Accounts payable	\$ 500,616	\$ 392,026	\$ 500,616	\$ 392,026
Incurred but not reported (IBNR) payable	1,819,940	1,612,800	1,819,940	1,612,800
Amounts held for Insurance Trust	885,911	19,884,662	18,894,601	1,875,972
Total liabilities	<u>\$ 3,206,467</u>	<u>\$ 21,889,488</u>	<u>\$ 21,215,157</u>	<u>\$ 3,880,798</u>

Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2016 (Continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 5,584,871	\$ 35,420,652	\$ 33,030,996	\$ 7,974,527
Other receivables	668,494	338,478	668,494	338,478
Prepaid expenses	560,000	206,474	560,000	206,474
Total assets	<u>\$ 6,813,365</u>	<u>\$ 35,965,604</u>	<u>\$ 34,259,490</u>	<u>\$ 8,519,479</u>
LIABILITIES				
Accounts payable	\$ 749,745	\$ 708,040	\$ 749,745	\$ 708,040
Accrued liabilities	336,284	339,392	336,284	339,392
Other liabilities	3,366,170	3,657,962	3,366,170	3,657,962
Amounts held for social services clients	156,233	253,589	246,218	163,604
Amounts held for Shenandoah Valley Regional Program for Special Education	963,057	10,515,212	10,042,579	1,435,690
Amounts held for Valley Alcohol Safety Action Program	169,853	370,545	421,862	118,536
Amounts held for Valley Career and Technical Center	163,673	4,253,316	4,219,469	197,520
Amounts held for Valley Children's Advocacy Center	22,439	153,934	153,610	22,763
Amounts held for Insurance Trust	885,911	19,884,662	18,894,601	1,875,972
Total liabilities	<u>\$ 6,813,365</u>	<u>\$ 20,251,990</u>	<u>\$ 19,535,937</u>	<u>\$ 8,519,479</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Governmental capital assets:		
Land	\$ 5,486,551	\$ 5,486,551
Buildings	70,892,342	76,186,017
Machinery and equipment	16,137,873	12,896,413
Land improvement	5,019,683	5,019,683
Construction in progress	701,387	2,335,991
Total governmental capital assets	<u>\$ 98,237,836</u>	<u>\$ 101,924,655</u>
Investments in governmental capital assets by source:		
General fund	\$ 97,889,271	\$ 101,585,652
Special revenue funds	348,565	339,003
Total governmental capital assets by source	<u>\$ 98,237,836</u>	<u>\$ 101,924,655</u>

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2016

Function and Activity	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 3,795,744	\$ 4,803,853	\$ 26,294,337	\$ 3,187,625	\$ -	\$ 38,081,559
County administrator	-	-	-	21,220	-	21,220
Commissioner of revenue	-	-	-	55,831	-	55,831
Central accounting	-	-	-	33,740	-	33,740
Management information systems	-	-	-	1,318,635	37,308	1,355,943
Total general government administration	\$ 3,795,744	\$ 4,803,853	\$ 26,294,337	\$ 4,617,051	\$ 37,308	\$ 39,548,293
Judicial administration:						
Clerk of Circuit Court	\$ -	\$ -	\$ -	\$ 187,795	\$ -	\$ 187,795
General District Court	-	-	-	19,252	-	19,252
Commonwealth's Attorney	-	-	-	68,669	-	68,669
Total judicial administration	\$ -	\$ -	\$ -	\$ 275,716	\$ -	\$ 275,716
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 2,921,000	\$ -	\$ 2,921,000
Emergency operations	-	-	-	1,972,166	664,079	2,636,245
Fire department	62,000	-	363,937	4,157,514	-	4,583,451
Emergency services	-	-	-	38,371	-	38,371
Juvenile detention and probation	-	-	12,520	32,313	-	44,833
Building inspections	-	-	-	171,082	-	171,082
Animal control	-	-	-	78,800	-	78,800
Drug enforcement	-	-	-	71,284	-	71,284
Total public safety	\$ 62,000	\$ -	\$ 376,457	\$ 9,442,530	\$ 664,079	\$ 10,545,066
Public works:						
Sanitation and waste removal	\$ 60,446	\$ -	\$ -	\$ 169,209	\$ -	\$ 229,655
Maintenance of buildings and grounds	45,700	162,207	283,628	233,956	-	725,491
Total public works	\$ 106,146	\$ 162,207	\$ 283,628	\$ 403,165	\$ -	\$ 955,146
Education:						
Schools	\$ -	\$ -	\$ 43,625,958	\$ -	\$ -	\$ 43,625,958
Total education	\$ -	\$ -	\$ 43,625,958	\$ -	\$ -	\$ 43,625,958
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 348,565	\$ -	\$ 348,565
Total health and welfare	\$ -	\$ -	\$ -	\$ 348,565	\$ -	\$ 348,565
Parks, recreation, and cultural:						
Parks and recreation	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 555,677	\$ -	\$ 2,443,923
Library	-	-	-	318,719	-	318,719
Total parks, recreation, and cultural	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 874,396	\$ -	\$ 2,762,642
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 150,440	\$ -	\$ 150,440
Economic development	-	-	-	26,010	-	26,010
Total community development	\$ -	\$ -	\$ -	\$ 176,450	\$ -	\$ 176,450
Total governmental capital assets	\$ 5,486,551	\$ 5,019,683	\$ 70,892,342	\$ 16,137,873	\$ 701,387	\$ 98,237,836

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2016

Function and Activity	Governmental Funds Capital Assets				Governmental Funds Capital Assets	
	June 30, 2015	Additions	Deductions	Transfers	June 30, 2016	
General government administration:						
Board of supervisors	\$ 37,556,906	\$ 620,699	\$ (96,046)	\$ -	\$ 38,081,559	
County administrator	21,220	-	-	-	21,220	
Commissioner of revenue	53,071	20,764	(18,004)	-	55,831	
Central accounting	33,740	-	-	-	33,740	
Management information systems	1,242,463	113,480	-	-	1,355,943	
Total general government administration	\$ 38,907,400	\$ 754,943	\$ (114,050)	\$ -	\$ 39,548,293	
Judicial administration:						
Clerk of Circuit Court	\$ 187,795	\$ -	\$ -	\$ -	\$ 187,795	
General District Court	19,252	-	-	-	19,252	
Commonwealth's Attorney	68,669	-	-	-	68,669	
Total judicial administration	\$ 275,716	\$ -	\$ -	\$ -	\$ 275,716	
Public safety:						
Sheriff	\$ 2,756,194	\$ 421,009	\$ (256,203)	\$ -	\$ 2,921,000	
Emergency operations	2,202,381	433,864	-	-	2,636,245	
Fire department	4,330,170	303,281	(50,000)	-	4,583,451	
Emergency services	38,371	-	-	-	38,371	
Juvenile detention and probation	44,833	-	-	-	44,833	
Building inspections	171,082	-	-	-	171,082	
Animal control	78,800	-	-	-	78,800	
Drug enforcement	71,284	-	-	-	71,284	
Total public safety	\$ 9,693,115	\$ 1,158,154	\$ (306,203)	\$ -	\$ 10,545,066	
Public works:						
Sanitation and waste removal	\$ 229,655	\$ -	\$ -	\$ -	\$ 229,655	
Maintenance of buildings and grounds	718,291	7,200	-	-	725,491	
Total public works	\$ 947,946	\$ 7,200	\$ -	\$ -	\$ 955,146	
Education:						
Schools	\$ 48,919,633	\$ -	\$ -	\$ (5,293,675)	\$ 43,625,958	
Total education	\$ 48,919,633	\$ -	\$ -	\$ (5,293,675)	\$ 43,625,958	
Health and welfare:						
Social services	\$ 339,003	\$ 89,176	\$ (79,614)	\$ -	\$ 348,565	
Total health and welfare	\$ 339,003	\$ 89,176	\$ (79,614)	\$ -	\$ 348,565	
Parks, recreation, and cultural:						
Parks and recreation	\$ 2,387,827	\$ 78,693	\$ (22,597)	\$ -	\$ 2,443,923	
Library	282,355	36,364	-	-	318,719	
Total parks, recreation, and cultural	\$ 2,670,182	\$ 115,057	\$ (22,597)	\$ -	\$ 2,762,642	
Community development:						
Community development	\$ 150,440	\$ -	\$ -	\$ -	\$ 150,440	
Economic development	21,220	26,010	(21,220)	-	26,010	
Total community development	\$ 171,660	\$ 26,010	\$ (21,220)	\$ -	\$ 176,450	
Total governmental capital assets	\$ 101,924,655	\$ 2,150,540	\$ (543,684)	\$ (5,293,675)	\$ 98,237,836	

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2016

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 2,152,512	\$ 426,136	\$ 2,578,648
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	184,808	-	-	184,808
Due from primary government	7,983,381	-	978	7,984,359
Due from other governmental units	2,913,854	79,122	470,317	3,463,293
Total assets	<u>\$ 11,085,043</u>	<u>\$ 2,231,634</u>	<u>\$ 897,431</u>	<u>\$ 14,214,108</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Reconciled overdraft	\$ -	\$ -	\$ 219,854	\$ 219,854
Accounts payable	5,964,433	159,749	196,180	6,320,362
Accrued liabilities	5,028,272	133,166	158,659	5,320,097
Due to primary government	-	-	322,738	322,738
Unearned revenue	92,338	58,646	-	150,984
Total liabilities	<u>\$ 11,085,043</u>	<u>\$ 351,561</u>	<u>\$ 897,431</u>	<u>\$ 12,334,035</u>

Fund balances:

Assigned	\$ -	\$ 1,880,073	\$ -	\$ 1,880,073
Total fund balances	<u>\$ -</u>	<u>\$ 1,880,073</u>	<u>\$ -</u>	<u>\$ 1,880,073</u>
Total liabilities and fund balances	<u>\$ 11,085,043</u>	<u>\$ 2,231,634</u>	<u>\$ 897,431</u>	<u>\$ 14,214,108</u>

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

Total fund balances per above \$ 1,880,073

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 88,522,897

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (101,341,736)

Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds. 9,111,496

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds. (7,554,630)

Long-term due from other government - pension plan 1,245,071

Net position of governmental activities \$ (8,136,829)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2016

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 49,386	\$ 4,797	\$ -	\$ 54,183
Charges for services	698,844	1,800,509	868,282	3,367,635
Miscellaneous	549,895	-	15,569	565,464
Intergovernmental revenues:				
Local government	38,599,011	-	330	38,599,341
Commonwealth	53,701,229	73,918	575,575	54,350,722
Federal	4,110,070	2,834,581	2,844,543	9,789,194
Total revenues	<u>\$ 97,708,435</u>	<u>\$ 4,713,805</u>	<u>\$ 4,304,299</u>	<u>\$ 106,726,539</u>
EXPENDITURES				
Current:				
Education	\$ 97,708,435	\$ 4,380,883	\$ 4,211,330	\$ 106,300,648
Contribution to primary government	-	-	92,969	92,969
Total expenditures	<u>\$ 97,708,435</u>	<u>\$ 4,380,883</u>	<u>\$ 4,304,299</u>	<u>\$ 106,393,617</u>
Excess of revenues over expenditures	\$ -	\$ 332,922	\$ -	\$ 332,922
Net change in fund balances	\$ -	\$ 332,922	\$ -	\$ 332,922
Fund balances - beginning	-	1,547,151	-	1,547,151
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,880,073</u>	<u>\$ -</u>	<u>\$ 1,880,073</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 \$ 332,922

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. 7,295,979

The net effect of miscellaneous transactions involving capital assets (i.e., disposals, trade-ins, transfers, and donations) is to increase net assets. 5,369,329

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. (8,068,895)

Deferred outflows of resources - pension contributions 9,111,496

Due from other government - pension plan 531,934

Change in net position of governmental activities \$ 14,572,765

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, 2016

	School Operating Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 30,180	\$ 38,816	\$ 49,386	\$ 10,570
Charges for services	533,098	621,025	698,844	77,819
Miscellaneous	1,092,387	893,360	549,895	(343,465)
Intergovernmental revenues:				
Local government	39,379,219	39,379,219	38,599,011	(780,208)
Commonwealth	53,400,441	53,663,962	53,701,229	37,267
Federal	4,232,985	4,202,955	4,110,070	(92,885)
Total revenues	<u>\$ 98,668,310</u>	<u>\$ 98,799,337</u>	<u>\$ 97,708,435</u>	<u>\$ (1,090,902)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 98,668,310</u>	<u>\$ 98,799,337</u>	<u>\$ 97,708,435</u>	<u>\$ 1,090,902</u>
Total expenditures	<u>\$ 98,668,310</u>	<u>\$ 98,799,337</u>	<u>\$ 97,708,435</u>	<u>\$ 1,090,902</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 27

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
Original	Final		
\$ 5,000	\$ 4,000	\$ 4,797	\$ 797
2,042,408	1,753,025	1,800,509	47,484
-	-	-	-
-	-	-	-
71,000	73,505	73,918	413
2,405,000	2,435,000	2,834,581	399,581
<u>\$ 4,523,408</u>	<u>\$ 4,265,530</u>	<u>\$ 4,713,805</u>	<u>\$ 448,275</u>
<u>\$ 4,523,408</u>	<u>\$ 4,265,530</u>	<u>\$ 4,380,883</u>	<u>\$ (115,353)</u>
<u>\$ 4,523,408</u>	<u>\$ 4,265,530</u>	<u>\$ 4,380,883</u>	<u>\$ (115,353)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,922</u>	<u>\$ 332,922</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,922</u>	<u>\$ 332,922</u>
<u>-</u>	<u>-</u>	<u>1,547,151</u>	<u>1,547,151</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,880,073</u>	<u>\$ 1,880,073</u>

Statement of Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2016

	School Endowments
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 164,852
Total assets	<u>\$ 164,852</u>
 NET POSITION	
Restricted:	
JW Riley Endowment Fund	\$ 77,415
Unrestricted	<u>87,437</u>
Total net position	<u>\$ 164,852</u>

Statement of Changes in Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2016

	<u>School Endowments</u>
ADDITIONS	
Contributions:	
Private donations	\$ 77,415
Total contributions	<u>\$ 77,415</u>
Investment earnings:	
Interest	\$ 294
Total additions	<u>\$ 77,709</u>
DEDUCTIONS	
Scholarships	\$ 294
Total deductions	<u>\$ 294</u>
Change in net position	\$ 77,415
Net position - beginning	<u>87,437</u>
Net position - ending	<u><u>\$ 164,852</u></u>

Combining Balance Sheet

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

June 30, 2016

	Head Start Fund	Governor's School Fund	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 426,136	\$ 426,136
Due from primary government	978	-	978
Due from other governmental units	470,317	-	470,317
Total assets	<u>\$ 471,295</u>	<u>\$ 426,136</u>	<u>\$ 897,431</u>
LIABILITIES			
Liabilities:			
Reconciled overdraft	\$ 219,854	\$ -	\$ 219,854
Accounts payable	148,136	48,044	196,180
Accrued liabilities	103,305	55,354	158,659
Due to primary government	-	322,738	322,738
Total liabilities	<u>\$ 471,295</u>	<u>\$ 426,136</u>	<u>\$ 897,431</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, 2016

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ -	\$ 868,282	\$ 868,282
Miscellaneous	-	15,569	15,569
Intergovernmental revenues:			
Local government	330	-	330
Commonwealth	-	575,575	575,575
Federal	2,844,543	-	2,844,543
Total revenues	<u>\$ 2,844,873</u>	<u>\$ 1,459,426</u>	<u>\$ 4,304,299</u>
EXPENDITURES			
Current:			
Education	\$ 2,844,873	\$ 1,366,457	\$ 4,211,330
Contribution to primary government	-	92,969	92,969
Total expenditures	<u>\$ 2,844,873</u>	<u>\$ 1,459,426</u>	<u>\$ 4,304,299</u>
Excess of revenues over expenditures	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Augusta, Virginia

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2016

	Head Start Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	330	330
Commonwealth	-	-	-	-
Federal	<u>2,979,476</u>	<u>3,615,926</u>	<u>2,844,543</u>	<u>(771,383)</u>
Total revenues	<u>\$ 2,979,476</u>	<u>\$ 3,615,926</u>	<u>\$ 2,844,873</u>	<u>\$ (771,053)</u>
EXPENDITURES				
Current:				
Education	\$ 2,979,476	\$ 3,615,926	\$ 2,844,873	\$ 771,053
Contribution to primary government	-	-	-	-
Total expenditures	<u>\$ 2,979,476</u>	<u>\$ 3,615,926</u>	<u>\$ 2,844,873</u>	<u>\$ 771,053</u>
Excess of revenues over 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 32

Governor's School Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 889,962	\$ 881,414	\$ 868,282	\$ (13,132)
2,800	2,800	15,569	12,769
-	-	-	-
589,243	571,791	575,575	3,784
-	-	-	-
<u>\$ 1,482,005</u>	<u>\$ 1,456,005</u>	<u>\$ 1,459,426</u>	<u>\$ 3,421</u>
\$ 1,482,005	\$ 1,456,005	\$ 1,366,457	\$ 89,548
-	-	92,969	(92,969)
<u>\$ 1,482,005</u>	<u>\$ 1,456,005</u>	<u>\$ 1,459,426</u>	<u>\$ (3,421)</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets:		
Land	\$ 1,573,501	\$ 1,842,711
Buildings	138,757,264	130,833,187
Machinery and equipment	24,202,178	23,813,054
Construction in progress	11,476,586	1,515,698
Total governmental funds capital assets	<u>\$ 176,009,529</u>	<u>\$ 158,004,650</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 176,009,529	\$ 158,004,650
Total governmental funds capital assets	<u>\$ 176,009,529</u>	<u>\$ 158,004,650</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule by Function and Activity
 June 30, 2016

<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	\$ <u>1,573,501</u>	\$ <u>138,757,264</u>	\$ <u>24,202,178</u>	\$ <u>11,476,586</u>	\$ <u>176,009,529</u>
Total governmental funds capital assets	\$ <u><u>1,573,501</u></u>	\$ <u><u>138,757,264</u></u>	\$ <u><u>24,202,178</u></u>	\$ <u><u>11,476,586</u></u>	\$ <u><u>176,009,529</u></u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2016

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Governmental Funds Capital Assets June 30, 2016</u>
Education:					
Schools	\$ 158,004,650	\$ 13,265,141	\$ (553,937)	\$ 5,293,675	\$ 176,009,529
Total governmental funds capital assets	\$ 150,298,166	\$ 13,265,141	\$ (553,937)	\$ 5,293,675	\$ 176,009,529

Statement of Changes in Net Position - Agency Fund
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>School Activity Funds</u>				
Assets:				
Cash and temporary investments	\$ 1,925,728	\$ 3,898,964	\$ 3,885,121	\$ 1,939,571
Total assets	<u>\$ 1,925,728</u>	<u>\$ 3,898,964</u>	<u>\$ 3,885,121</u>	<u>\$ 1,939,571</u>
Liabilities:				
Collections held in trust	\$ 1,925,728	\$ 3,898,964	\$ 3,885,121	\$ 1,939,571
Total liabilities	<u>\$ 1,925,728</u>	<u>\$ 3,898,964</u>	<u>\$ 3,885,121</u>	<u>\$ 1,939,571</u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property tax	\$ 38,489,000	\$ 39,203,500	\$ 38,922,517	\$ (280,983)
Real and personal public service corporation tax	1,635,375	2,307,100	2,302,717	(4,383)
Personal property tax	10,428,210	10,608,000	10,504,529	(103,471)
Mobile home tax	162,000	167,000	162,900	(4,100)
Machinery and tools tax	3,575,490	3,637,000	3,649,048	12,048
Penalties	325,000	335,000	339,593	4,593
Interest	275,000	315,000	326,443	11,443
Total general property taxes	\$ 54,890,075	\$ 56,572,600	\$ 56,207,747	\$ (364,853)
Other local taxes:				
Local sales and use tax	\$ 5,000,000	\$ 5,050,000	\$ 5,422,965	\$ 372,965
Consumers' utility tax	1,750,000	1,750,000	1,781,431	31,431
Business license tax	3,300,000	3,400,000	3,526,206	126,206
Utility license tax	280,000	280,000	272,134	(7,866)
Bank stock tax	227,000	239,000	264,056	25,056
Tax on recordation and wills	660,000	700,000	741,693	41,693
Hotel and motel room tax	530,000	580,000	636,058	56,058
Restaurant food tax	2,254,958	2,354,958	2,419,683	64,725
Interest on local tax	50,000	55,000	51,029	(3,971)
Total other local taxes	\$ 14,051,958	\$ 14,408,958	\$ 15,115,255	\$ 706,297
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 55,000	\$ 55,000	\$ 57,352	\$ 2,352
Land use application fees	30,000	31,500	31,492	(8)
Transfer fees	2,000	2,000	2,153	153
Cellular tower fees	9,800	9,800	7,500	(2,300)
Permits and other licenses	522,800	512,600	469,526	(43,074)
Total permits, privilege fees, and regulatory licenses	\$ 619,600	\$ 610,900	\$ 568,023	\$ (42,877)
Fines and forfeitures:				
Court fines and forfeitures	\$ 200,500	\$ 130,500	\$ 126,137	\$ (4,363)
Dog violation fines	23,000	20,000	22,915	2,915
Total fines and forfeitures	\$ 223,500	\$ 150,500	\$ 149,052	\$ (1,448)
Revenue from use of money and property:				
Revenue from use of money	\$ 187,600	\$ 222,600	\$ 262,846	\$ 40,246
Revenue from use of property	363,000	374,000	371,384	(2,616)
Total revenue from use of money and property	\$ 550,600	\$ 596,600	\$ 634,230	\$ 37,630
Charges for services:				
Excess fees of clerk	\$ 18,000	\$ 18,500	\$ 18,379	\$ (121)
Charges for law enforcement and traffic control	7,600	7,600	5,063	(2,537)
Charges for courthouse maintenance	80,000	65,000	52,767	(12,233)
Treasurer's collection fees	88,000	93,000	79,417	(13,583)
Concealed weapons permits	40,000	40,000	40,660	660
Courthouse fees	172,000	162,000	130,141	(31,859)
Charges for Commonwealth's Attorney	7,000	7,000	6,480	(520)
Miscellaneous jail and inmate fees	8,000	8,000	9,023	1,023
Charges for sanitation and waste removal	1,166,000	1,200,000	1,050,194	(149,806)
Charges for parks and recreation	437,000	409,700	414,859	5,159
Charges for after school programs	305,000	312,000	330,488	18,488
Charges for day care	100,000	90,000	86,949	(3,051)
Charges for library	14,000	13,000	11,234	(1,766)
EMS transport service	1,165,000	1,200,000	1,226,894	26,894
Total charges for services	\$ 3,607,600	\$ 3,625,800	\$ 3,462,548	\$ (163,252)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 73,000	\$ 162,000	\$ 170,239	\$ 8,239
Repayment of loans from fire companies	145,000	150,000	145,779	(4,221)
Seized funds	-	5,000	4,807	(193)
Total miscellaneous revenue	\$ 218,000	\$ 317,000	\$ 320,825	\$ 3,825
Recovered costs:				
Fiscal agent fees-MRRJA	\$ 93,500	\$ 94,200	\$ 94,149	\$ (51)
Juvenile and domestic relations court costs	12,200	8,200	8,221	21
Other	33,500	50,500	50,451	(49)
Total recovered costs	\$ 139,200	\$ 152,900	\$ 152,821	\$ (79)
Total revenue from local sources	\$ 74,300,533	\$ 76,435,258	\$ 76,610,501	\$ 175,243
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 87,000	\$ 86,000	\$ 78,345	\$ (7,655)
Mobile home titling tax	115,000	115,000	100,192	(14,808)
Communications sales and use tax	2,550,000	2,450,000	2,418,748	(31,252)
Timber sales	23,000	1,200	1,165	(35)
Motor vehicle rental tax	70,000	70,000	62,316	(7,684)
State recordation tax	200,000	200,000	195,040	(4,960)
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Total noncategorical aid	\$ 7,341,000	\$ 7,218,200	\$ 7,151,799	\$ (66,401)
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 598,200	\$ 597,000	\$ 591,546	\$ (5,454)
Sheriff	2,816,500	2,807,000	2,786,198	(20,802)
Commissioner of revenue	211,700	211,500	211,946	446
Treasurer	162,700	162,700	161,599	(1,101)
Registrar/electoral board	47,300	47,300	46,399	(901)
Clerk of the Circuit Court	437,000	440,000	442,091	2,091
Total shared expenses	\$ 4,273,400	\$ 4,265,500	\$ 4,239,779	\$ (25,721)
Other categorical aid:				
Emergency medical services	\$ 80,000	\$ 80,000	\$ 82,171	\$ 2,171
Department of health - fire instructional grant	5,000	5,000	5,317	317
Department of behavioral health-transfer detention order	-	31,050	27,236	(3,814)
Litter control grant	17,500	18,100	18,062	(38)
Library grant	156,420	156,605	196,888	40,283
Grant for restoration of records	25,000	21,700	-	(21,700)
Victim-witness grant	74,080	85,200	75,126	(10,074)
Performing arts grant	5,000	5,000	5,000	-
Tourism grant	-	10,000	10,000	-
Pres primary election reimbursement	-	-	21,879	21,879
Firemans' insurance fund	232,000	247,300	230,817	(16,483)
Technology trust fund	41,500	38,000	22,971	(15,029)
Seized funds	10,000	10,000	10,746	746
E-911 wireless funding	145,000	150,000	154,319	4,319
Spay and neuter funds	2,000	2,000	1,860	(140)
Total other categorical aid	\$ 793,500	\$ 859,955	\$ 862,392	\$ 2,437
Total categorical aid	\$ 5,066,900	\$ 5,125,455	\$ 5,102,171	\$ (23,284)
Total revenue from the Commonwealth	\$ 12,407,900	\$ 12,343,655	\$ 12,253,970	\$ (89,685)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental Revenues: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 238,000	\$ 333,000	\$ 358,954	\$ 25,954
Categorical aid:				
DMV ground transportation safety grant	\$ 33,000	\$ 33,000	\$ 21,837	\$ (11,163)
Domestic violence grant	31,020	31,020	31,458	438
Sane grant	15,200	15,200	9,838	(5,362)
Seized funds	-	31,000	36,923	5,923
DEQ royalty grant	1,000	1,000	868	(132)
Justice assistance grant	5,000	12,400	11,159	(1,241)
Bulletproof vest partnership grant	3,000	10,000	(95)	(10,095)
Homeland security grant	-	349,000	451,959	102,959
Total categorical aid	\$ 88,220	\$ 482,620	\$ 563,947	\$ 81,327
Total revenue from the federal government	\$ 326,220	\$ 815,620	\$ 922,901	\$ 107,281
Total intergovernmental revenues	\$ 12,734,120	\$ 13,159,275	\$ 13,176,871	\$ 17,596
Total General Fund	\$ 87,034,653	\$ 89,594,533	\$ 89,787,372	\$ 192,839
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 190,150	\$ 190,869	\$ 181,556	\$ (9,313)
Recovered costs:				
City of Staunton, Virginia	\$ 668,699	\$ 668,699	\$ 668,699	\$ -
City of Waynesboro, Virginia	658,971	658,971	658,971	-
Total recovered costs	\$ 1,327,670	\$ 1,327,670	\$ 1,327,670	\$ -
Total revenue from local sources	\$ 1,517,820	\$ 1,518,539	\$ 1,509,226	\$ (9,313)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,992,422	\$ 3,003,728	\$ 2,857,168	\$ (146,560)
Children's Services Act program	2,441,000	2,441,000	2,029,138	(411,862)
Total categorical aid	\$ 5,433,422	\$ 5,444,728	\$ 4,886,306	\$ (558,422)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 6,128,839	\$ 6,151,997	\$ 5,851,823	\$ (300,174)
Children's Services Act program	-	-	257,274	257,274
Total categorical aid	\$ 6,128,839	\$ 6,151,997	\$ 6,109,097	\$ (42,900)
Total revenue from the federal government	\$ 6,128,839	\$ 6,151,997	\$ 6,109,097	\$ (42,900)
Total intergovernmental revenues	\$ 11,562,261	\$ 11,596,725	\$ 10,995,403	\$ (601,322)
Total Virginia Public Assistance Fund	\$ 13,080,081	\$ 13,115,264	\$ 12,504,629	\$ (610,635)
Debt Service Funds:				
County Debt Service Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 35,521	\$ 40,805	\$ 43,487	\$ 2,682
Total charges for services	\$ 35,521	\$ 40,805	\$ 43,487	\$ 2,682
Total revenue from local sources	\$ 35,521	\$ 40,805	\$ 43,487	\$ 2,682
Total Debt Service Fund	\$ 35,521	\$ 40,805	\$ 43,487	\$ 2,682

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Primary Government: (Continued)				
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Restaurant food tax	\$ 25,042	\$ 25,042	\$ 25,042	\$ -
Total other local taxes	\$ 25,042	\$ 25,042	\$ 25,042	\$ -
Revenue from use of money and property:				
Revenue from the use of money	\$ 18,800	\$ 19,900	\$ 19,489	\$ (411)
Revenue from the use of property	2,500	2,500	3,814	1,314
Total revenue from use of money and property	\$ 21,300	\$ 22,400	\$ 23,303	\$ 903
Miscellaneous revenue:				
Other miscellaneous	\$ 200	\$ 421,700	\$ 435,073	\$ 13,373
Total miscellaneous revenue	\$ 200	\$ 421,700	\$ 435,073	\$ 13,373
Recovered costs:				
Other recovered costs	\$ 960,685	\$ 974,186	\$ 1,013,178	\$ 38,992
Total recovered costs	\$ 960,685	\$ 974,186	\$ 1,013,178	\$ 38,992
Total revenue from local sources	\$ 1,007,227	\$ 1,443,328	\$ 1,496,596	\$ 53,268
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of conservation grant	\$ -	\$ -	\$ 825,025	\$ 825,025
Department of fire programs training grant	-	18,693	18,693	-
Hazardous Material Grant	10,000	10,000	20,816	10,816
Rescue squad assistance fund grant	80,000	95,000	94,873	(127)
Reimbursement Department of Transportation	-	354,000	15,173	(338,827)
Commonwealth Governor Opportunity Funds	-	-	125,000	125,000
E-911 wireless grant	65,140	4,300	169,463	165,163
Dept. of Housing and Community Development (Broadband)	-	21,400	75,000	53,600
Total categorical aid	\$ 155,140	\$ 503,393	\$ 1,344,043	\$ 840,650
Revenue from the federal government:				
Categorical aid:				
Homeland security grant, regional radio communications	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Hazardous material grant	54,395	39,000	38,138	(862)
Emergency planning grant	-	14,882	14,882	-
Watershed grant	-	2,397,460	1,930,575	(466,885)
Transportation enhancement	100,000	100,000	148,808	48,808
Total categorical aid	\$ 304,395	\$ 2,701,342	\$ 2,132,403	\$ (568,939)
Total intergovernmental revenues	\$ 459,535	\$ 3,204,735	\$ 3,476,446	\$ 271,711
Total County Capital Improvements Fund	\$ 1,466,762	\$ 4,648,063	\$ 4,973,042	\$ 324,979
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 33,639	\$ 9,958	\$ 20,243	\$ 10,285
Total revenue from use of money and property	\$ 33,639	\$ 9,958	\$ 20,243	\$ 10,285
Miscellaneous revenue:				
Other miscellaneous	\$ 13,912	\$ 13,946	\$ 13,924	\$ (22)
Total miscellaneous revenue	\$ 13,912	\$ 13,946	\$ 13,924	\$ (22)
Total revenue from local sources	\$ 47,551	\$ 23,904	\$ 34,167	\$ 10,263
Total School Capital Improvements Fund	\$ 47,551	\$ 23,904	\$ 34,167	\$ 10,263
Total Primary Government	\$ 101,664,568	\$ 107,422,569	\$ 107,342,697	\$ (79,872)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 30,180	\$ 38,816	\$ 49,386	\$ 10,570
Total revenue from use of money and property	\$ 30,180	\$ 38,816	\$ 49,386	\$ 10,570
Charges for services:				
Charges for education	\$ 313,092	\$ 334,074	\$ 314,417	\$ (19,657)
Tuition and payments from other divisions	220,006	286,951	384,427	97,476
Total charges for services	\$ 533,098	\$ 621,025	\$ 698,844	\$ 77,819
Miscellaneous revenue:				
Other miscellaneous	\$ 1,092,387	\$ 893,360	\$ 549,895	\$ (343,465)
Total revenue from local sources	\$ 1,655,665	\$ 1,553,201	\$ 1,298,125	\$ (255,076)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 39,379,219	\$ 39,379,219	\$ 38,599,011	\$ (780,208)
Total revenues from local governments	\$ 39,379,219	\$ 39,379,219	\$ 38,599,011	\$ (780,208)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 11,284,148	\$ 11,700,000	\$ 11,439,090	\$ (260,910)
Basic school aid	28,270,978	28,151,385	28,455,283	303,898
Regular foster care	50,387	50,387	104,095	53,708
Adult secondary education	86,517	86,517	96,742	10,225
Gifted and talented	304,386	305,660	306,586	926
Remedial education	845,818	822,855	825,199	2,344
Special education	945,540	949,498	952,375	2,877
Textbook payment	623,150	625,758	627,654	1,896
Standards of learning-project graduation	29,056	28,964	36,086	7,122
Vocational standards of quality payments	1,211,068	1,216,138	1,219,822	3,684
Vocational adult education	19,274	19,274	20,051	777
Social security fringe benefits	1,586,694	1,593,336	1,598,163	4,827
Retirement fringe benefits	3,141,006	3,154,155	3,163,710	9,555
Group life insurance instructional	97,145	97,551	97,847	296
Compensation supplement	451,691	453,455	454,825	1,370
Early reading intervention	135,081	135,081	135,081	-
Homebound education	25,214	25,214	16,146	(9,068)
Regional program tuition	907,493	813,841	710,250	(103,591)
Vocational education - equipment	29,345	29,345	28,321	(1,024)
Vocational occupational preparedness	164,028	164,028	186,708	22,680
Mentor teacher program	5,873	7,983	7,983	-
Special education - foster children	58,692	58,692	38,720	(19,972)
At risk payments	579,983	582,391	584,058	1,667
Primary class size	1,034,702	1,034,269	1,034,269	-
Technology	570,000	570,000	570,000	-
Standards of learning algebra readiness	100,709	108,998	108,998	-
At risk four-year olds	596,442	596,442	596,442	-
English as a second language	103,392	94,175	94,175	-
Other state funds	142,629	188,570	192,550	3,980
Total categorical aid	\$ 53,400,441	\$ 53,663,962	\$ 53,701,229	\$ 37,267
Total revenue from the Commonwealth	\$ 53,400,441	\$ 53,663,962	\$ 53,701,229	\$ 37,267

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 35,357	\$ 156,372	\$ 146,173	\$ (10,199)
Title I	1,343,491	1,343,530	1,248,931	(94,599)
Title VI-B, special education flow-through	2,247,762	2,137,490	2,170,421	32,931
Vocational education	150,151	126,823	126,953	130
Title VI-B, special education pre-school	62,070	60,112	60,559	447
Language acquisition	27,833	34,129	18,491	(15,638)
Title II Part A	277,688	277,688	271,731	(5,957)
Advanced placement	-	820	820	-
ITCV grant	88,633	65,991	65,991	-
Total categorical aid	\$ 4,232,985	\$ 4,202,955	\$ 4,110,070	\$ (92,885)
Total intergovernmental revenue	\$ 97,012,645	\$ 97,246,136	\$ 96,410,310	\$ (835,826)
Total School Operating Fund	\$ 98,668,310	\$ 98,799,337	\$ 97,708,435	\$ (1,090,902)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 5,000	\$ 4,000	\$ 4,797	\$ 797
Charges for services:				
Cafeteria sales	\$ 2,042,408	\$ 1,753,025	\$ 1,800,509	\$ 47,484
Total revenue from local sources	\$ 2,047,408	\$ 1,757,025	\$ 1,805,306	\$ 48,281
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 71,000	\$ 73,505	\$ 73,918	\$ 413
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,405,000	\$ 2,435,000	\$ 2,528,705	\$ 93,705
USDA donated food	-	-	305,876	305,876
Total categorical aid	\$ 2,405,000	\$ 2,435,000	\$ 2,834,581	\$ 399,581
Total revenue from the federal government	\$ 2,405,000	\$ 2,435,000	\$ 2,834,581	\$ 399,581
Total intergovernmental revenue	\$ 2,476,000	\$ 2,508,505	\$ 2,908,499	\$ 399,994
Total School Cafeteria Fund	\$ 4,523,408	\$ 4,265,530	\$ 4,713,805	\$ 448,275

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Discretely Presented Component Unit - School Board: (Continued)				
Head Start Fund:				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ -	\$ -	\$ 330	\$ 330
Total revenues from local governments	\$ -	\$ -	\$ 330	\$ 330
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 2,979,476	\$ 3,615,926	\$ 2,844,543	\$ (771,383)
Total categorical aid	\$ 2,979,476	\$ 3,615,926	\$ 2,844,543	\$ (771,383)
Total revenue from the federal government	\$ 2,979,476	\$ 3,615,926	\$ 2,844,543	\$ (771,383)
Total intergovernmental revenue	\$ 2,979,476	\$ 3,615,926	\$ 2,844,873	\$ (771,053)
Total Head Start Fund	\$ 2,979,476	\$ 3,615,926	\$ 2,844,873	\$ (771,053)
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 889,962	\$ 881,414	\$ 868,282	\$ (13,132)
Total charges for services	\$ 889,962	\$ 881,414	\$ 868,282	\$ (13,132)
Miscellaneous revenue:				
Other miscellaneous	\$ 2,800	\$ 2,800	\$ 15,569	\$ 12,769
Total miscellaneous revenue	\$ 2,800	\$ 2,800	\$ 15,569	\$ 12,769
Total revenue from local sources	\$ 892,762	\$ 884,214	\$ 883,851	\$ (363)
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 563,243	\$ 545,791	\$ 549,575	\$ 3,784
Technology funds	26,000	26,000	26,000	-
Total categorical aid	\$ 589,243	\$ 571,791	\$ 575,575	\$ 3,784
Total revenue from the Commonwealth	\$ 589,243	\$ 571,791	\$ 575,575	\$ 3,784
Total intergovernmental revenue	\$ 589,243	\$ 571,791	\$ 575,575	\$ 3,784
Total Governor's School Fund	\$ 1,482,005	\$ 1,456,005	\$ 1,459,426	\$ 3,421
Total Discretely Presented Component Unit - School Board	\$ 107,653,199	\$ 108,136,798	\$ 106,726,539	\$ (1,410,259)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 148,370	\$ 153,570	\$ 142,728	\$ 10,842
General and financial administration:				
County administrator	\$ 685,520	\$ 807,450	\$ 847,438	\$ (39,988)
Personnel	228,695	216,630	230,708	(14,078)
Legal services	306,705	308,955	299,800	9,155
Commissioner of revenue	838,355	852,470	838,161	14,309
Treasurer	549,850	546,120	537,284	8,836
Central accounting	399,255	369,875	364,918	4,957
Management information systems	686,695	677,575	683,676	(6,101)
Other general and financial administration	770,110	460,535	410,809	49,726
Total general and financial administration	\$ 4,465,185	\$ 4,239,610	\$ 4,212,794	\$ 26,816
Board of elections:				
Electoral board and officials	\$ 305,190	\$ 306,870	\$ 282,876	\$ 23,994
Total board of elections	\$ 305,190	\$ 306,870	\$ 282,876	\$ 23,994
Total general government administration	\$ 4,918,745	\$ 4,700,050	\$ 4,638,398	\$ 61,652
Judicial administration:				
Courts:				
Circuit court	\$ 103,485	\$ 95,005	\$ 94,820	\$ 185
General district court	7,250	7,455	6,088	1,367
Special magistrates	3,655	3,655	3,063	592
Clerk of the circuit court	824,705	817,877	806,351	11,526
Total courts	\$ 939,095	\$ 923,992	\$ 910,322	\$ 13,670
Commonwealth's attorney:				
Commonwealth's attorney	\$ 993,455	\$ 1,012,895	\$ 999,750	\$ 13,145
Total commonwealth's attorney	\$ 993,455	\$ 1,012,895	\$ 999,750	\$ 13,145
Total judicial administration	\$ 1,932,550	\$ 1,936,887	\$ 1,910,072	\$ 26,815
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,149,520	\$ 6,189,910	\$ 5,948,686	\$ 241,224
Emergency operations center	1,765,115	1,737,035	1,625,881	111,154
Total law enforcement and traffic control	\$ 7,914,635	\$ 7,926,945	\$ 7,574,567	\$ 352,378
Fire and rescue services:				
Fire department	\$ 6,158,980	\$ 6,720,825	\$ 6,391,287	\$ 329,538
Volunteer emergency operations	2,082,340	2,082,840	1,829,472	253,368
Fire training center	341,510	338,670	311,885	26,785
Fire revolving fund disbursements	405,000	380,000	56,224	323,776
EMS transport service	522,800	628,500	557,781	70,719
Total fire and rescue services	\$ 9,510,630	\$ 10,150,835	\$ 9,146,649	\$ 1,004,186
Correction and detention:				
Probation and detention	\$ 1,719,235	\$ 1,582,799	\$ 1,580,382	\$ 2,417
Total correction and detention	\$ 1,719,235	\$ 1,582,799	\$ 1,580,382	\$ 2,417

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Primary Government: (Continued)				
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 394,140	\$ 391,655	\$ 387,042	\$ 4,613
Total inspections	\$ 394,140	\$ 391,655	\$ 387,042	\$ 4,613
Other protection:				
Animal control	\$ 389,585	\$ 419,455	\$ 435,965	\$ (16,510)
Drug enforcement funds	32,600	63,930	54,050	9,880
Total other protection	\$ 422,185	\$ 483,385	\$ 490,015	\$ (6,630)
Total public safety	\$ 19,960,825	\$ 20,535,619	\$ 19,178,655	\$ 1,356,964
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 12,000	\$ 15,000	\$ 11,601	\$ 3,399
Streetlights	116,000	116,000	114,897	1,103
Total maintenance of highways, streets, bridges and sidewalks	\$ 128,000	\$ 131,000	\$ 126,498	\$ 4,502
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,009,910	\$ 2,023,010	\$ 1,968,072	\$ 54,938
Recycling program	150,750	146,500	139,696	6,804
Total sanitation and waste removal	\$ 2,160,660	\$ 2,169,510	\$ 2,107,768	\$ 61,742
Maintenance of general buildings and grounds:				
General properties	\$ 1,387,975	\$ 1,321,645	\$ 1,233,709	\$ 87,936
Total maintenance of general buildings and grounds	\$ 1,387,975	\$ 1,321,645	\$ 1,233,709	\$ 87,936
Total public works	\$ 3,676,635	\$ 3,622,155	\$ 3,467,975	\$ 154,180
Health and welfare:				
Health:				
Supplement of local health department	\$ 527,540	\$ 507,824	\$ 507,824	\$ -
Total health	\$ 527,540	\$ 507,824	\$ 507,824	\$ -
Mental health and mental retardation:				
Community services board	\$ 147,530	\$ 147,530	\$ 147,530	\$ -
Total mental health and mental retardation	\$ 147,530	\$ 147,530	\$ 147,530	\$ -
Welfare:				
Valley Education Alliance	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Valley Program for the Aging	25,000	25,000	25,000	-
Coordinated Area Transportation Services	62,858	62,858	62,858	-
Community Centers	10,000	10,000	10,000	-
Verona Food Pantry	39,540	39,540	39,540	-
Lions Sight and Hearing/Oak Grove Theatre	3,227	3,227	3,227	-
CAPSAW	41,650	41,650	41,650	-
Craigsville personal property	28,280	28,603	28,603	-
Miscellaneous	6,526	6,526	6,709	(183)
Tax relief for the elderly	314,000	321,505	319,343	2,162
Total welfare	\$ 532,081	\$ 539,909	\$ 537,930	\$ 1,979
Total health and welfare	\$ 1,207,151	\$ 1,195,263	\$ 1,193,284	\$ 1,979

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Primary Government: (Continued)				
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contribution to County School Board	39,379,220	39,379,220	38,506,372	872,848
Total education	<u>\$ 39,384,220</u>	<u>\$ 39,384,220</u>	<u>\$ 38,511,372</u>	<u>\$ 872,848</u>
Parks, recreation and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,552,645	\$ 1,535,985	\$ 1,521,712	\$ 14,273
Total parks and recreation	<u>\$ 1,552,645</u>	<u>\$ 1,535,985</u>	<u>\$ 1,521,712</u>	<u>\$ 14,273</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	\$ 1,173,237	\$ 1,178,941	\$ 1,152,899	\$ 26,042
Churchville library	115,615	115,935	113,729	2,206
Total library	<u>\$ 1,288,852</u>	<u>\$ 1,294,876</u>	<u>\$ 1,266,628</u>	<u>\$ 28,248</u>
Total parks, recreation and cultural	<u>\$ 2,851,497</u>	<u>\$ 2,840,861</u>	<u>\$ 2,798,340</u>	<u>\$ 42,521</u>
Community development:				
Planning and community development:				
Community development	\$ 1,027,465	\$ 973,917	\$ 905,249	\$ 68,668
Tourism development	83,965	106,706	105,163	1,543
Economic development	270,670	272,715	276,741	(4,026)
Contribution to Economic Development Authority	68,000	142,000	141,734	266
Total planning and community development	<u>\$ 1,450,100</u>	<u>\$ 1,495,338</u>	<u>\$ 1,428,887</u>	<u>\$ 66,451</u>
Environmental management:				
Contribution to soil and water district	\$ 41,195	\$ 41,195	\$ 42,037	\$ (842)
Total environmental management	<u>\$ 41,195</u>	<u>\$ 41,195</u>	<u>\$ 42,037</u>	<u>\$ (842)</u>
Cooperative extension program:				
Extension office	\$ 107,580	\$ 85,500	\$ 80,217	\$ 5,283
Agricultural development	3,000	8,000	4,828	3,172
Total cooperative extension program	<u>\$ 110,580</u>	<u>\$ 93,500</u>	<u>\$ 85,045</u>	<u>\$ 8,455</u>
Total community development	<u>\$ 1,601,875</u>	<u>\$ 1,630,033</u>	<u>\$ 1,555,969</u>	<u>\$ 74,064</u>
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 124,405	\$ 135,179	\$ 135,179	\$ -
Contingencies	50,000	50,000	34,720	15,280
Total nondepartmental	<u>\$ 174,405</u>	<u>\$ 185,179</u>	<u>\$ 169,899</u>	<u>\$ 15,280</u>
Total General Fund	<u>\$ 75,707,903</u>	<u>\$ 76,030,267</u>	<u>\$ 73,423,964</u>	<u>\$ 2,606,303</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Primary Government: (Continued)				
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 8,353,353	\$ 8,388,536	\$ 8,316,761	\$ 71,775
Public assistance	3,370,000	3,370,000	2,918,421	451,579
Children's services	3,900,000	3,961,000	3,950,487	10,513
Total welfare and social services	<u>\$ 15,623,353</u>	<u>\$ 15,719,536</u>	<u>\$ 15,185,669</u>	<u>\$ 533,867</u>
Total health and welfare	<u>\$ 15,623,353</u>	<u>\$ 15,719,536</u>	<u>\$ 15,185,669</u>	<u>\$ 533,867</u>
Total Virginia Public Assistance Fund	<u>\$ 15,623,353</u>	<u>\$ 15,719,536</u>	<u>\$ 15,185,669</u>	<u>\$ 533,867</u>
Debt Service Funds:				
County Debt Service:				
Debt service:				
Principal retirement	\$ 472,677	\$ 472,677	\$ 472,677	\$ -
Interest and other fiscal charges	260,832	260,832	260,831	1
Total County Debt Service	<u>\$ 733,509</u>	<u>\$ 733,509</u>	<u>\$ 733,508</u>	<u>\$ 1</u>
School Debt Service:				
Debt service:				
Principal retirement	\$ 5,293,675	\$ 5,293,675	\$ 5,293,675	\$ -
Interest and other fiscal charges	1,976,112	1,974,664	1,971,925	2,739
Total School Debt Service	<u>\$ 7,269,787</u>	<u>\$ 7,268,339</u>	<u>\$ 7,265,600</u>	<u>\$ 2,739</u>
Total Debt Service Funds	<u>\$ 8,003,296</u>	<u>\$ 8,001,848</u>	<u>\$ 7,999,108</u>	<u>\$ 2,740</u>
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Landfill	\$ -	\$ -	\$ 504,678	\$ (504,678)
County schools	-	544,068	-	544,068
Road construction	100,000	854,060	212,233	641,827
Programs	1,790,192	4,142,814	3,854,320	288,494
Equipment replacement	1,646,668	4,344,417	1,874,785	2,469,632
Building renovations and construction	258,190	672,702	378,085	294,617
Economic development	1,182,800	1,265,300	148,506	1,116,794
County courthouse	210,350	-	14,582	(14,582)
Community contributions	30,437	485,437	119,641	365,796
Total capital projects	<u>\$ 5,218,637</u>	<u>\$ 12,308,798</u>	<u>\$ 7,106,830</u>	<u>\$ 5,201,968</u>
Total Capital Improvements Fund	<u>\$ 5,218,637</u>	<u>\$ 12,308,798</u>	<u>\$ 7,106,830</u>	<u>\$ 5,201,968</u>
School Capital Improvements Fund:				
Capital projects expenditures:				
Equipment/Technology	\$ 1,000,000	\$ 1,236,151	\$ 1,364,257	\$ (128,106)
Other school projects	500,000	833,503	922,366	(88,863)
Building renovations	8,790,321	16,446,185	10,581,142	5,865,043
Debt Service:				
Interest and other fiscal charges	-	-	202,215	(202,215)
Total capital projects	<u>\$ 10,290,321</u>	<u>\$ 18,515,839</u>	<u>\$ 13,069,980</u>	<u>\$ 5,445,859</u>
Total School Capital Improvements Fund	<u>\$ 10,290,321</u>	<u>\$ 18,515,839</u>	<u>\$ 13,069,980</u>	<u>\$ 5,445,859</u>
Total Primary Government	<u>\$ 114,843,510</u>	<u>\$ 130,576,288</u>	<u>\$ 116,785,551</u>	<u>\$ 13,790,737</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 196,103	\$ 218,741	\$ 254,433	\$ (35,692)
Executive administration services	569,701	621,391	645,266	(23,875)
Personnel	303,902	290,071	293,531	(3,460)
Fiscal services	557,279	556,352	555,432	920
Data processing services	362,796	376,116	363,902	12,214
Total administration of schools	<u>\$ 1,989,781</u>	<u>\$ 2,062,671</u>	<u>\$ 2,112,564</u>	<u>\$ (49,893)</u>
Instruction costs:				
Elementary and secondary schools	\$ 64,002,666	\$ 64,126,591	\$ 63,801,079	\$ 325,512
Guidance services	2,771,648	2,756,423	2,715,927	40,496
Social worker services	525,306	526,299	516,821	9,478
Other instructional costs	1,690,138	1,720,163	1,704,800	15,363
Media services	1,961,658	1,921,298	1,904,193	17,105
Technology services	2,516,894	2,901,654	2,812,903	88,751
Office of the principal	6,403,909	6,271,817	6,264,619	7,198
Total instruction costs	<u>\$ 79,872,219</u>	<u>\$ 80,224,245</u>	<u>\$ 79,720,342</u>	<u>\$ 503,903</u>
Operating costs:				
Attendance and health services	\$ 1,540,890	\$ 1,461,747	\$ 1,373,079	\$ 88,668
Pupil transportation	5,800,343	5,640,227	5,778,723	(138,496)
Operation and maintenance of school plant	9,465,077	9,410,447	8,723,727	686,720
Total operating costs	<u>\$ 16,806,310</u>	<u>\$ 16,512,421</u>	<u>\$ 15,875,529</u>	<u>\$ 636,892</u>
Total education	<u>\$ 98,668,310</u>	<u>\$ 98,799,337</u>	<u>\$ 97,708,435</u>	<u>\$ 1,090,902</u>
Total School Operating Fund	<u><u>\$ 98,668,310</u></u>	<u><u>\$ 98,799,337</u></u>	<u><u>\$ 97,708,435</u></u>	<u><u>\$ 1,090,902</u></u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 4,523,408	\$ 4,265,530	\$ 4,380,883	\$ (115,353)
Total Cafeteria Fund	<u><u>\$ 4,523,408</u></u>	<u><u>\$ 4,265,530</u></u>	<u><u>\$ 4,380,883</u></u>	<u><u>\$ (115,353)</u></u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
Discretely Presented Component Unit - School Board: (Continued)				
Head Start Fund:				
Education:				
Instruction	\$ 2,391,257	\$ 2,835,650	\$ 2,268,120	\$ 567,530
Administration, attendance, and health	467,602	640,658	461,429	179,229
Transportation services	100,067	120,331	88,291	32,040
Operations and maintenance services	20,550	19,287	27,033	(7,746)
Total education	<u>\$ 2,979,476</u>	<u>\$ 3,615,926</u>	<u>\$ 2,844,873</u>	<u>\$ 771,053</u>
Total Head Start Fund	<u>\$ 2,979,476</u>	<u>\$ 3,615,926</u>	<u>\$ 2,844,873</u>	<u>\$ 771,053</u>
Governor's School Fund:				
Education:				
Instruction	\$ 1,450,805	\$ 1,424,805	\$ 1,336,967	\$ 87,838
Operations and maintenance services	31,200	31,200	29,490	1,710
Contribution to primary government	-	-	92,969	(92,969)
Total education	<u>\$ 1,482,005</u>	<u>\$ 1,456,005</u>	<u>\$ 1,459,426</u>	<u>\$ (3,421)</u>
Total Governor's School Fund	<u>\$ 1,482,005</u>	<u>\$ 1,456,005</u>	<u>\$ 1,459,426</u>	<u>\$ (3,421)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 107,653,199</u>	<u>\$ 108,136,798</u>	<u>\$ 106,393,617</u>	<u>\$ 1,743,181</u>

STATISTICAL SECTION

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COUNTY OF AUGUSTA, VIRGINIA

Statistical Section Table of Contents

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2007	2008	2009	2010
Primary government				
Governmental activities				
Net investment in capital assets	\$ 19,304,458	\$ 11,932,321	\$ 11,284,834	\$ 13,116,731
Restricted	1,085,858	1,332,428	1,135,867	1,496,794
Unrestricted	<u>48,980,851</u>	<u>54,562,777</u>	<u>54,560,726</u>	<u>52,255,565</u>
Total primary government, governmental activities net assets	\$ <u>69,371,167</u>	\$ <u>67,827,526</u>	\$ <u>66,981,427</u>	\$ <u>66,869,090</u>
Total primary government, governmental activities net position				
Component unit ⁽²⁾				
Component unit - school board				
Net investment in capital assets	\$ 53,676,783	\$ 63,146,689	\$ 65,374,681	\$ 67,937,017
Unrestricted (deficit)	<u>608,705</u>	<u>(80,333)</u>	<u>(1,220,695)</u>	<u>(1,329,711)</u>
Total component unit net assets	\$ <u>54,285,488</u>	\$ <u>63,066,356</u>	\$ <u>64,153,986</u>	\$ <u>66,607,306</u>
Total component unit net position				
Total Reporting entity				
Net investment in capital assets	\$ 72,981,241	\$ 75,079,010	\$ 76,659,515	\$ 81,053,748
Restricted	1,085,858	1,332,428	1,135,867	1,496,794
Unrestricted	<u>49,589,556</u>	<u>54,482,444</u>	<u>53,340,031</u>	<u>50,925,854</u>
Total reporting entity net assets	\$ <u>123,656,655</u>	\$ <u>130,893,882</u>	\$ <u>131,135,413</u>	\$ <u>133,476,396</u>
Total reporting entity net position				

Notes:

⁽¹⁾ This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."

⁽²⁾ Component unit net position/assets are included in the table due to public schools being significant portions of the County operations. In Virginia, the County issues debt to finance the construction of facilities for the component unit because the component unit does not have borrowing or taxing authority.

⁽³⁾ At June 30, 2014, net position was restated for the implementation of GASB Statement No. 68, which reduced net position by \$13,744,283 for the primary government and \$96,743,465 for the component unit - school board.

Table 1

June 30,					
2011	2012	2013	2014	2015	2016
\$ 6,505,638	\$ 14,050,950	\$ 6,243,063	\$ 14,785,963	\$ 16,731,529	\$ 14,697,452
1,442,518	1,700,541	1,803,491	4,534,029	3,933,728	26,675,632
<u>58,132,662</u>	<u>46,866,214</u>	<u>43,862,461</u>	<u>41,015,719</u>	<u>25,271,482</u>	<u>4,559,615</u>
<u>\$ 66,080,818</u>	<u>\$ 62,617,705</u>				
		<u>\$ 51,909,015</u>	<u>\$ 60,335,711</u>	<u>\$ 45,936,739</u>	<u>\$ 45,932,699</u>
\$ 70,147,502	\$ 73,689,709	\$ 79,495,252	\$ 73,843,782	\$ 75,857,589	\$ 88,522,897
<u>(1,930,375)</u>	<u>(1,771,091)</u>	<u>(2,760,786)</u>	<u>(3,294,961)</u>	<u>(98,567,183)</u>	<u>(96,659,726)</u>
<u>\$ 68,217,127</u>	<u>\$ 71,918,618</u>				
		<u>\$ 76,734,466</u>	<u>\$ 70,548,821</u>	<u>\$ (22,709,594)</u>	<u>\$ (8,136,829)</u>
\$ 76,653,140	\$ 87,740,659	\$ 85,738,315	\$ 88,629,745	\$ 92,589,118	\$ 103,220,349
1,442,518	1,700,541	1,803,491	4,534,029	3,933,728	26,675,632
<u>56,202,287</u>	<u>45,095,123</u>	<u>41,101,675</u>	<u>37,720,758</u>	<u>(73,295,701)</u>	<u>(92,100,111)</u>
<u>\$ 134,297,945</u>	<u>\$ 134,536,323</u>				
		<u>\$ 128,643,481</u>	<u>\$ 130,884,532</u>	<u>\$ 23,227,145</u>	<u>\$ 37,795,870</u>
(3)					

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2007	2008	2009	2010
Primary government:				
Expenses:				
Governmental activities:				
General government	\$ 4,311,447	\$ 5,509,093	\$ 5,065,770	\$ 4,184,974
Judicial administration	1,594,317	1,851,046	1,842,573	1,757,348
Public safety	13,644,513	15,262,308	15,832,972	15,364,669
Public works	5,247,249	5,696,530	7,711,226	4,314,949
Health and welfare	11,680,282	12,994,411	11,340,693	13,092,468
Education	37,298,801	42,733,092	39,022,157	37,563,872
Parks, recreation and cultural	2,501,010	3,291,280	3,604,760	3,029,700
Community development	1,628,788	2,213,214	1,944,793	1,777,548
Interest on long-term debt	2,653,362	3,353,767	3,445,502	3,058,358
Total primary government expenses	<u>\$ 80,559,769</u>	<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>	<u>\$ 84,143,886</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 723,199	\$ 744,154	\$ 662,395	\$ 570,568
Judicial administration	614,220	433,807	371,909	299,426
Public safety	50,341	226,257	237,223	405,743
Public works	2,257,679	1,332,972	1,111,324	1,149,190
Health and welfare	188,485	326,113	361,690	382,719
Parks, recreation and cultural	649,233	654,110	722,807	749,885
Operating grants and contributions	13,542,540	15,423,055	15,777,283	15,052,450
Capital grants and contributions	2,227,600	2,769,821	3,241,550	197,886
Total primary government program revenues	<u>\$ 20,253,297</u>	<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>	<u>\$ 18,807,867</u>
Total primary government net expense ⁽¹⁾	<u>\$ (60,306,472)</u>	<u>\$ (70,994,452)</u>	<u>\$ (67,324,265)</u>	<u>\$ (65,336,019)</u>
General Revenues and Other Changes in Net Position/Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 40,998,297	\$ 41,016,853	\$ 43,396,769	\$ 42,723,198
Local sales and use taxes	4,846,918	5,016,195	4,477,956	4,384,864
Motor vehicle licenses taxes	1,823,630	1,798,392	55,167	-
Consumer utility taxes	4,281,024	4,532,958	4,278,675	1,678,592
Business licenses taxes	3,009,798	3,142,260	3,141,510	2,655,872
Restaurant food taxes	2,255,343	2,294,098	2,250,640	2,169,738
Other local taxes	2,000,072	1,871,161	1,656,024	1,638,634
Unrestricted grants and contributions	5,209,278	5,012,362	4,905,684	7,256,687
Unrestricted revenues from use of money and property	3,554,050	2,817,589	1,822,584	883,653
Gain (loss) on disposal of capital assets	(622,633)	-	-	-
Miscellaneous	475,137	1,948,943	493,157	1,832,444
Total primary government	<u>\$ 67,830,914</u>	<u>\$ 69,450,811</u>	<u>\$ 66,478,166</u>	<u>\$ 65,223,682</u>
Change in Net Assets				
Total primary government	<u>\$ 7,524,442</u>	<u>\$ (1,543,641)</u>	<u>\$ (846,099)</u>	<u>\$ (112,337)</u>
Change in Net Position				
Total primary government				

Table 2
Page 1

June 30,					
2011	2012	2013	2014	2015	2016
\$ 4,692,239	\$ 5,596,300	\$ 6,214,685	\$ 5,826,866	\$ 5,872,140	\$ 5,499,180
1,708,402	1,679,718	1,763,311	1,772,021	1,716,540	1,865,010
15,980,626	16,383,625	20,223,736	19,778,068	18,716,024	12,583,559
3,612,340	4,913,232	9,779,172	11,849,900	6,880,503	7,230,620
12,853,535	13,531,460	13,600,850	14,576,794	14,725,715	14,668,197
39,017,924	39,414,225	44,657,620	36,151,010	45,818,355	57,310,967
3,488,980	3,686,421	2,908,027	2,613,593	2,771,476	2,821,846
1,575,691	1,987,718	3,607,318	2,703,540	2,878,735	1,750,061
2,771,393	2,506,373	2,575,695	2,314,911	2,137,087	1,869,341
<u>\$ 85,701,130</u>	<u>\$ 89,699,072</u>	<u>\$ 105,330,414</u>	<u>\$ 97,586,703</u>	<u>\$ 101,516,575</u>	<u>\$ 105,598,781</u>
\$ 666,334	\$ 566,517	\$ 612,266	\$ 621,178	\$ 854,701	\$ 647,440
298,686	238,266	238,047	218,470	222,118	207,767
879,276	831,899	1,180,338	1,497,982	1,502,939	1,430,692
987,779	947,668	947,251	1,092,513	1,065,703	1,093,681
352,321	388,108	329,763	153,074	142,772	181,556
722,413	791,546	816,405	752,909	772,613	843,530
15,042,625	15,109,815	16,026,250	17,285,378	16,701,623	16,661,521
432,880	1,319,142	5,723,148	7,429,523	3,084,267	4,009,604
<u>\$ 19,382,314</u>	<u>\$ 20,192,961</u>	<u>\$ 25,873,468</u>	<u>\$ 29,051,027</u>	<u>\$ 24,346,736</u>	<u>\$ 25,075,791</u>
<u>\$ (66,318,816)</u>	<u>\$ (69,506,111)</u>	<u>\$ (79,456,946)</u>	<u>\$ (68,535,676)</u>	<u>\$ (77,169,839)</u>	<u>\$ (80,522,990)</u>
\$ 44,520,421	\$ 44,920,894	\$ 46,893,968	\$ 51,900,224	\$ 53,585,755	\$ 56,937,887
4,493,294	4,532,643	4,823,327	4,803,575	4,984,203	5,422,965
-	-	-	-	-	-
1,693,984	1,684,948	1,714,242	1,724,037	1,749,332	1,781,431
3,034,935	3,241,549	3,183,170	3,488,169	3,734,050	3,526,206
2,169,324	2,193,920	2,246,096	2,081,118	2,320,903	2,419,683
1,594,562	1,557,871	1,629,127	1,853,526	1,856,653	1,964,970
7,218,860	7,152,277	7,373,603	7,578,602	7,446,327	7,510,753
773,458	594,536	509,635	537,628	567,927	634,230
-	-	375,088	-	-	-
31,706	164,360	-	818,655	270,000	320,825
<u>\$ 65,530,544</u>	<u>\$ 66,042,998</u>	<u>\$ 68,748,256</u>	<u>\$ 74,785,534</u>	<u>\$ 76,515,150</u>	<u>\$ 80,518,950</u>
<u>\$ (788,272)</u>	<u>\$ (3,463,113)</u>				
		<u>\$ (10,708,690)</u>	<u>\$ 6,249,858</u>	<u>\$ (654,689)</u>	<u>\$ (4,040)</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2007	2008	2009	2010
Component unit ⁽³⁾:				
Expenses:				
School board	\$ 103,409,589	\$ 105,239,965	\$ 111,389,217	\$ 106,765,743
Total component unit expenses	<u>103,409,589</u>	<u>105,239,965</u>	<u>111,389,217</u>	<u>106,765,743</u>
Program Revenues:				
Charges for services	\$ 3,705,206	\$ 3,987,435	\$ 4,309,758	\$ 3,969,259
Operating grants and contributions	64,709,114	66,916,249	70,181,095	67,489,090
Capital grants and contributions	836,049	797,446	578,532	813,450
Total component unit program revenues	<u>69,250,369</u>	<u>71,701,130</u>	<u>75,069,385</u>	<u>72,271,799</u>
Total component unit net expense ⁽¹⁾	<u>\$ (34,159,220)</u>	<u>\$ (33,538,835)</u>	<u>\$ (36,319,832)</u>	<u>\$ (34,493,944)</u>
General Revenues and Other Changes in Net Position/Assets				
Unrestricted grants and contributions	\$ 37,072,203	\$ 41,033,071	\$ 36,381,838	\$ 35,963,285
Unrestricted revenues from use of money and property	152,792	115,541	77,666	50,872
Miscellaneous	825,981	1,171,091	947,958	933,107
Total component unit	<u>\$ 38,050,976</u>	<u>\$ 42,319,703</u>	<u>\$ 37,407,462</u>	<u>\$ 36,947,264</u>
Change in Net Assets				
Total component unit	<u>\$ 3,891,756</u>	<u>\$ 8,780,868</u>	<u>\$ 1,087,630</u>	<u>\$ 2,453,320</u>
Change in Net Position				
Total component unit				
Total reporting entity change in Net Assets	<u>\$ 11,416,198</u>	<u>\$ 7,237,227</u>	<u>\$ 241,531</u>	<u>\$ 2,340,983</u>
Total Reporting entity change in Net Position				

Notes:

⁽¹⁾ Net (expense) revenues is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses

⁽²⁾ This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."

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

June 30,					
2011	2012	2013	2014	2015	2016
\$ 101,812,342	\$ 99,494,039	\$ 101,705,922	\$ 110,663,364	\$ 106,500,888	\$ 96,031,665
<u>101,812,342</u>	<u>99,494,039</u>	<u>101,705,922</u>	<u>110,663,364</u>	<u>106,500,888</u>	<u>96,031,665</u>
\$ 3,903,726	\$ 3,625,413	\$ 4,216,248	\$ 3,272,742	\$ 3,257,108	\$ 3,367,635
62,292,979	62,352,796	63,796,761	60,559,006	63,399,705	64,139,916
-	-	-	-	449,479	46,509
<u>66,196,705</u>	<u>65,978,209</u>	<u>68,013,009</u>	<u>63,831,748</u>	<u>67,106,292</u>	<u>67,554,060</u>
\$ (35,615,637)	\$ (33,515,830)	\$ (33,692,913)	\$ (46,831,616)	\$ (39,394,596)	\$ (28,477,605)
\$ 36,461,858	\$ 36,339,862	\$ 38,164,900	\$ 40,795,739	\$ 41,844,914	\$ 42,430,723
52,957	45,453	43,931	35,294	34,841	54,183
710,643	832,006	299,927	607,376	999,891	565,464
<u>37,225,458</u>	<u>37,217,321</u>	<u>38,508,758</u>	<u>41,438,409</u>	<u>42,879,646</u>	<u>43,050,370</u>
\$ 1,609,821	\$ 3,701,491				
		\$ 4,815,845	\$ (5,393,207)	\$ 3,485,050	\$ 14,572,765
\$ 821,549	\$ 238,378				
		\$ (5,892,845)	\$ 856,651	\$ 2,830,361	\$ 14,568,725

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 ⁽¹⁾	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
2016	\$ 56,937,887	\$ 5,422,965	\$ 1,781,431	\$ -	\$ 3,526,206	\$ 2,419,683	\$ 1,964,970	\$ 72,053,142
2015	53,585,755	4,984,203	1,749,332	-	3,734,050	2,320,903	1,856,653	68,230,896
2014	51,900,224	4,803,575	1,724,037	-	3,488,169	2,081,118	1,853,526	65,850,649
2013	46,893,968	4,823,327	1,714,242	-	3,183,170	2,246,096	1,629,127	60,489,930
2012	44,920,894	4,532,643	1,684,948	-	3,241,549	2,193,920	1,557,871	58,131,825
2011	44,520,421	4,493,294	1,693,984	-	3,034,935	2,169,324	1,594,562	57,506,520
2010	42,723,198	4,384,864	1,678,592	-	2,655,872	2,169,738	1,638,634	55,250,898
2009	43,396,769	4,477,956	4,278,675	55,167	3,141,510	2,250,640	1,656,024	59,256,741
2008	41,016,853	5,016,195	4,532,958	1,798,392	3,142,260	2,294,098	1,871,161	59,671,917
2007	40,998,297	4,846,918	4,281,024	1,823,630	3,009,798	2,255,343	2,000,072	59,215,082

⁽¹⁾ 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.

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

COUNTY OF AUGUSTA, VIRGINIA

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

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

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

Table 4

June 30,					
2011 ⁽¹⁾	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
5,000	143,157	91,255	41,721	154,477	106,494
1,442,518	1,700,541	1,803,492	2,006,339	2,352,414	2,659,784
645,660	407,722	747,920	691,504	1,116,221	1,249,069
631,426	199,905	203,579	206,303	221,784	234,072
13,416,628	11,940,495	12,319,579	11,986,399	12,001,256	12,439,272
\$ 16,141,232	\$ 14,391,820	\$ 15,165,825	\$ 14,932,266	\$ 15,846,152	\$ 16,688,691
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
6,572,262	5,374,308	4,929,034	2,244,271	455,329	19,457,305
10,250,894	8,134,044	5,294,761	3,304,648	1,148,900	2,645,897
20,820,221	22,294,342	21,750,133	24,831,423	25,357,733	25,219,223
-	-	-	-	(318,771)	(757,966)
\$ 37,643,377	\$ 35,802,694	\$ 31,973,928	\$ 30,380,342	\$ 26,643,191	\$ 46,564,459
\$ 53,784,609	\$ 50,194,514	\$ 47,139,753	\$ 45,312,608	\$ 42,489,343	\$ 63,253,150

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
General property taxes	\$ 40,945,162	\$ 40,856,658	\$ 42,760,266	\$ 42,548,270
Other local taxes	18,216,785	18,655,064	15,859,972	15,144,841
Permits, privilege fees and regulatory licenses	702,238	697,717	590,168	503,698
Fines and forfeitures	224,266	195,626	206,887	237,312
Revenue from use of money and property	3,498,183	2,766,852	1,792,056	876,207
Charges for services	2,521,143	2,824,070	2,670,293	2,816,521
Miscellaneous	536,046	1,930,812	437,853	346,108
Recovered costs	1,181,549	848,945	841,161	952,433
Intergovernmental:				
Commonwealth	14,935,463	17,115,948	17,557,521	12,703,348
Federal	6,043,955	6,089,290	6,366,997	7,186,534
Total revenues	\$ 88,804,790	\$ 91,980,982	\$ 89,083,174	\$ 83,315,272
Expenditures				
General government administration	\$ 3,515,136	\$ 4,227,869	\$ 4,036,220	\$ 3,343,925
Judicial administration	1,502,163	1,885,147	1,789,570	1,699,758
Public safety	13,410,881	14,790,155	14,791,170	14,011,363
Public works	3,034,064	3,144,129	3,624,473	3,070,550
Health and welfare	12,395,465	13,686,090	14,605,119	13,843,889
Education	30,072,708	31,763,370	31,884,595	31,615,617
Parks, recreation and cultural	2,515,714	2,678,852	2,718,695	2,534,024
Community development	1,501,092	1,597,917	1,568,318	1,425,210
Nondepartmental	134,614	145,381	152,874	127,533
Capital projects	36,605,957	17,424,291	7,868,417	4,092,663
Debt service				
Principal	3,580,578	4,921,853	5,400,528	5,332,496
Interest and other fiscal charges	1,973,221	3,446,208	3,704,367	3,299,500
Total expenditures	\$ 110,241,593	\$ 99,711,262	\$ 92,144,346	\$ 84,396,528
Excess (deficiency) of revenues over (under) expenditures	\$ (21,436,803)	\$ (7,730,280)	\$ (3,061,172)	\$ (1,081,256)
Other financing sources (uses)				
Transfers in	\$ 15,973,349	\$ 20,031,363	\$ 16,999,833	\$ 15,170,842
Transfers out	(15,973,349)	(20,031,363)	(16,999,833)	(15,170,842)
Bonds issued	26,610,000	12,729,426	-	-
Premium on bonds issued	791,524	686,698	-	-
Sale of capital assets	-	-	-	-
Total other financing sources, net	\$ 27,401,524	\$ 13,416,124	\$ -	\$ -
Net change in fund balances	\$ 5,964,721	\$ 5,685,844	\$ (3,061,172)	\$ (1,081,256)
Debt service as a percentage of noncapital expenditures	7.00%	9.24%	10.16%	10.83%

Table 5

June 30,						
2011	2012	2013	2014	2015	2016	
\$ 43,846,031	\$ 44,460,692	\$ 47,584,001	\$ 51,399,020	\$ 52,963,125	\$ 56,207,747	
15,590,286	15,787,363	16,174,522	13,976,359	14,671,097	15,140,297	
570,514	487,988	526,622	524,896	764,794	568,023	
268,311	209,963	239,453	208,086	206,125	149,052	
771,283	609,792	544,808	549,465	594,562	677,776	
3,067,984	3,066,053	3,357,995	3,603,144	3,589,927	3,687,591	
418,728	322,129	542,617	756,329	432,789	769,822	
1,138,069	1,267,077	1,476,825	1,489,783	2,430,905	2,493,669	
14,269,074	15,076,076	18,182,170	23,726,548	19,888,254	18,484,319	
5,665,700	5,870,864	8,265,021	8,035,610	7,128,583	9,164,401	
\$ 85,605,980	\$ 87,157,997	\$ 96,894,034	\$ 104,269,240	\$ 102,670,161	\$ 107,342,697	
\$ 3,616,106	\$ 4,075,387	\$ 4,625,805	\$ 4,342,595	\$ 4,673,312	\$ 4,638,398	
1,684,155	1,685,862	1,782,776	1,762,176	1,839,987	1,910,072	
14,505,659	15,098,509	17,314,645	18,043,770	18,173,128	19,178,655	
3,172,573	3,159,713	3,301,565	3,356,040	3,465,517	3,467,975	
13,822,278	14,531,194	14,728,109	15,703,648	16,389,266	16,378,953	
32,297,967	31,821,633	33,822,914	36,443,632	37,852,654	38,511,372	
2,527,128	2,684,847	2,637,783	2,585,384	2,685,441	2,798,340	
1,371,828	1,374,221	1,428,431	1,446,741	1,447,545	1,555,969	
164,005	222,620	204,272	137,489	144,535	169,899	
7,853,227	15,232,499	18,408,583	14,236,573	13,012,823	19,974,595	
5,327,893	5,802,775	5,739,880	5,874,929	5,554,182	5,766,352	
3,019,293	2,740,438	2,573,576	2,671,273	2,440,691	2,434,971	
\$ 89,362,112	\$ 98,429,698	\$ 106,568,339	\$ 106,604,250	\$ 107,679,081	\$ 116,785,551	
\$ (3,756,132)	\$ (11,271,701)	\$ (9,674,305)	\$ (2,335,010)	\$ (5,008,920)	\$ (9,442,854)	
\$ 13,694,038	\$ 16,250,701	\$ 13,458,170	\$ 16,621,651	\$ 17,538,558	\$ 20,160,743	
(13,608,485)	(16,250,701)	(13,458,170)	(16,621,651)	(17,538,558)	(20,160,743)	
7,500,000	6,600,000	5,526,185	691,882	2,185,655	27,825,000	
-	966,694	718,271	-	-	2,381,661	
-	-	375,088	-	-	-	
\$ 7,585,553	\$ 7,566,694	\$ 6,619,544	\$ 691,882	\$ 2,185,655	\$ 30,206,661	
\$ 3,829,421	\$ (3,705,007)	\$ (3,054,761)	\$ (1,643,128)	\$ (2,823,265)	\$ 20,763,807	
9.73%	9.70%	8.00%	8.24%	7.68%	6.99%	

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 ⁽²⁾	Motor Vehicle License Tax ⁽¹⁾	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
2016	\$ 56,207,747	\$ 5,422,965	\$ 1,781,431	\$ -	\$ 3,526,206	\$ 2,444,725	\$ 1,964,970	\$ 71,348,044
2015	52,963,125	4,984,203	1,749,332	-	3,734,050	2,320,903	1,856,653	67,608,266
2014	51,399,030	4,803,575	1,724,037	-	3,488,169	2,081,118	1,853,526	65,349,455
2013	47,584,001	4,823,327	1,714,242	-	3,183,170	2,246,096	1,629,127	61,179,963
2012	44,460,692	4,532,643	1,684,948	-	3,241,549	2,193,920	1,557,871	57,671,623
2011	43,846,031	4,493,294	1,693,984	-	3,034,935	2,169,324	1,594,562	56,832,130
2010	42,548,270	4,384,864	1,678,592	-	2,655,872	2,169,738	1,638,634	55,075,970
2009	42,760,266	4,477,956	4,278,675	55,167	3,141,510	2,250,640	1,656,024	58,620,238
2008	40,856,658	5,016,195	4,532,958	1,798,392	3,142,260	2,294,098	1,871,161	59,511,722
2007	40,945,162	4,846,918	3,420,384	1,823,630	3,009,798	2,263,351	2,000,072	58,309,315

⁽¹⁾ 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.

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

COUNTY OF AUGUSTA, VIRGINIA

Table 7

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

Fiscal Year	Real Estate ⁽¹⁾	Personal Property ⁽²⁾	Machinery and Tools	Public Service ⁽³⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	State Sales Assessment Ratio ⁽⁴⁾
2016 \$	6,749,732,645	\$ 664,734,844	\$ 190,814,950	\$ 394,852,593	\$ 8,000,135,032	\$ 0.76	\$ 8,483,706,291	94.30%
2015	6,664,333,605	634,007,910	182,405,510	304,068,097	7,784,815,122	0.74	7,792,607,730	99.90%
2014	6,720,763,659	630,856,230	174,573,180	302,295,345	7,828,488,414	0.70	7,955,780,909	98.40%
2013	6,627,699,412	610,670,920	169,345,780	306,388,610	7,714,104,722	0.67	7,714,104,722	100.00%
2012	6,605,841,389	587,378,990	163,603,880	270,112,744	7,626,937,003	0.63	7,626,937,003	100.00%
2011	6,574,353,920	571,552,370	160,112,380	271,260,646	7,577,279,316	0.63	7,860,248,253	96.40%
2010	6,523,317,700	545,724,160	157,441,730	221,103,702	7,447,587,292	0.63	8,016,778,571	92.90%
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%

Source: Commissioner of Revenue

⁽¹⁾ Real estate is assessed at 100% of fair market value.

⁽²⁾ Includes PPTRA.

⁽³⁾ Assessed values are established by the State Corporation Commission.

⁽⁴⁾ Source: Virginia Department of Taxation.

Property Tax Rates ⁽¹⁾

Last Ten Fiscal Years

Property Tax Rates						
Calendar Years	Real Estate	Personal Property ⁽²⁾ Vehicle	Other	Mobile Homes	Machinery and Tools	Total Direct Rate
2016	\$ 0.58	\$ 2.50	\$ 2.00	\$ 0.58	\$ 2.00	\$ 0.76
2015	0.58	2.50	2.00	0.58	2.00	0.74
2014	0.56	2.50	1.90	0.56	1.90	0.70
2013	0.51	2.50	1.90	0.51	1.90	0.67
2012	0.48	2.25	1.90	0.48	1.90	0.63
2011	0.48	2.25	1.90	0.48	1.90	0.63
2010	0.48	2.25	1.90	0.48	1.90	0.63
2009	0.48	2.25	1.90	0.48	1.90	0.70
2008	0.58	1.90	1.90	0.58	1.90	0.73
2007	0.58	1.90	1.90	0.58	1.90	0.73

⁽¹⁾ Per \$100 of assessed value⁽²⁾ Personal Property includes:

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

Other - business personal property, large trucks and trailers

COUNTY OF AUGUSTA, VIRGINIA

Table 9

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Business Type	Fiscal Year 2016			Fiscal Year 2007		
		2015 Assessed Valuation	Rank	% of Total Assessed Valuation	2006 Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 291,144,639	1	3.64%	\$ 66,319,870	2	1.10%
Hershey Foods Corporation	Food Manufacturer	107,061,850	2	1.34%	87,435,380	1	1.46%
McKee Baking Company	Food Manufacturer	71,121,580	3	0.89%	63,485,200	3	1.06%
Shenandoah Valley Electric	Public Utility	56,007,570	4	0.70%	32,272,100	5	0.54%
Target Corporation	Distribution Center	45,430,230	5	0.57%	44,031,740	4	0.73%
Hollister, Inc	Medical Supplies Mfg.	27,674,430	6	0.35%	-		-
MeadWestvaco ⁽¹⁾	Paper Mfg. Warehouse	26,485,300	7	0.33%	-		-
Daikin	Industrial Air Cond. Equip.	24,687,700	8	0.31%	12,712,120	9	0.21%
Shamrock Foods Company ⁽²⁾	Food Manufacturer	23,168,690	9	0.29%	-		-
Denstock Goose Creek, LLC ⁽²⁾	Real Estate Mgmt Service	21,762,300	10	0.27%	-		-
Verizon	Public Utility	-		-	21,747,080	6	0.36%
Alcoa Flexible Packaging	Plastic Wrap	-		-	16,722,330	7	0.28%
Colonial Realty	Real Estate	-		-	16,509,800	8	0.27%
Nibco, Inc.	Copper Pipe Fittings	-		-	12,219,291	10	0.20%
		<u>\$ 694,544,290</u>		<u>8.69%</u>	<u>\$ 373,454,911</u>		<u>6.21%</u>

Source: Commissioner of Revenue

⁽¹⁾ New principal taxpayer in Fiscal Year 2009.

⁽²⁾ New principal taxpayer in Fiscal Year 2016

Property Tax Levies and Collections
Last Ten Calendar Years

Calendar Year	Total Tax Levy for the Calendar Year	Collected within the Calendar Year of the Levy ⁽¹⁾		Collections in Subsequent Calendar Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016 ⁽²⁾	\$ 39,237,356	\$ 18,855,700	48.06%	\$ -	\$ 18,855,700	48.06%
2015	54,137,817	52,062,743	96.17%	- ⁽³⁾	52,062,743	96.17%
2014	50,824,584	49,510,805	97.42%	506,279	50,017,084	98.41%
2013	47,830,373	46,083,456	96.35%	684,840	46,768,296	97.78%
2012	44,774,638	43,464,667	97.07%	873,381	44,338,048	99.02%
2011	43,112,259	41,527,999	96.33%	993,531	42,521,530	98.63%
2010	42,384,976	41,069,985	96.90%	1,016,053	42,086,038	99.29%
2009	42,508,211	41,069,985	96.62%	972,679	42,042,664	98.90%
2008	42,260,206	40,234,384	95.21%	811,886	41,046,270	97.13%
2007	39,794,687	38,607,594	97.02%	567,945	39,175,539	98.44%

Source: Commissioner of Revenue, County Treasurer's office

Notes:

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Other Notes/ Bonds			
2016	\$ 75,885,169	\$ 8,163,572	\$ 84,048,741	2.93%	\$ 1,131
2015	51,139,403	8,715,094	59,854,497	2.09%	805
2014	56,548,128	6,890,001	63,438,129	2.23%	859
2013	62,543,941	6,244,457	68,788,398	2.47%	931
2012	68,402,704	-	68,402,704	2.51%	929
2011	66,757,671	-	66,757,671	2.59%	908
2010	64,704,450	-	64,704,450	2.63%	877
2009	70,155,832	-	70,155,832	2.93%	974
2008	75,680,807	-	75,680,807	3.13%	1,057
2007	67,265,526	-	67,265,526	2.89%	951

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

⁽¹⁾ 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

Fiscal Year		Net Bonded Debt ⁽³⁾	Ratio of Net General Obligation Debt to Assessed Value ⁽²⁾	Net Bonded Debt per Capita ⁽¹⁾
2016	\$	75,885,169	0.95%	\$ 1,021
2015		51,139,403	0.66%	688
2014		56,548,128	0.72%	766
2013		62,543,941	0.81%	846
2012		68,402,704	0.90%	929
2011		66,757,671	0.88%	908
2010		64,704,450	0.87%	877
2009		70,155,832	1.03%	974
2008		75,680,807	1.24%	1,057
2007		67,265,526	1.12%	951

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

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

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2016	74,314	\$ 38,579	51.91%	50-54	10,106	3.50%
2015	74,314	38,579	51.91%	50-54	10,162	4.70%
2014	73,862	38,579	52.23%	50-54	10,325	4.70%
2013	73,912	37,664	50.96%	50-54	10,415	5.30%
2012	73,658	37,053	50.30%	50-54	10,405	5.90%
2011	73,549	35,021	47.62%	50-54	10,457	6.20%
2010	73,750	33,380	45.26%	45-49	10,515	6.60%
2009	72,020	33,271	46.20%	45-49	10,688	6.60%
2008	71,586	33,776	47.18%	45-49	10,716	3.60%
2007	70,747	32,877	46.47%	45-49	10,798	2.60%

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 2016			Fiscal Year 2007		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	4.08%	1000+	2	4.03%
Augusta Medical Center	1000+	2	4.08%	1000+	1	4.03%
McKee Foods Corporation	500-999	3	2.04%	1000+	3	4.03%
Hershey Chocolate of Virginia	500-999	4	2.04%	500-999	4	2.02%
Target Corp.	500-999	5	2.04%	500-999	5	2.02%
AAF McQuay, Inc.	500-999	6	2.04%	250-499	7	1.01%
Hollister, Inc.	500-999	7	2.04%	250-499	6	1.01%
Blue Ridge Community College	250-499	8	1.02%	-	-	-
J.B. Hunt Transport	250-499	9	1.02%	-	-	-
County of Augusta	250-499	10	1.02%	-	-	-
American Safety Razor Co, Inc.	-	-	-	250-499	8	1.01%
Ply Gem Siding Group (Alcoa Building Products)	-	-	-	250-499	9	1.01%
Augusta Correctional Center	-	-	-	250-499	10	1.01%
Totals-average	<u>7,875</u>		<u>21.42%</u>	<u>7,875</u>		<u>21.18%</u>
Total County Employment	<u>36,792</u>			<u>37,183</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			
	2007	2008	2009	2010
General government	52	52	50	46
Judicial administration	22	22	26	26
Public safety				
Sheriffs department	81	81	76	74
Emergency communication center	21	20	19	18
Fire & rescue	44	44	48	47
Building inspections	9	9	7	7
Animal control	3	3	3	3
Public works				
General maintenance	19	18	18	17
Health and welfare				
Department of social services	121	120	121	129
Culture and recreation				
Parks and recreation	11	11	10	11
Library	17	16	17	15
Community development	13	13	12	12
Economic development	-	-	-	1
Totals	413	409	407	406

Source: Individual county departments

Table 15

June 30,					
2011	2012	2013	2014	2015	2016
46	46	47	46	47	50
26	26	23	23	23	26
74	74	74	76	80	76
19	19	18	18	18	18
51	59	80	80	86	105
6	6	6	6	6	6
3	3	3	3	3	3
17	17	17	17	19	27
129	129	121	123	132	134
11	10	10	10	11	10
15	15	15	15	15	16
12	12	10	10	10	11
1	1	1	2	2	2
410	417	425	429	452	484

COUNTY OF AUGUSTA, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

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

Source: Individual county departments

(1) All County funded stations

(2) Includes debt service

Table 16

June 30,					
2011	2012	2013	2014	2015	2016
74	74	74	76	80	73
1,935	1,608	1,642	1,865	1,876	1,907
5,608	4,079	3,367	3,928	3,444	2,419
-	-	-	28	9	6
17,800	18,093	18,884	17,949	17,645	17,866
802	884	890	964	921	858
51	59	80	81	86	86
763	780	728	801	812	N/A
2,858	2,884	3,272	2,940	2,961	N/A
7	7	7	7	7	7
12,148	12,153	12,389	12,050	11,555	11,420
300	291	304	289	284	285
565	525	487	471	509	N/A
1,136	1,111	1,105	1,088	1,079	1,071
481	467	474	478	476	485
1,617	1,578	1,579	1,566	1,555	1,555
10,457	10,405	10,415	10,325	10,162	10,106
\$ 3,887	\$ 3,879	\$ 4,046	\$ 4,357	\$ 4,459	\$ 4,530

COUNTY OF AUGUSTA, VIRGINIA

Capital Asset Statistics by Function Last Ten Fiscal Years

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

Source: Individual county departments

(1) At high and middle schools.

Table 17

June 30,					
2011	2012	2013	2014	2015	2016
17 5	17 5	17 5	17 5	17 5	17 5
1 71 11	1 71 11	1 72 17	1 75 14	1 75 13	1 74 15
17 166	17 155	17 159	17 169	17 169	17 170
5	4	3	4	4	4
3 1	3 1	3 1	3 1	3 1	3 1
7 10	7 10	7 10	7 10	7 10	7 10
27	27	28	28	28	29
6 13 5 210 2 18	6 14 5 210 2 18	6 15 5 210 2 18	6 15 5 210 2 18	6 14 5 210 2 18	6 12 5 210 2 18
1	1	1	1	1	1
4	4	4	4	4	4
-	-	-	1	1	1
12 4 5	12 4 5	12 4 5	11 4 5	11 4 5	11 4 5

COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture:				
Pass-Through Payments:				
Department of Agriculture:				
Watershed Rehabilitation Program	10.916	Upper North River #10	\$ - \$	1,930,575
Child Nutrition Cluster:				
Commodity Distributions	10.555	Not Provided	-	305,876
Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	Not Provided	-	654,370
National School Lunch Program	10.555	Not Provided	-	1,874,335
Total Child Nutrition Cluster				2,834,581
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	Not Provided	-	146,173
Total Forest Service Schools and Roads Cluster				146,173
Department of Social Services:				
SNAP Cluster:				
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Provided	-	1,063,765
Total SNAP Cluster				1,063,765
Total Department of Agriculture - pass-through payments				5,975,094
Total Department of Agriculture				5,975,094
Department of the Interior:				
Direct payments:				
Bureau of Land Management:				
Payments in Lieu of Taxes	15.226	N/A	-	358,954
Department of Justice:				
Direct payments:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0501	-	11,159
Bulletproof Vest Partnership Program	16.607	2103 Regular Fund	-	(95)
Total Department of Justice - direct payments				11,064
Department of Justice:				
Pass-Through Payments:				
Department of Criminal Justice Services:				
Violence Against Women Formula Grants	16.588	15-K4704VA14	-	5,469
Violence Against Women Formula Grants	16.588	16-L4704VA15	-	4,369
Violence Against Women Formula Grants	16.588	15-Q3161VA14	-	4,495
Violence Against Women Formula Grants	16.588	16-R3161VA15	-	26,963
Total Department of Justice - pass-through payments				41,296
Total Department of Justice				52,360
Department of Transportation:				
Pass-Through Payments:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2015-55093-5832	-	5,333
Alcohol Open Container Requirements	20.607	154AL-2016-56023-6223	-	16,504
Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	EN08-007-123	-	9,803
Highway Planning and Construction	20.205	105904	-	66,188
Highway Planning and Construction	20.205	106053	-	71,442
Total Highway Planning and Construction Cluster				147,433
Total Department of Transportation - pass-through payments				169,270
Department of the Treasury:				
Direct payments:				
Treasury Forfeiture Fund Program	21.U01	N/A	-	36,923
Environmental Protection Agency:				
Pass-Through Payments:				
Department of Environmental Quality:				
DEQ Royalty Grants	66.U01	Not Provided	-	868
Total Department of Environmental Quality - pass-through payments				868

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education:				
Pass-Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	Not Provided	\$ -	\$ 1,248,931
Special Education Cluster:				
Special Education - Grants to States	84.027	Not Provided	-	2,170,421
Special Education - Preschool Grants	84.173	Not Provided	-	60,559
Total Special Education Cluster				<u>2,230,980</u>
Career and Technology Education: Basic Grants to States	84.048	Not Provided	-	126,823
English Language Acquisition State Grants	84.365	Not Provided	-	18,491
Special Education - Grants for Infants and Families	84.181	Not Provided	-	65,991
Supporting Effective Instruction State Grant	84.367	Not Provided	-	271,731
Advanced Placement Program	84.330	Not Provided	-	820
Total Department of Education pass-through payments				<u>3,963,767</u>
Department of Health and Human Services:				
Direct Payments:				
Head Start	93.600	N/A	-	<u>2,844,543</u>
Total Dept. Health & Human Services - direct payments				<u>2,844,543</u>
Pass-Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	Not Provided	-	38,427
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	Not Provided	-	<u>1,100,330</u>
TANF Cluster Total				<u>1,100,330</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	Not Provided	-	608
Low Income Home Energy Assistance	93.568	Not Provided	-	99,373
Child Care and Development Cluster:				
Child Care and Development Block Grant	93.575	Not Provided	-	(8,751)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not Provided	-	<u>123,051</u>
Child Care and Development Cluster Total				<u>114,300</u>
Chafee Education and Training Vouchers Program (ETV)	93.599	Not Provided	-	9,255
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Provided	-	5,648
Foster Care - Title IV-E	93.658	Not Provided	-	781,642
Adoption Assistance	93.659	Not Provided	-	567,135
Social Services Block Grant	93.667	Not Provided	-	871,738
Chafee Foster Care Independence Program	93.674	Not Provided	-	18,482
Children's Health Insurance Program	93.767	Not Provided	-	47,635
Medicaid Cluster:				
Medical Assistance Program (Title XIX)	93.778	Not Provided	-	<u>1,394,714</u>
Medicaid Cluster Total				<u>1,394,714</u>
Total Dept. Health & Human Services - pass-through payments				<u>5,049,287</u>
Total Department Health and Human Services				<u>7,893,830</u>
U.S. Department of Homeland Security:				
Pass-Through Payments:				
Department of Emergency Management:				
Homeland Security Grant Program	97.067	2014 SHSP	-	38,138
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2014-FH-00225	-	451,959
Emergency Management Performance Grant	97.042	2015 EMPG	-	<u>14,882</u>
Total Department of Homeland Security - pass-through payments				<u>504,979</u>
Total Expenditures of Federal Awards				<u>\$ 18,956,045</u>

See Notes to Schedule of Expenditures of Federal Awards

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2016

Note 1—Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Augusta, Virginia and Component Unit under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Augusta, Virginia and Component Unit, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Augusta, Virginia and Component Unit.

Note 2—Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through entity identifying numbers are presented where available.

Note 3—Food Distribution:

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

Note 4—Relationship to the Basic Financial Statements:

For fiscal year 2016, the County recognized amounts in the Schedule associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$18,152 of prior year expenditures related to the Homeland Security Grant Program (CFDA #97.067) and \$28,843 of prior year expenditures related to the Watershed Rehabilitation Program (CFDA #10.916) were included in the Schedule. The expenditures had been incurred and reported in the County's financial statements in the prior year but were not reflected in the prior year Schedule. As a result of this omission, the County included the expenditures in the current year Schedule.



**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, 2016, 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 28, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider 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*.

School Board's Response to Findings

The School Board's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 28, 2016



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Augusta, Virginia's (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 28, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

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
2 CFR 200.516(a)

<u> </u> Yes	<u>√</u> No
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.600	Head Start Program
93.667	Social Services Block Grant
10.916	Watershed Rehabilitation Program
10.561	Supplemental Nutrition Assistance Program
84.010	Title I: Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes √ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

II. FINANCIAL STATEMENT FINDINGS

A. Material Weakness in Internal Control

2016-001: Material Weakness Due to Material Audit Adjustments

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

Condition/Context: Upon auditing the School Board's year end balances, one instance of a material adjustment was identified in the Schools Capital Improvements Fund due to lack of recording certain expenditures as accounts payable at year end.

Cause: Lack of review of invoices paid subsequent to year end for proper year end cutoff.

Effect: The financial statements have been corrected to include the identified audit adjustment. The necessary entry was material to the financial statements, and was included as an adjustment in order to more accurately represent the School Board's financial position. Failure to record items noted above is a departure from Governmental Accounting Standards.

Recommendation: Expenditures made subsequent to year end should be evaluated to determine the proper fiscal year in which the expenditure should be recorded, in order to ensure more accurate financial reporting.

Views of Responsible Officials: The School Board undertook a project to upgrade the division's computer network infrastructure in the spring of 2016. The project crossed fiscal years. Several invoices relating to engineering services and equipment were dated, and were paid, after July 1, 2016. The actual acquisition of equipment and the partial engineering services were rendered prior to July 1, 2016. These costs were to have been posted in fiscal year 2016 in the capital asset file.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COUNTY OF AUGUSTA, VIRGINIA

CORRECTIVE ACTION PLAN

Year Ended June 30, 2016

Identifying Number: 2016-001 Material Weakness Due to Material Audit Adjustments

Finding:

Upon auditing the School Board's year end balances, one instance of a material adjustment was identified in the Schools Capital Improvements Fund due to lack of recording certain expenditures as accounts payable at year end.

Corrective Action Taken or Planned:

An evaluation of invoices that pertain to capitalized services and/or goods delivered, or in process, at or near the end or beginning of a fiscal year will ensure the posting of the expense to the proper accounting period. Vendors will be asked to provide detailed information which will identify the percentage of completion on capital projects at the time of invoicing.

COUNTY OF AUGUSTA, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2016

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

Finding:

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

Corrective Action Taken or Planned:

The School Board is cognizant of the required reporting dates and works with its elected officials to ensure that the Statements of Economic Interests are reported in a timely manner.

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

Finding:

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

Corrective Action Taken or Planned:

An activity report is being utilized allowing employees to properly allocate their percentage of time related to each grant.

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

Finding:

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

Corrective Action Taken or Planned:

The Title I administrator and accountant have maintained a calendar to account for the time each has spent on functions/activities related to the grant for fiscal year 2016. Beginning in fiscal year 2017, the administrator's and accountant's time will no longer be charged to the Title I grant. Funds that were initially earmarked for the administrator's and accountant's time will be redirected to include additional instructors' time which will be more easily verifiable.