

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



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

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

Melissa Meyerhoeffer, Assistant Director of Finance

Jennifer M. Whetzel, Director of Finance

Augusta County, Virginia

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

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INTRODUCTORY SECTION



COUNTY OF AUGUSTA

Finance Department

18 Government Center Lane * PO Box 590

Verona, VA 24482-0590

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

November 25, 2015

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

The comprehensive annual financial report of the County of Augusta for the year ended June 30, 2015 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the County of Augusta issue annually a report on its financial position and activity, and this report be audited by an independent firm of certified public accountants.

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

The accounting firm of PBMares, LLP, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by *Government Auditing Standards* and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Based upon this audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related to the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2015 disclosed one material weakness and one instance of noncompliance. The auditor's report related specifically to the single audit is included in the Compliance Section of this report.

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

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

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

□ **The Reporting Entity and Economic Outlook** □

The County of Augusta was formed in 1738 and named for Augusta, Princess of Wales and the mother of King George, III. The original western boundary of the County was the western edge of Virginia, which at that time was the Mississippi River. The present boundaries of the county were set in 1790. Situated in the Shenandoah Valley of Virginia, the County of Augusta is at the juncture of Interstates 64 and 81, and the headwaters of the James River and the Potomac River basins. It is 150 miles southwest of the nation's capital, Washington, D.C., 100 miles west of the state capital, Richmond, and 85 miles north of the City of Roanoke. Within the boundaries of the County of Augusta are the independent cities of Staunton, founded in 1747, and Waynesboro, founded in 1801. The County of Augusta is a political subdivision of the Commonwealth of Virginia administered by a seven member board elected by magisterial district for four year terms. Beginning with the general election in November 2015 the Board of Supervisors shall be elected to staggered terms. The Board of Supervisors elects one of its own to serve as Chairman and selects a County Administrator to oversee the general administration of the County of Augusta.

Although primarily a rural county, Augusta County's 2014 population was 73,862. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 21% of the jobs in the County. Manufacturing employs approximately 5,400 of 37,000 plus workers in the County's labor force and makes up approximately 3.3% of the total local property taxes. Agriculture is a large portion of the overall economy of the County. Augusta County is one of the top producers of many commodities in the state and this wealth of production overflows into many other industries of the County; including farm equipment manufacturers and dealers, transportation, energy, retail, and the ever growing agritourism business. The unemployment rate for the County in 2015 remained the same as the previous year at 4.7%. The County's rate remains lower than that of the State's unemployment rate of 5.0% and compares favorably to the national unemployment rate of 5.5%.

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

Major Initiatives and Goals

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

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

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

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

□ Financial Information □

Financial Planning

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. The County has established a Fund Balance policy to maintain an unassigned General Fund balance of no less than two months of General Fund expenditures. Unassigned General Fund balance would provide the County with financial resources to address unforeseen revenue fluctuations, unanticipated expenditures and emergencies, which result in unanticipated budgetary shortfalls. As of June 30, 2015, the County meets this fund balance policy requirement. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements the County has less than the required two months of General Fund operating expenditures by \$1,551,179. The County will consider this requirement as it reviews the fund balance policy and prepares for the fiscal year 2016 revised budget.

Capital Improvement Plan

The Capital Improvement Plan provides a systematic approach to planning and financing capital improvements including future capital facility needs, correlating projects to community goals and growth, eliminating poorly planned expenditures, encouraging cooperation with other governmental units, and facilitation of private sector improvements consistent with the County Comprehensive Plan. As part of the budget process each year the County Administrator proposes a capital improvements plan. Each year, based on the availability of funds and specific general operating revenues, amounts are budgeted as a transfer from the general operating budget to the Capital Improvement Fund. These transfers may vary year to year depending on the anticipation or demand of new projects, the availability of revenues in the General Fund, and year end fund balance surpluses. The County Capital Improvements Fund includes balances assigned to depreciation accounts for future capital replacement costs for fire apparatus, emergency communications equipment, information technology, vehicle replacements, and building capital improvements. It also includes balances assigned to develop and maintain County parks and recreational facilities, infrastructure improvements and economic development initiatives, renovations and improvements to County buildings, and fund support for local organizations capital improvements, such as Blue Ridge Community College and Shenandoah Valley Regional Airport Commission. The Capital Improvement Plan is based on a five year outlook of replacement costs and needs. It anticipates future replacement costs by incorporating an inflationary factor into the original purchase cost and allocating that amount over the life of the capital asset. The Capital Improvement Plan has enabled the County to afford needed projects without bonding the cost. At June 30, 2015, the County had a number of debt issues outstanding related to school construction. These issues totaled \$48,919,633 in general obligation bonds. At June 30, 2015, the County also had revenue bonds for construction of a gravity sewage system, a roadway and bridge construction, and Mill Place water tank outstanding. These issues totaled \$7,735,108.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, repurchase agreements, money market funds, U.S. Treasury bills, other government obligations, and commercial paper. The yield on investments ranged from 0.55% to 5%. Due to the decrease in rates on bonds and mutual funds, the County revised its investment policy in 2009 to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates continue to remain low at rates of 0.1% or less in 2015. The County continues to invest in money market accounts that were offering higher yields than what was available through LGIP. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

□ Awards and Acknowledgements □

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This is the seventeenth consecutive year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this annual financial report could not have been accomplished without the dedicated effort of Mr. Patrick J. Coffield, County Administrator, Mr. Richard T. Homes, Treasurer, Mr. Mark Lotts, School Board Director of Business and Finance, Mr. Jerry Orlando, Shenandoah Valley Department of Social Services, and the members of their staffs. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

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

Sincerely,



Jennifer M. Whetzel
Director of Finance



Melissa Meyerhoeffer
Assistant Director of Finance



Government Finance Officers Association

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

Presented to

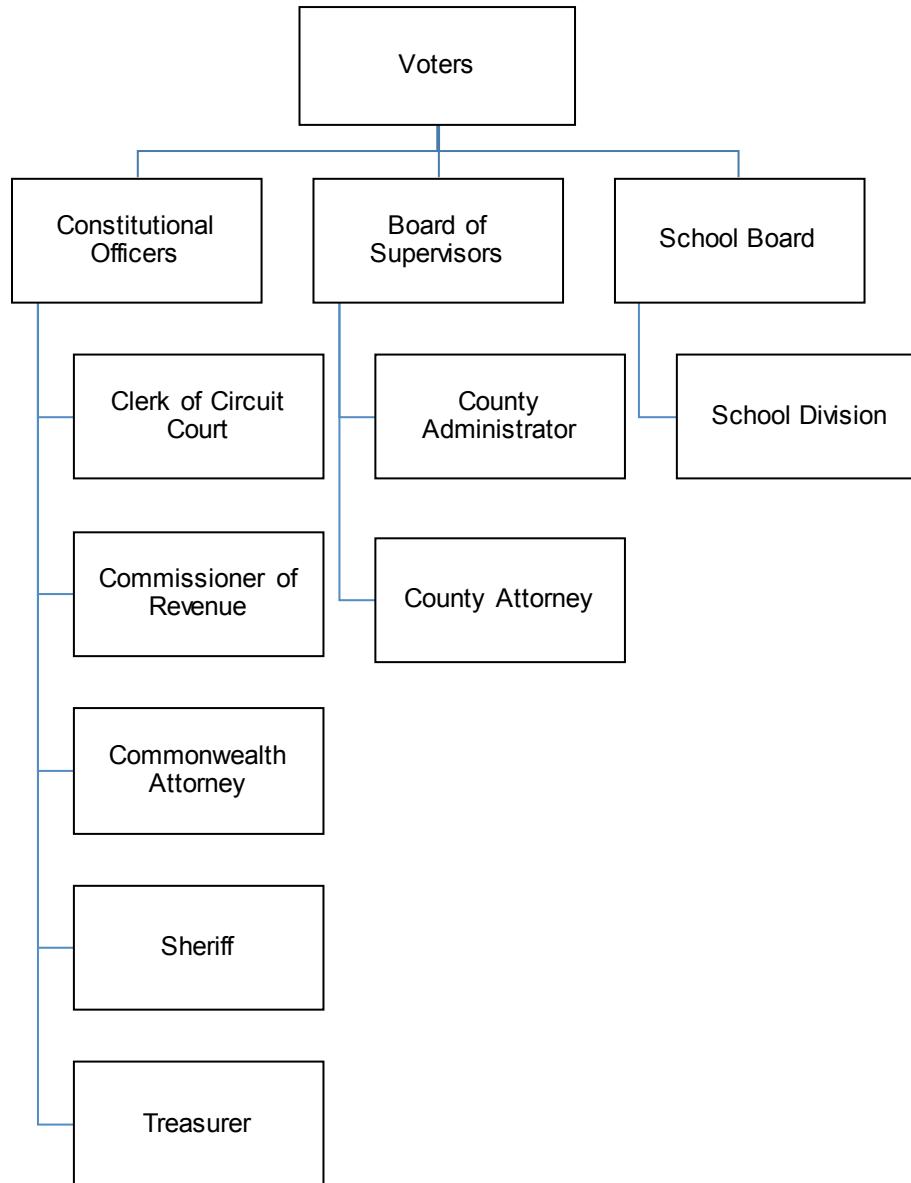
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Virginia**

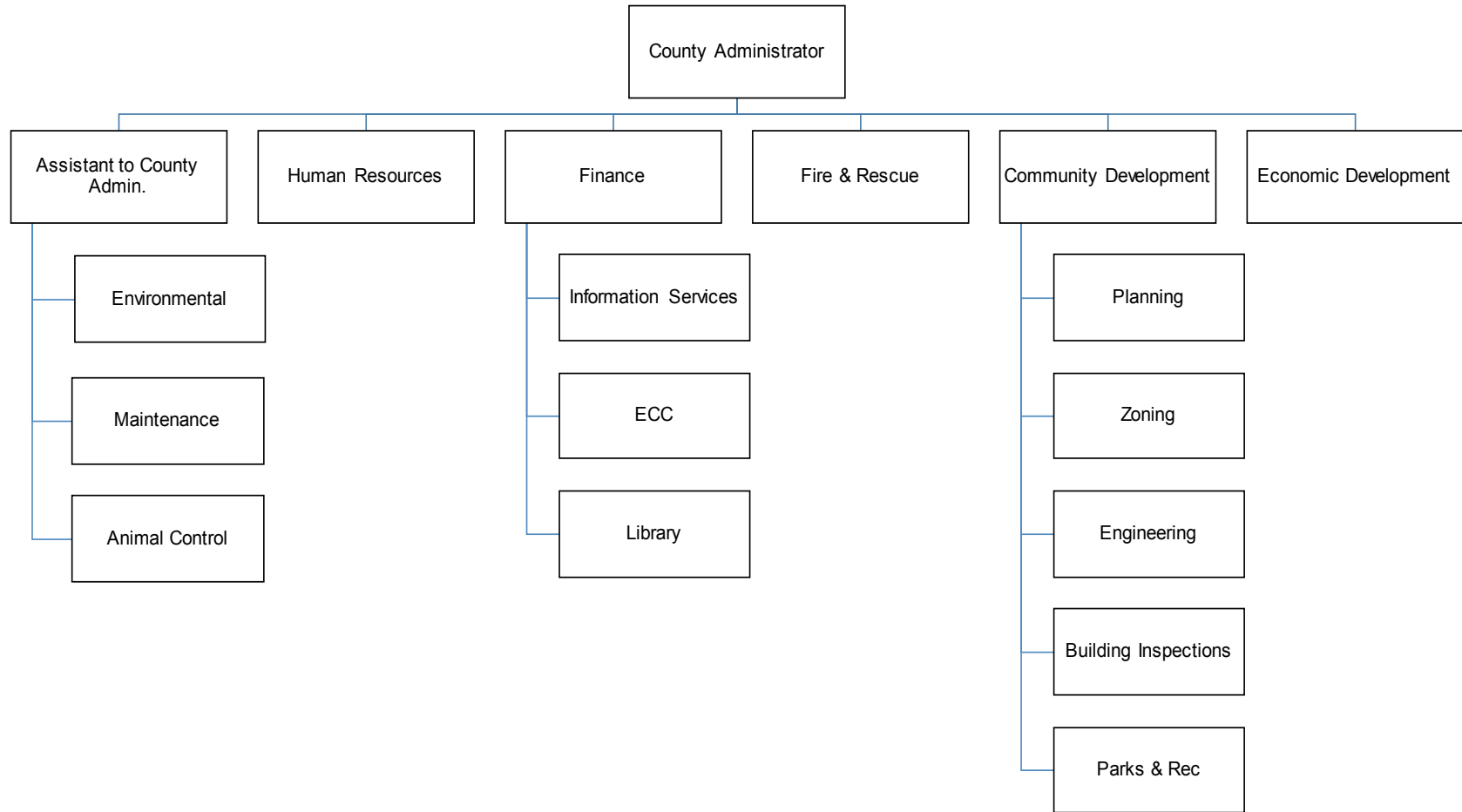
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

County of Augusta, Virginia Organizational Chart





COUNTY OF AUGUSTA, VIRGINIA

BOARD OF SUPERVISORS

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

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

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

COUNTY SCHOOL BOARD

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

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

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

OTHER OFFICIALS

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, Virginia (County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 13-23 and 90-98, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financials. The accompanying schedules listed in the table of contents as other supplementary information, supporting schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
November 25, 2015

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Augusta, Virginia for the fiscal year ended June 30, 2015. This narrative is to be read in conjunction with the additional information we have furnished in our letter of transmittal which can be found earlier in this report.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$45,936,739 (net position). Of this amount, \$25,271,482 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$(22,709,594) of which \$(98,567,183) is unrestricted. (See Exhibit 1.)
- The County's total net position decreased by \$654,689. The School Board's total net position increased by \$3,485,050. (See Exhibit 2.)
- The County's and School Board's beginning net position decreased due to a change in accounting principle for the implementation of GASB Statement No. 68 to record the VRS net pension liability. The County's beginning net position decreased by \$13,744,283 and the School Board's decreased by \$96,743,465. (See Note 19.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$100,861,886 and \$109,985,938, respectively, for fiscal year 2015. (See Exhibit 2.)
- Expenses were \$101,516,575 for governmental activities and \$106,500,888 for School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,001,256, or 16.8 percent of the total General Fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2016 budget as well as funding for future operating and capital expenditures as appropriated.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$42,489,343, a decrease of \$2,823,265 in comparison with the prior year. Approximately 27 percent of this total amount, or \$11,682,485, is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental funds

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

Fiduciary funds

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

Notes to the financial statements

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

Other information

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

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

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Augusta, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,936,739 at the end of the fiscal year.

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

County of Augusta's Net Position

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

For the County, net investment in capital assets (i.e., land, buildings, machinery, and equipment, represents 36 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt used to acquire those assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents 9 percent of total net position and are resources that are subject to external restrictions on how they may be used. The majority of restricted net position is used for capital projects, fire service, education and training, as well as, law enforcement operations to support drug education, awareness, and enforcement. The balance of unrestricted net position, which is \$25,271,482 or 55 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

During the current fiscal year, the government's net position decreased by \$654,689.

The deficit unrestricted net position balance for the School Board is due to the VRS net pension liability. Legislation requires debt issued for projects by the School Board to be assumed by the Primary Government. Therefore, the School Board is not recognizing the debt for these renovations and only recognizes a portion of the building renovations in its current capital assets. The deficit unrestricted net position balance for the School Board significantly increased in the current fiscal year due to the implementation of GASB Statement No. 68 to record the VRS net pension liability.

Governmental Activities

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

County of Augusta's Changes in Net Position

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

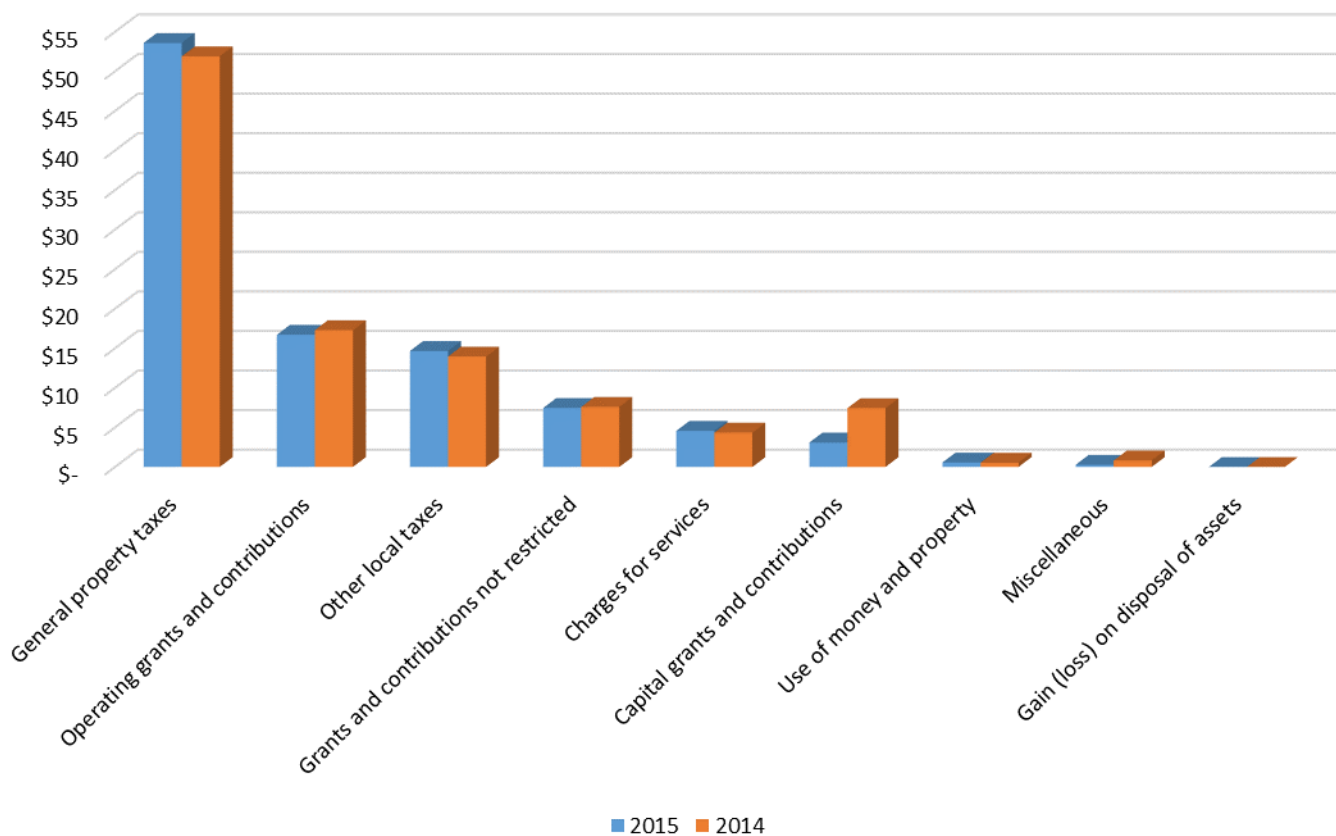
Ending net position at June 30, 2014 does not match beginning net position as of July 1, 2014 due to the implementation of GASB Statement No. 68. Information needed to restate fiscal year 2014 is not available.

Governmental Activities – Revenues

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

Governmental Activities - Revenue by Source

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

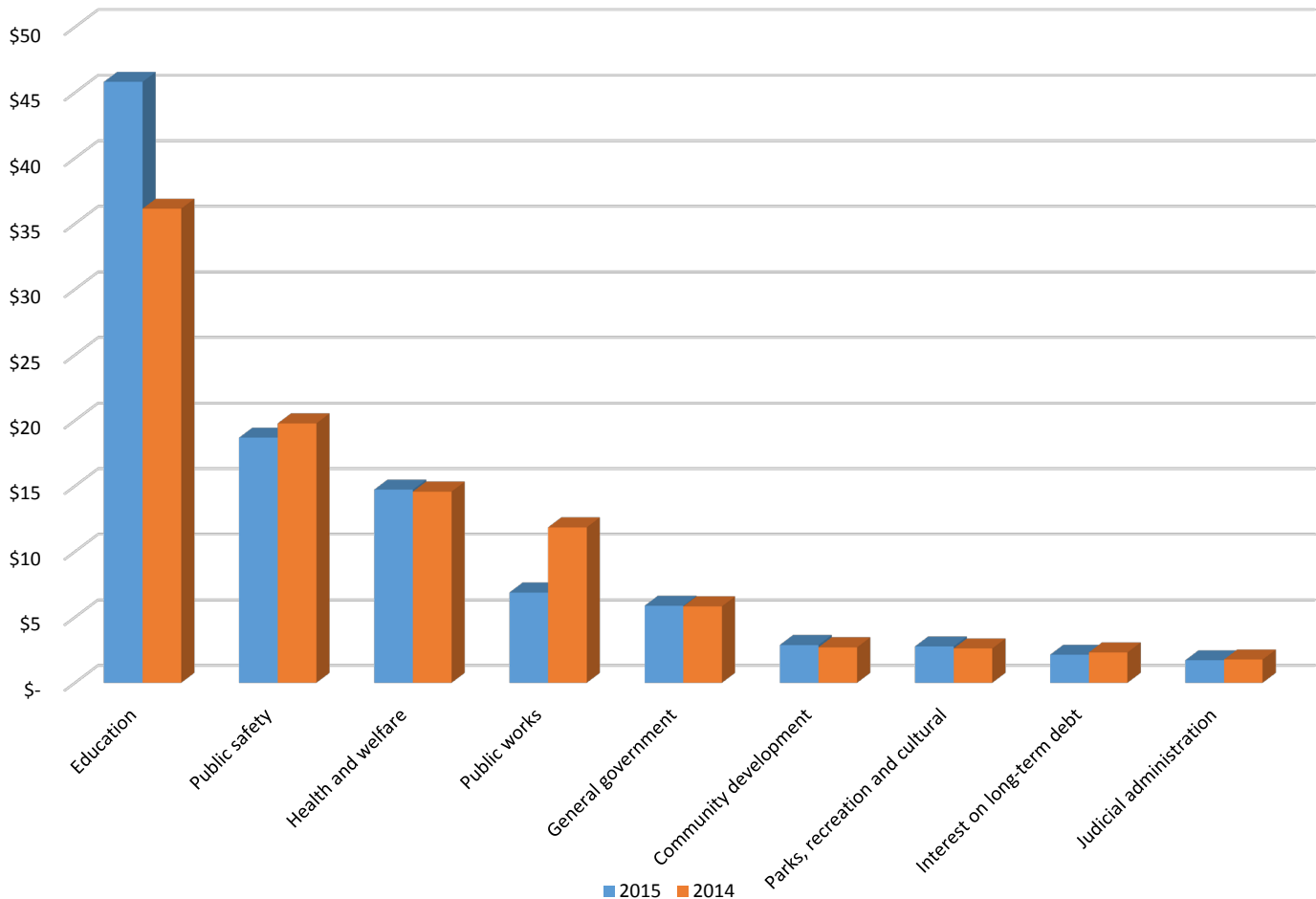


Governmental Activities – Expenses

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

Governmental Activities - Expenses by Function

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



Financial Analysis of the Government's Funds

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

Governmental funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$42,489,343. Approximately 27 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance falls within the categories of nonspendable, restricted, committed, or assigned. Nonspendable fund balance totals \$154,477 which is inventories and prepaid items reported in the governmental funds. Restricted fund balance includes funds that have been constrained for specific purposes by sources outside the government. Restricted fund balance includes funds received from the state for fire programs, state and federal asset forfeiture funds, and funds recently received from a bond issuance for a water tank. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The General Fund is the chief operating fund of the County. As of June 30, 2015, total fund balance of the General Fund was \$15,846,152, of which \$12,001,256 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16.8 percent of total General Fund expenditures, which includes transfers to the School Board component unit of \$37,852,654.

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

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

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2015, total fund balances of these funds were \$0, \$26,961,962 and \$(318,771), respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management's Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$101,061 decrease. This decrease is related to a decrease in the County General Fund contribution to the regional jail authority. Budgeted revenues increased by \$327,250. The increase in budgeted revenues can be attributed to an increase in collections of local taxes for business licenses, hotel tax, and meals tax. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2015 is \$69,534,985 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, land improvements, and construction in progress.

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

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

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

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

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

Long-term debt

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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

- The annual unemployment rate for Augusta County in 2015 was 4.7 percent. The County's rate is slightly better than the state's unemployment rate of 5.0 percent and still compares favorably to the national average rate of 5.5 percent.
- The County depends on financial resources flowing from, or associated with, both the federal government and the Commonwealth of Virginia. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. Revenues from the Commonwealth of Virginia represent approximately 14 percent, 41 percent, and 55 percent of total revenues for the General Fund, Virginia Public Assistance, and the School Operating Fund, respectively. Revenues from the federal government represent approximately 1 percent, 48 percent, and 4 percent of total revenues for the General Fund, Virginia Public Assistance, and the School Operating Fund, respectively.
- Investment earnings are subject to changes associated with the U.S. treasury securities because of actions by the federal reserve.
- Real Estate tax rates for the fiscal year 2016 budget increased \$0.02 to \$0.58 per \$100 of assessed value. The Personal Property tax rate for autos and motorcycles remained the same at \$2.50 per \$100 of assessed value. Other Personal Property tax rates increased from \$1.90 to \$2.50 per \$100 of assessed value for campers, boats, and airplanes and from \$1.90 to \$2.00 per \$100 assessed valued value for business personal property, large trucks and machinery and tools.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund expenditures at the close of the fiscal year. As of June 30, 2015, the County meets this fund balance policy requirement. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements the County has less than the required two months of General Fund operating expenditures by \$1,551,179. The County will consider this requirement as it reviews its fund balance policy and prepares for the fiscal year 2016 revised budget.

Appropriations for County funds lapse at fiscal year end, with the exception of the County Capital Improvements Fund. It is anticipated that fund balance will not be used to finance daily operations for the 2016 budget year, although as in the some previous fiscal years, it is a possibility.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2015

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

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

County of Augusta, Virginia

Statement of Activities
For the Year Ended June 30, 2015

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

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

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

Exhibit 2

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

FUND FINANCIAL STATEMENTS

Balance Sheet
 Governmental Funds
 June 30, 2015

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

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

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

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

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

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

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

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

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

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

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

Net change in fund balances - total governmental funds	\$ (2,823,265)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(3,525,841)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, transfers, and donations) is to decrease net assets.	(29,995)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	622,630
Notes receivable - EDA loan	480,000
Revenues related to the equity interest in joint venture not reported as revenues in the funds.	663
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,368,527
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,012,683)
Deferred outflows of resources - pension contributions	<u>2,265,275</u>
Change in net position of governmental activities	<u>\$ (654,689)</u>

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

Statement of Net Position
 Fiduciary Funds
 June 30, 2015

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015.

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

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, 2015 is as follows:

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

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

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

The County School Board and the Cities of Staunton and Waynesboro participate in supporting the Valley Career and Technical Center (Center) for local residents. The Center provides vocational training to secondary and adult students. The Center is governed by a six member board of trustees of which two are appointed by the Augusta County School Board, two by City of Staunton School Board and two by City of Waynesboro School Board. Funding for the Center was provided by the County of Augusta, City of Staunton and City of Waynesboro for the year ended June 30, 2015 as follows:

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

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

Jointly Governed Organizations - The County, in conjunction with other localities, has created the Shenandoah Valley Airport Commission, the Shenandoah Valley Juvenile Detention Home Commission, the Valley Alcohol Safety Action Program, the Valley Community Services Board, and the Middle River Regional Jail Authority. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$140,505 for operations to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, \$103,108 to the Shenandoah Valley Juvenile Detention Home and \$1,901,743 to the Middle River Regional Jail Authority. The School Board contributed \$1,263,003 to the Shenandoah Valley Regional Program for operations.

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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

Net Position Flow Assumption

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

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

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

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

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

3. Inventory and Prepaid Items

Inventory is valued using the *first in, first out* method. Inventories in the General Fund and the Discretely Presented Component Unit - School Board consist of expendable supplies held for consumption and are accounted for under the consumption method. Cost is recorded as an expense at the time the individual inventory items are used.

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2015, the General Fund had allowances of \$883,173 for property taxes and \$248,632 for EMS transport fees. The allowance for property taxes represents .29 percent of the total levies for the previous six years.

6. Use of Estimates

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

7. Capital Assets

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

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

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

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

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

7. Capital Assets (continued)

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

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

8. Compensated Absences

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

9. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

10. Fund Equity

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

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

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

The County establishes (and modifies or rescinds) fund balance commitments by formal Board action. This is typically done through adoption and amendment of the budget. Action to commit resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Board has authorized the County Administrator, or the County Administrator's designee, as the official authorized to assign resources and ending fund balance to a specific purpose within fund balance policy guidelines.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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

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

10. Fund Equity (continued)

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund operating expenditures at the close of the fiscal year, as adjusted for temporary funding of unanticipated budgetary shortfalls, if applicable. In the event the unassigned General Fund balance is used to provide for temporary funding of unanticipated budgetary shortfalls, the County shall restore the unrestricted General Fund balance to the minimum level of two months of General Fund operating expenditures within three to five fiscal years following the fiscal year in which the event occurred. The plan to restore the unassigned General Fund balance shall be included and highlighted in the County's adopted budget. The County currently meets the fund balance policy and no such adjustments are necessary. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance Fund. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$1,551,179. See Note 18 for more information on fund balance designations.

11. Net Position

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

12. Restricted Assets

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County and Component Unit only have one item that qualifies for reporting in this category. It is the employer's fiscal year 2015 Virginia Retirement System contributions and is reported in the government-wide Statement of Net Position.

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

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

13. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable (\$22,950,747) and other deferred revenues (\$732,323) are reported in the governmental funds balance sheet. The property taxes amount is comprised of uncollected property taxes due prior to June 30 and second half installments levied during the fiscal year but due after June 30. The other revenues portion is comprised of uncollected amounts owed to the County. These amounts are deferred and recognized as an inflow of resources in the period the amount becomes available. Under the accrual basis, second half installments levied during the fiscal year but due after June 30 and other unavailable revenues are reported as deferred inflows of resources. Land held for investment is also recorded as unavailable revenue and is deferred and recognized as an inflow of resources in the period the land is sold. The County and Component Unit have deferred inflows of resources representing the net difference between projected and actual earnings on the Virginia Retirement System's plan investments.

14. Pensions

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance total governmental funds* and *net position of governmental activities* as reported in the government-wide Statements of Net Position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$74,368,393) and (\$95,574,902) differences for the primary government and discretely presented component unit, respectively, are as follows:

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

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these (\$3,525,841) and \$1,564,328 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Capital outlay	\$ 3,557,670	\$ 2,025,500
Depreciation and amortization expense	(1,933,065)	(5,611,618)
Allocation of debt financed school assets based on current year repayments	(5,150,446)	5,150,446
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (3,525,841)</u>	<u>\$ 1,564,328</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

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

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

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of this \$3,368,527 difference in the primary government are as follows:

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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 Projects Fund, Debt Service Fund, Head Start Fund, Governor's School Fund and County Capital Improvement Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. During preparation of the revised budget, the County Administrator is authorized to transfer budgeted amounts between general government departments and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary review is employed as a management control device during the year for all budgeted funds.
6. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project.
7. All budget data presented in the accompanying financial statements is the original and revised budget as of June 30.
8. Encumbrances, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, lapse at year end.
9. Annual budgets are adopted on a basis consistent with GAAP for all governmental funds.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, the School Cafeteria Fund had expenditures exceeding appropriations due to a non-cash adjustment for USDA inventories.

C. Deficit Fund Equity

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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

Credit Risk of Debt Securities

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 4—Deposits and Investments: (Continued)

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

County's Rated Debt Investments' Values

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

Concentration of Credit Risk

The County's investment policy limits the investment in corporate notes or bonds and obligations of other state, local government or districts within in the United States, but outside Virginia, to not more than 5% in the obligations of any one issuer.

Interest Rate Risk

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

Investment Maturities (in years)

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

External Investment Pools

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia Statutes pursuant to Section 2.2-4605 *Code of Virginia*. The Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e. the LGIP maintains a stable net asset value of \$1 per share. The maturity of the LGIP is less than one year.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (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	\$ -	\$ 713,137
<u>Commonwealth of Virginia:</u>		
Local sales tax	912,948	-
State sales tax	-	2,007,232
Motor vehicle carrier's tax	85,883	-
State recordation tax	42,789	-
Titling tax	37,209	-
Reimbursement of shared services	355,585	-
Auto rental tax	11,728	-
Wireless PSAP	25,002	-
Transportation	353,949	-
School	-	24,419
Other	2,677	-
Comprehensive services act	414,274	-
Virginia public assistance	227,346	-
<u>Federal Government:</u>		
Virginia public assistance	474,684	-
Criminal justice	33,605	-
Watershed	119,237	-
School grants	-	630,279
Headstart	-	474,505
Totals	<u>\$ 3,096,916</u>	<u>\$ 3,849,572</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 6—Interfund/Entity Obligations:

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

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

Note 7—Interfund Transfers:

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 8—Long-Term Obligations:

Primary Government-Governmental activity Indebtedness

The following is a summary of long-term debt transactions for the County for the year ended June 30, 2015.

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Primary Government-Governmental Activity Indebtedness (continued)

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction):</u>		
\$6,000,000 1995A Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments of \$300,000 through July 15, 2015, plus semi-annual interest at 5.1%.	\$ 300,000	\$ 300,000
\$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments of \$618,601 through July 15, 2015 plus semi-annual interest at 5.1%.	618,601	618,601
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$699,588 to \$742,320 through July 15, 2018, plus semi-annual interest at 5.1%.	2,882,364	699,588
\$2,000,000 1999A Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments of \$100,000 through July 15, 2019, plus semi-annual interest at 6.1%.	500,000	100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$329,308 to \$369,360 through July 15, 2019, plus semi-annual interest at 6.1%.	1,743,617	329,308
\$5,875,000 2004A Series, issued May 13, 2004, Virginia Public School Authority Bonds, due in annual installments from \$290,000 to \$295,000 through July 2025, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$425,392 which will be amortized over the life of the bond.	2,925,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$324,418 to \$372,067 through July 15, 2024, plus semi-annual interest at 4.1% to 5.1%. The bond was issued at a premium of \$474,102 which will be amortized over the life of the bond.	3,487,665	324,418
\$26,610,000 2006A Series, issued November 9, 2006, Virginia Public School Authority Bonds, due in annual installments of \$1,330,000 through July 2026, plus semi-annual interest at 4.225% to 5.1%. The bond was issued at a premium of \$791,524 which will be amortized over the life of the bond.	15,960,000	1,330,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Primary Government-Governmental Activity Indebtedness (continued)

Details of long-term indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$608,010 to \$742,320 through July 15, 2027, plus semi-annual interest at 4.35% to 5.1%. The bond was issued at a premium of \$686,698 which will be amortized over the life of the bond.	\$ 8,702,386	\$ 608,010
\$7,500,000 2011A Series, issued June 28, 2011, Virginia Public School Authority Bonds as Qualified School Construction Bonds, due in annual installments of \$468,750 through June 1, 2027, plus semi-annual interest which will be reimbursed to VPSA as a federal tax credit and then transferred to the County.	5,625,000	468,750
\$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$220,000 to \$490,000 through July 15, 2032, plus semi-annual interest at 3.05% to 5.05%. The bond was issued at a premium of \$966,694 which will be amortized over the life of the bond.	<u>6,175,000</u>	<u>220,000</u>
Sub-total General obligation bonds payable	\$ <u>48,919,633</u>	\$ <u>5,293,675</u>
Unamortized premium on general obligation bonds	\$ <u>2,219,770</u>	\$ <u>167,220</u>
<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.	\$ 1,650,108	\$ 92,677
\$4,415,000 2013A Series, issued June 5, 2013, Virginia Resources Authority Bonds due in annual installments from \$220,000 to \$390,000 through October 1, 2028, plus semi-annual interest at 2.02% to 4.84%. The bond was issued at a premium of \$718,271 which will be amortized over the life of the bond.	4,195,000	225,000
\$1,890,000 2014C Series, issued November 19, 2014, Virginia Resources Authority Bonds due in annual installments from \$155,000 to \$235,000 through October 1, 2024, plus semi-annual interest at 2.969% to 5.125%. The bond was issued at a premium of \$309,600 which will be amortized over the life of the bond.	<u>1,890,000</u>	<u>155,000</u>
Sub-total revenue bonds payable	\$ <u>7,735,108</u>	\$ <u>472,677</u>
Unamortized premium on revenue bonds	\$ <u>979,986</u>	\$ <u>78,845</u>
Net OPEB obligation (payable from General Fund)	\$ <u>1,396,000</u>	\$ <u>-</u>
Compensated absences (payable from the General Fund)	\$ <u>1,637,827</u>	\$ <u>147,404</u>
Total	<u>\$ 62,888,324</u>	<u>\$ 6,159,821</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Primary Government-Governmental Activity Indebtedness (continued)

Arbitrage Rebate Compliance:

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

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the School Board Component Unit for the year ended June 30, 2015:

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

Details of long-term indebtedness:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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
<p>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.</p>	<p>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.</p>	<p>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")</p> <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>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.</p>	<p>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.</p>	<p>About the Hybrid Retirement Plan (Continued)</p> <ul style="list-style-type: none">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.
<p>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.</p>	<p>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.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none">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.
<p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none">Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.
<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under 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.</p>
<p>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.</p>	<p>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.</p>	

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>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.</p>	<p>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.</p>	<p>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.</p>
<p>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.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>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.</p>
		<p><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.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>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.</p> <p><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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Vesting (Continued) <u>Defined Contribution Component (Continued)</u></p> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70 1/2.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
		<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		<p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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.</p>	<p>Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.</p>	<p>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.</p>
<p>Political subdivisions hazardous duty employees: Age 50 with at least five years of creditable service.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivisions hazardous duty employees: Not applicable.</p>
		<p><u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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%.</p>	<p>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%.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2.</p>
		<p><u>Defined Contribution Component</u> Not applicable.</p>
<p><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.</p>	<p><u>Eligibility:</u> Same as Plan 1.</p>	<p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>
<p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>		

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><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:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • 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). 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Disability Coverage</p> <p>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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p>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.</p>	<p>Disability Coverage</p> <p>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.</p> <p>Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p>Purchase of Prior Service Same as Plan 1.</p>	<p>Disability Coverage</p> <p>Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p>Purchase of Prior Service</p> <p>Defined Benefit Component Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • 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. <p>Defined Contribution Component Not applicable.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

County

Employees Covered by Benefit Terms

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

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

Contributions

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

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

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$2,265,275 and \$2,210,642 for the years ended June 30, 2015 and 2014, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

A. Plan Description (Continued)

School Board Non-Professional

Employees Covered by Benefit Terms

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

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

Contributions

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

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

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$225,699 and \$218,931 for the years ended June 30, 2015 and 2014, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 14.50%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 100% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board for the professional plan were \$8,414,967 and \$6,291,642 for the years ended June 30, 2015 and 2014, respectively.

B. Net Pension Liability

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

At June 30, 2015, the School Board reported a liability for the professional plan of \$89,167,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the School Board's proportion was 0.73785% as compared to 0.73799% at June 30, 2013.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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, 2013, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2014.

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

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2014.

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

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

Mortality Rates:

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

B. Net Pension Liability (Continued)

Discount Rate

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

C. Changes in the Net Pension Liability

County

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

C. Changes in the Net Pension Liability (Continued)

School Board Non-Professional

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

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

Note 9—Pension Plan: (Continued)

C. Changes in the Net Pension Liability (Continued)

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

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

County

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

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

\$2,265,275 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

School Board Non-Professional

For the year ended June 30, 2015, the School Board recognized pension expense related to its non-professional plan of \$72,513. The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 644,235
Employer contributions subsequent to the measurement date	225,699	-
Total	<u>\$ 225,699</u>	<u>\$ 644,235</u>

\$225,699 reported as deferred outflows of resources related pensions resulting from the School Board non-professional plan’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 9—Pension Plan: (Continued)

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

School Board Professional

For the year ended June 30, 2015, the School Board recognized pension expense related to the professional plan of \$7,050,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

The School Board professional plan includes employees of the Shenandoah Valley Regional Program for the purpose of determining the actuarial valuation for post employment retirement liability. The actuarial valuation cannot be determined for the Program’s employees separately from the School Board’s employees, but a portion of the pension expense totaling \$713,137 has been allocated and reported as due from the Program.

At June 30, 2015, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

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

\$8,414,967 reported as deferred outflows of resources related to pensions resulting from the School Board’s contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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 as follows:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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, not to exceed \$2,500 per fiscal year. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the County for retirees regardless of age if he/she has been employed by the County for at least 10 years immediately prior to the disability. The County reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

County: (continued)

C. Annual OPEB Cost and Net OPEB Obligation: (continued)

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

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

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

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

D. Funded Status and Funding Progress:

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

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%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (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 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. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Spouses and dependents may maintain coverage after the death of the retiree as long as they meet the eligibility requirements of the plan and assume full responsibility for the premiums. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

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

School Board: (continued)

Health Insurance Plan (continued)

C. Annual OPEB Cost and Net OPEB Obligation: (continued)

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

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

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

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

D. Funded Status and Funding Progress

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 10—Other Post-Employment 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, 2015 (CONTINUED)

Note 10—Other Post-Employment 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, 2015, 2014, and 2013 were \$589,569, \$598,945, and \$588,051, respectively and equaled the required contributions for each year.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

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

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

Note 12—Unavailable and Deferred Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue at June 30, 2015 totaled \$23,683,070 for the fund financial statements and deferred revenue totaled \$20,025,598 for government-wide financial statements. It is comprised of the following:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 13—Capital Assets:

Primary Government

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

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

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit: (continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the *Code of Virginia*, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Augusta County, Virginia for the year ended June 30, 2015, is that school financed assets in the amount of \$48,919,633 are reported in the Primary Government for financial reporting purposes.

Note 14—Risk Management:

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

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

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

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

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

At June 30, 2015, the Augusta Regional Landfill reported as its landfill closure liability \$4,350,332 which represents the cumulative amount reported to date based on the use of 89.9% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and the stockpile financial assurance liability. The Augusta Regional Landfill reported a post-closure monitoring liability of \$2,884,180 at June 30, 2015. This represents the cumulative amount reported to date based on the use of 100.00% of the estimated capacity of the Permit #21 landfill of which the County is 60.33% responsible and 89.9% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.71% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2015 for both landfill permits are \$7,234,512. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$611,405 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$3,011,693 for the newly constructed Phase 4 cell as it is filled in the next six to eight years. Both Permit #21 and Permit #585 closure and post-closure costs are based on DEQ approved factors which are conservative. The costs are inflated annually based on a DEQ-approved inflation rate. However, actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Capital Improvements Fund.

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 17—Construction Contracts Outstanding:

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

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

Note 18—Fund Balance:

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 (CONTINUED)

Note 19—Prior Period Adjustment:

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

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

Note 20—Note Receivable:

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

Amounts due to the County at June 30, 2015 include:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 (CONTINUED)

Note 21—Upcoming Pronouncements:

At June 30, 2015, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

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

General Fund

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

For the Year Ended June 30, 2015

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

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

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

Other Postemployment Benefit Program
 Schedule of Funding Progress

PRIMARY GOVERNMENT:

County Other Postemployment Benefit Program

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

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Postemployment Benefit Program

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

Note:

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

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

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

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
- | | |
|---|---|
| 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% per year |
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

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

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

Notes to Schedule:

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

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

Notes to Schedule:

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

Schedule of County Contributions - Virginia Retirement System

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

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

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

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

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

Schedule of School Board Professional Contributions - Virginia Retirement System

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

Notes to Schedule:

- (1) Valuation date: June 30, 2014
- (2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20-29 years
Asset valuation method	5-year smoothed market
Cost-of-living adjustments	2.50%
Projected salary increases	3.50%-5.35%
Investment rate of return	7.0%, including inflation at 2.50%
- (4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

OTHER SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Statement of Net Position
 Fiduciary Funds
 June 30, 2015

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

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

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

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

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

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

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

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

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

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

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

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

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

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

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

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

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

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

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

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

Net change in fund balances - total governmental funds - per above	\$ (300)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	1,564,328
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	449,479
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(7,169,123)
Deferred outflows of resources - pension contributions	<u>8,640,666</u>
Change in net position of governmental activities	<u>\$ 3,485,050</u>

County of Augusta, Virginia

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

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

Exhibit 27

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

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

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

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

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

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

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

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

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

County of Augusta, Virginia

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

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

Exhibit 32

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

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

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

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

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

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

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

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

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

SUPPORTING SCHEDULES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATISTICAL SECTION

COUNTY OF AUGUSTA, VIRGINIA

Statistical Section Table of Contents

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.

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

Notes:

⁽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,						
2009		2010		2011		2012		2013		2014		2015	
\$	11,284,834	\$	13,116,731	\$	6,505,638	\$	14,050,950	\$	6,243,063	\$	14,785,963	\$	16,731,529
	1,135,867		1,496,794		1,442,518		1,700,541		1,803,491		4,534,029		3,933,728
	<u>54,560,726</u>		<u>52,255,565</u>		<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>66,981,427</u>	\$	<u>66,869,090</u>	\$	<u>66,080,818</u>	\$	<u>62,617,705</u>						
								\$	<u>51,909,015</u>	\$	<u>60,335,711</u>	\$	<u>45,936,739</u>
\$	65,374,681	\$	67,937,017	\$	70,147,502	\$	73,689,709	\$	79,495,252	\$	73,843,782	\$	75,857,589
	<u>(1,220,695)</u>		<u>(1,329,711)</u>		<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>64,153,986</u>	\$	<u>66,607,306</u>	\$	<u>68,217,127</u>	\$	<u>71,918,618</u>						
								\$	<u>76,734,466</u>	\$	<u>70,548,821</u>	\$	<u>(22,709,594)</u>
\$	76,659,515	\$	81,053,748	\$	76,653,140	\$	87,740,659	\$	85,738,315	\$	88,629,745	\$	92,589,118
	1,135,867		1,496,794		1,442,518		1,700,541		1,803,491		4,534,029		3,933,728
	<u>53,340,031</u>		<u>50,925,854</u>		<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>131,135,413</u>	\$	<u>133,476,396</u>	\$	<u>134,297,945</u>	\$	<u>134,536,323</u>						
								\$	<u>128,643,481</u>	\$	<u>130,884,532</u>	\$	<u>23,227,145</u>
											(3)		

COUNTY OF AUGUSTA, VIRGINIA

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

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

Table 2
Page 1

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

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2006	2007	2008	2009
Component unit ⁽³⁾:				
Expenses:				
School board	\$ 92,703,329	\$ 103,409,589	\$ 105,239,965	\$ 111,389,217
Total component unit expenses	<u>92,703,329</u>	<u>103,409,589</u>	<u>105,239,965</u>	<u>111,389,217</u>
Program Revenues:				
Charges for services	\$ 3,321,361	\$ 3,705,206	\$ 3,987,435	\$ 4,309,758
Operating grants and contributions	58,263,933	64,709,114	66,916,249	70,181,095
Capital grants and contributions	851,769	836,049	797,446	578,532
Total component unit program revenues	<u>\$ 62,437,063</u>	<u>\$ 69,250,369</u>	<u>\$ 71,701,130</u>	<u>\$ 75,069,385</u>
Total component unit net expense ⁽¹⁾	<u>\$ (30,266,266)</u>	<u>\$ (34,159,220)</u>	<u>\$ (33,538,835)</u>	<u>\$ (36,319,832)</u>
General Revenues and Other Changes in Net Position/Assets				
Unrestricted grants and contributions	\$ 33,404,980	\$ 37,072,203	\$ 41,033,071	\$ 36,381,838
Unrestricted revenues from use of money and property	120,899	152,792	115,541	77,666
Miscellaneous	320,641	825,981	1,171,091	947,958
Total component unit	<u>\$ 33,846,520</u>	<u>\$ 38,050,976</u>	<u>\$ 42,319,703</u>	<u>\$ 37,407,462</u>
Change in Net Assets				
Total component unit	<u>\$ 3,580,254</u>	<u>\$ 3,891,756</u>	<u>\$ 8,780,868</u>	<u>\$ 1,087,630</u>
Change in Net Position				
Total component unit				
Total reporting entity change in Net Assets	<u>\$ 8,439,229</u>	<u>\$ 11,416,198</u>	<u>\$ 7,237,227</u>	<u>\$ 241,531</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,					
2010	2011	2012	2013	2014	2015
\$ 106,765,743	\$ 101,812,342	\$ 99,494,039	\$ 101,705,922	\$ 110,663,364	\$ 106,500,888
<u>106,765,743</u>	<u>101,812,342</u>	<u>99,494,039</u>	<u>101,705,922</u>	<u>110,663,364</u>	<u>106,500,888</u>
\$ 3,969,259	\$ 3,903,726	\$ 3,625,413	\$ 4,216,248	\$ 3,272,742	\$ 3,257,108
67,489,090	62,292,979	62,352,796	63,796,761	60,559,006	63,399,705
813,450	-	-	-	-	449,479
<u>72,271,799</u>	<u>66,196,705</u>	<u>65,978,209</u>	<u>68,013,009</u>	<u>63,831,748</u>	<u>67,106,292</u>
\$ <u>(34,493,944)</u>	\$ <u>(35,615,637)</u>	\$ <u>(33,515,830)</u>	\$ <u>(33,692,913)</u>	\$ <u>(46,831,616)</u>	\$ <u>(39,394,596)</u>
\$ 35,963,285	\$ 36,461,858	\$ 36,339,862	\$ 38,164,900	\$ 40,795,739	\$ 41,844,914
50,872	52,957	45,453	43,931	35,294	34,841
933,107	710,643	832,006	299,927	607,376	999,891
<u>36,947,264</u>	<u>37,225,458</u>	<u>37,217,321</u>	<u>38,508,758</u>	<u>41,438,409</u>	<u>42,879,646</u>
\$ <u>2,453,320</u>	\$ <u>1,609,821</u>	\$ <u>3,701,491</u>			
			\$ <u>4,815,845</u>	\$ <u>(5,393,207)</u>	\$ <u>3,485,050</u>
\$ <u>2,340,983</u>	\$ <u>821,549</u>	\$ <u>238,378</u>			
			\$ <u>(5,892,845)</u>	\$ <u>856,651</u>	\$ <u>2,830,361</u>

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

⁽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				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 741,541	\$ 1,085,858	\$ 1,332,428	\$ 1,135,867	\$ 1,631,079
Unreserved	16,263,261	20,592,646	17,289,242	13,363,450	12,201,976
Nonspendable					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 17,004,802</u>	<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	\$ 25,442,249	\$ 34,275,104	\$ 34,894,572	\$ 35,887,286	\$ 35,477,239
Unreserved, reported in:					
Capital projects funds	-	(7,541,836)	581,874	650,341	644,894
Debt services funds	-	-	(500)	(500)	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 25,442,249</u>	<u>\$ 26,733,268</u>	<u>\$ 35,475,946</u>	<u>\$ 36,537,127</u>	<u>\$ 36,122,133</u>
Total Fund Balances	<u>\$ 42,447,051</u>	<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	
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
5,000	143,157	91,255	41,721	154,477	
1,442,518	1,700,541	1,803,492	2,006,339	2,352,414	
645,660	407,722	747,920	691,504	1,116,221	
631,426	199,905	203,579	206,303	221,784	
<u>13,416,628</u>	<u>11,940,495</u>	<u>12,319,579</u>	<u>11,986,399</u>	<u>12,001,256</u>	
\$ <u>16,141,232</u>	\$ <u>14,391,820</u>	\$ <u>15,165,825</u>	\$ <u>14,932,266</u>	\$ <u>15,846,152</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
6,572,262	5,374,308	4,929,034	2,244,271	455,329	
10,250,894	8,134,044	5,294,761	3,304,648	1,148,900	
20,820,221	22,294,342	21,750,133	24,831,423	25,357,733	
-	-	-	-	(318,771)	
\$ <u>37,643,377</u>	\$ <u>35,802,694</u>	\$ <u>31,973,928</u>	\$ <u>30,380,342</u>	\$ <u>26,643,191</u>	
\$ <u><u>53,784,609</u></u>	\$ <u><u>50,194,514</u></u>	\$ <u><u>47,139,753</u></u>	\$ <u><u>45,312,608</u></u>	\$ <u><u>42,489,343</u></u>	

COUNTY OF AUGUSTA, VIRGINIA

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

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

Table 5

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

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

⁽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⁾
2015	\$ 6,664,333,605	\$ 634,007,910	\$ 182,405,510	\$ 304,068,097	\$ 7,784,815,122	\$ 0.74	\$ 7,792,607,730	99.90%
2014	6,720,763,659	630,856,230	174,573,180	302,295,345	7,828,488,414	0.70	7,955,780,909	98.40%
2013	6,627,699,412	610,670,920	169,345,780	306,388,610	7,714,104,722	0.67	7,714,104,722	100.00%
2012	6,605,841,389	587,378,990	163,603,880	270,112,744	7,626,937,003	0.63	7,626,937,003	100.00%
2011	6,574,353,920	571,552,370	160,112,380	271,260,646	7,577,279,316	0.63	7,860,248,253	96.40%
2010	6,523,317,700	545,724,160	157,441,730	221,103,702	7,447,587,292	0.63	8,016,778,571	92.90%
2009	5,877,675,585	623,193,070	156,511,140	168,363,142	6,825,742,937	0.70	8,426,843,132	81.00%
2008	5,206,226,035	597,497,180	150,731,330	172,858,139	6,127,312,684	0.73	8,703,569,153	70.40%
2007	5,093,036,897	586,582,760	147,337,390	177,676,959	6,004,634,006	0.73	8,305,164,600	72.30%
2006	4,956,905,910	549,490,860	88,306,340	202,847,610	5,797,550,720	0.72	7,558,736,271	76.70%

Source: Commissioner of Revenue

- (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⁾		Mobile Homes	Machinery and Tools
		Vehicle	Other		
2015	\$ 0.58	\$ 2.50	\$ 2.00	\$ 0.58	\$ 2.00
2014	0.56	2.50	1.90	0.56	1.90
2013	0.51	2.50	1.90	0.51	1.90
2012	0.48	2.25	1.90	0.48	1.90
2011	0.48	2.25	1.90	0.48	1.90
2010	0.48	2.25	1.90	0.48	1.90
2009	0.48	2.25	1.90	0.48	1.90
2008	0.58	1.90	1.90	0.58	1.90
2007	0.58	1.90	1.90	0.58	1.90
2006	0.58	1.90	1.90	0.58	1.90

⁽¹⁾ Per \$100 of assessed value

⁽²⁾ Personal Property includes:

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

Other - business personal property, large trucks and trailers

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

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

Source: Commissioner of Revenue

⁽¹⁾ New principal taxpayer in Fiscal Year 2009.

Property Tax Levies and Collections
Last Ten Calendar Years

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

Source: Commissioner of Revenue, County Treasurer's office

Notes:

⁽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			
2015	\$ 48,919,633	\$ 7,735,108	\$ 56,654,741	2.04%	\$ 767
2014	54,161,138	6,171,730	60,332,868	2.17%	817
2013	59,989,729	5,526,185	65,515,914	2.35%	886
2012	65,729,609	-	65,729,609	2.41%	892
2011	64,932,384	-	64,932,384	2.52%	883
2010	62,760,277	-	62,760,277	2.55%	851
2009	68,092,773	-	68,092,773	2.84%	945
2008	73,493,301	-	73,493,301	3.04%	1,027
2007	65,685,728	-	65,685,728	2.82%	928
2006	42,656,306	-	42,656,306	1.94%	609

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

⁽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)
2015	\$ 48,919,633	0.63%	\$ 662
2014	54,161,138	0.69%	733
2013	59,989,729	0.78%	812
2012	65,729,609	0.86%	892
2011	64,932,384	0.86%	883
2010	62,760,277	0.84%	851
2009	68,092,773	1.00%	945
2008	73,493,301	1.20%	1,027
2007	65,685,728	1.09%	928
2006	42,656,306	0.74%	609

(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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2015	73,862	\$ 37,664	50.99%	50-54	10,162	4.70%
2014	73,862	37,664	50.99%	50-54	10,325	4.70%
2013	73,912	37,664	50.96%	50-54	10,415	5.30%
2012	73,658	37,053	50.30%	50-54	10,405	5.90%
2011	73,549	35,021	47.62%	50-54	10,457	6.20%
2010	73,750	33,380	45.26%	45-49	10,515	6.60%
2009	72,020	33,271	46.20%	45-49	10,688	6.60%
2008	71,586	33,776	47.18%	45-49	10,716	3.60%
2007	70,747	32,877	46.47%	45-49	10,798	2.60%
2006	70,034	31,453	44.91%	40	10,769	2.60%

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

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

COUNTY OF AUGUSTA, VIRGINIA

Table 14

Principal Employers
Current Year and Nine Years Ago

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

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

COUNTY OF AUGUSTA, VIRGINIA

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

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

Source: Individual county departments

Table 15

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

COUNTY OF AUGUSTA, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

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

Source: Individual county departments

(1) All County funded stations

(2) Includes debt service

Table 16

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

COUNTY OF AUGUSTA, VIRGINIA

Capital Asset Statistics by Function
Last Ten Fiscal Years

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

Source: Individual county departments

(1) At high and middle schools.

Table 17

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

COMPLIANCE SECTION

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

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

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

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

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

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

See Notes to Schedule of Expenditures of Federal Awards

County of Augusta, Virginia

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

NOTE A-BASIS OF PRESENTATION

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

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE C-FOOD DISTRIBUTION

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

NOTE D-RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, Virginia (County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
November 25, 2015



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Augusta, Virginia's (County) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on the Head Start Program

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

Qualified Opinion on the Head Start Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015.

Other Matters

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

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002 to be a material weakness. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
November 25, 2015

COUNTY OF AUGUSTA, VIRGINIA

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal awards

Internal control over major programs:

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

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

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

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

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

Child Nutrition Cluster:

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

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

Auditee qualified as low-risk auditee? _____ Yes √ No

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

II. FINANCIAL STATEMENT FINDINGS

A. Compliance Findings

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

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

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

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2015-002: Allowable Costs

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

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

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

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

Cause: Due to lack of awareness of program requirements.

Questioned costs: Undeterminable.

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

Views of responsible officials:

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

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

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

2015-003: Noncompliance – Allowable Costs

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

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

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

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

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

Cause: Due to turnover within the Grants Department.

Questioned costs: Undeterminable.

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

Views of responsible officials:

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

COUNTY OF AUGUSTA, VIRGINIA

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

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

Finding:

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

Corrective Action Taken or Planned:

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

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

Finding:

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

Corrective Action Taken or Planned:

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

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

Finding:

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

Corrective Action Taken or Planned:

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

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

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

Finding:

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

Corrective Action Taken or Planned:

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