



# **County of Augusta, Virginia**

**Comprehensive Annual Financial Report: June 30, 2018**

Photo courtesy of Mary Beth Cassidy, Cassidy Farms, Mt. Solon, VA

**COUNTY OF AUGUSTA, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2018**



Prepared by

Misty Cook, Director of Finance

Lora Swortzel, Accountant

Augusta County, Virginia

**COUNTY OF AUGUSTA, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2018**

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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

December 6, 2018

***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, 2018, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the County of Augusta issue annually a report on its financial position and activity, and this report be audited by an independent firm of certified public accountants.

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

The accounting firm of PBMares, LLP, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This audit was conducted using guidelines set forth by *Government Auditing Standards* and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Based upon this audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

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

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

Although primarily a rural county, Augusta County's 2018 population was 75,144. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 21% of the jobs in the County. Manufacturing employs approximately 5,500 of 36,000 plus workers in the County's labor force and makes up approximately 3.3% of the total local property taxes. Agriculture is a large portion of the overall economy of the County. Augusta County is one of the top producers of many commodities in the state and this wealth of production overflows into many other industries of the County; including farm equipment manufacturers and dealers, transportation, energy, retail, and the ever growing agritourism business. The unemployment rate for the County decreased from 3.6% in 2017 to 3.0% in 2018. The County's rate remains lower than that of the State's unemployment rate of 3.3% and compares favorably to the national unemployment rate of 4.2%.

In fiscal year 2018, local revenues increased by 1.8%. The main contributor to this increase was sales and use tax, which was up by 2.4% over the prior year. This is a good indicator that consumer spending may be gaining from the previous recession. The previous high collection for sales tax was in fiscal year 2008. The County has exceeded this previous high by \$650,000. This trend is in line with the total taxable sales for Augusta County as reported by the Virginia Department of Taxation, which increased by approximately 1.1% over the prior year. The County also realized an increase in general property taxes due a \$.05 increase in the tax rate from \$.58 per \$100 to \$.63 per \$100.

### □ Major Initiatives and Goals □

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

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

During Fiscal Year 2018, the County completed the Trails at Mill Place. The walking trail is two-thirds of a mile long and encircles a 2-acre storm water management pond in the County's Mill Place Commerce Park. The pond, while not actively stocked, is open to catch-and-release fishing. A picnic shelter is provided in close proximity to the 19-space parking lot and several benches are dispersed along the trail. Funds for this project totaled approximately \$240,000 and were allocated from the Beverley Manor Infrastructure account, the Beverley Manor Parks and Recreation Matching grant funds, and through a generous donation by the Greater Verona Business Association.

During Fiscal Year 2018, the County completed the Rt. 636 shared used path. Lifecore Drive (Relocation of RT 636) was completed in the Spring of 2015 providing improved secondary access from points West of Fishersville along US 250 to Augusta Health (medical facility) and surrounding development. Around the same time, VDOT was completing a major project to replace the Interstate 64 bridge at Exit 91 and add significant capacity to RT 285 in the vicinity of Augusta Health. Each of these two projects included bicycle and pedestrian accommodations; shared used paths existed from 1) Route 250 to Village Creek Drive and 2) Interstate 64, Exit 91 Interchange (project) northerly and westerly to approximately .2 miles west of the intersection of Tinkling Spring Road (Route 285) and Lifecore Drive (VA 636). The Lifecore Drive Shared Use Path Project provided a pedestrian connection between these projects helping to ensure safe accommodation of cyclists and pedestrians along this vital health focused corridor. This project was funded over several funding cycles with a combination of VDOT and local funding sources and involved construction of approximately .65 miles of shared use pathway at a construction cost of approximately \$967,000. Improvements consist of an 8 foot asphalt shared use path (bicycles and pedestrians), 8 foot buffer strip, sections of curb & gutter and associated drainage improvements, ramps, handrails, crosswalks and appropriate signage. Now that this project

fills in the gap, these three projects provide continuous pedestrian and bicycle facilities along approximately 2.4 miles of existing highway.

During Fiscal Year 2018, the County completed its Narrowbanding cutover project. The FCC mandated that by January 2013 that radio systems would have to be converted to narrow band operation, (whether they are analog or digital). To achieve the mandate, the FCC will stop approving wide band (25KHz) analog radios. The mandate required the County's UHF land mobile radio (LMR) which is currently operating using 25KHz "wideband" technology to migrate to 12.5KHz "narrowband" technology. This increases the radio frequency spectrum to accommodate more users. The County was granted waivers beyond the January 2013 date from the FCC to finish our project. All the mobiles and portables radios for law enforcement, fire and rescue have been replaced with new equipment that is narrow band capable with grant funding. With the assistance of County personnel the final coverage testing was completed on June 15, 2018.

## □ 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 unrestricted General Fund balance of no less than two months of General Fund expenditures. Unrestricted 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, 2018, the County has less than two months of General Fund operating expenditures by \$23,915. The County also recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements the County has less than the required two months of General Fund operating expenditures by \$3,743,681. The County will consider this requirement as it reviews the fund balance policy and prepares for the fiscal year 2019 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, 2018, the County had a number of debt issues outstanding related to school construction. These issues totaled \$75,603,371 in general obligation bonds. At June 30, 2018, 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 \$6,277,078.

**Cash Management**

Cash temporarily idle during the year was invested in demand deposits, money market funds, U.S. Agency Securities, Corporate Debt, and municipal bonds. The yield on investments ranged from 0.830% to 2.39%. LGIP interest rates have risen with a range of rates of 1.14% to 2.01% in 2018. The County continues to invest in money market accounts and checking with respective rates of 0.75% to 1.75% and LGIP funds which offer higher yields than what may be earned on the standard checking accounts. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

□ **Awards and Acknowledgements** □


The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This is the twentieth consecutive year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Budget Presentation to the County of Augusta, Virginia for its Budget preparation document for the 2018 Fiscal Year Budget. This is the first year the government has achieved this prestigious award. The County submitted the 2019 Fiscal Year budget for this award as well but have not received the results to date. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Budget document. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this is an important goal to strive for yearly and we will continue to make it a goal for our budget documents.

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

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

Sincerely,



Misty Cook  
Director of Finance



Lora Swortzel  
Accountant



Government Finance Officers Association

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

Presented to

**County of Augusta  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

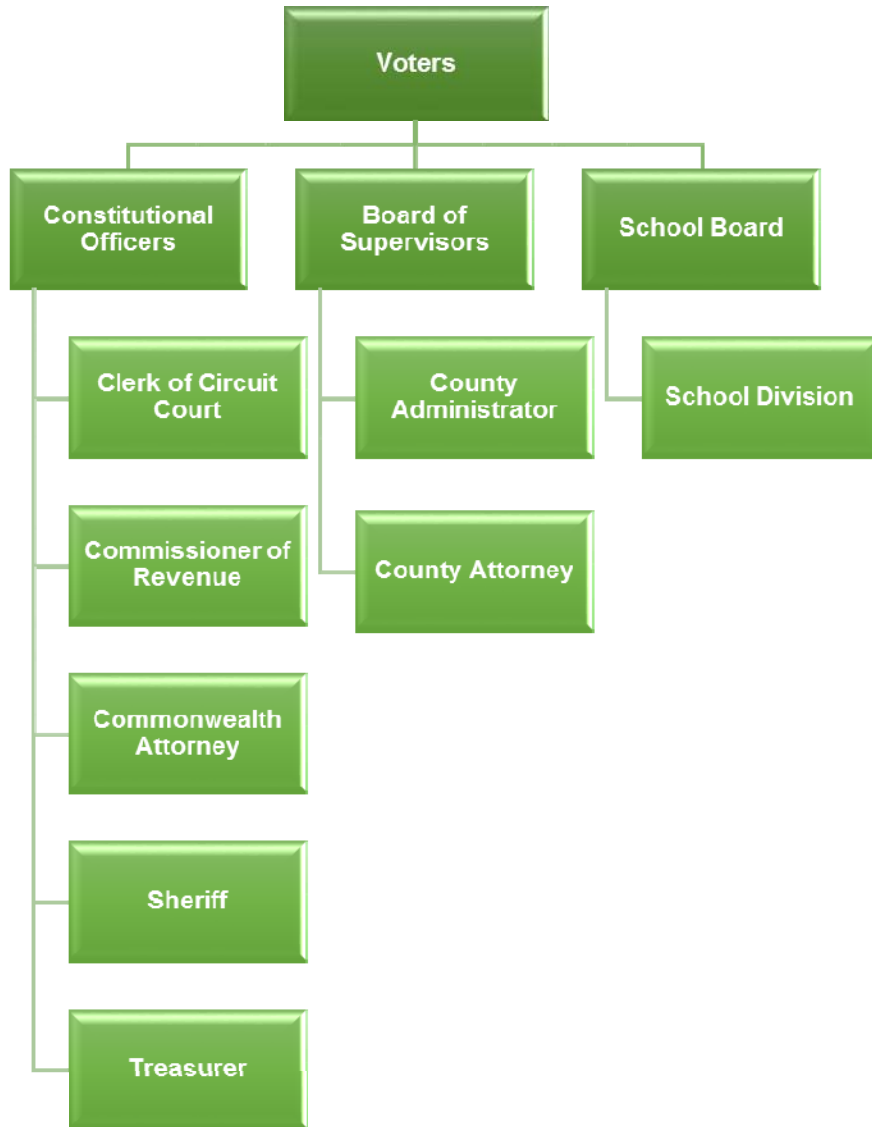
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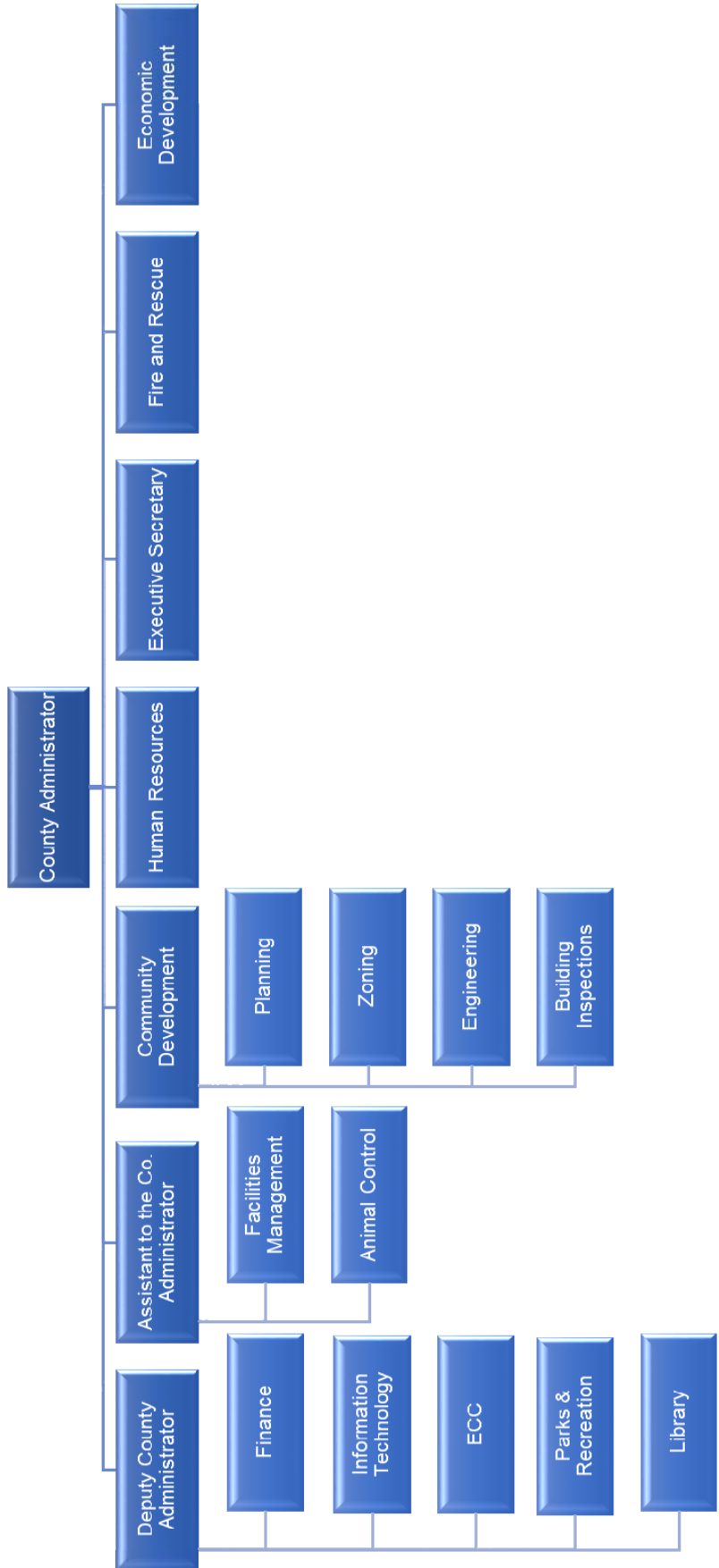
*Christopher P. Morrill*

Executive Director/CEO



# County of Augusta, Virginia Organizational Chart





# COUNTY OF AUGUSTA, VIRGINIA

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## BOARD OF SUPERVISORS

---

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

Wendell L. Coleman  
Terry Lee Kelley, Jr.  
Pamela L. Carter

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

## COUNTY SCHOOL BOARD

---

John L. Ocheltree, Jr, Chairman  
Timothy Z. Swortzel, Vice-Chairman

Nicholas T. Collins  
David R. Shiflett  
Donna H. Wells

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

## OTHER OFFICIALS

---

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

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# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, Virginia (County), as of and for the year ended June 30, 2018, 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, 2018, 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**

As discussed in Note 26 to the financial statements, the County restated beginning net position for governmental activities and School Board component unit in order to record the liability for other postemployment benefits and related components in accordance with the implementation of GASB Statement No. 75.

## **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 118-142, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

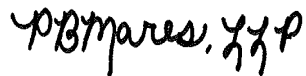
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "P. B. Mares, CPA".

Harrisonburg, Virginia  
December 6, 2018



## **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, 2018. 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 \$55,345,746 (net position). Of this amount, \$36,958,335 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$(37,487,703) of which \$(115,961,481) is unrestricted. (See Exhibit 1.)
- The County's total net position increased by \$38,410,326. The School Board's total net position decreased by \$(38,070,725). (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$113,114,269 and \$117,974,824, respectively, for fiscal year 2018. (See Exhibit 2.)
- Expenses were \$74,703,943 for governmental activities and \$156,045,549 for School Board. (See Exhibit 2.)

#### **Fund Financial Statements**

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,798,202, or 14.5 percent of the total General Fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2018 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 \$46,164,975, a decrease of \$4,398,676 in comparison with the prior year. Approximately 25.5 percent of this total amount, or \$11,798,202 is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

### **Overview of the Financial Statements**

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

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

## Government-wide Financial Statements

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

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

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

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

## Fund Financial Statements

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

### *Governmental funds*

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

### *Fiduciary funds*

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

### Notes to 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 postemployment benefits to its employees.

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

## **Government-wide Financial Analysis**

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Augusta, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,345,746 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>2018</u>	<u>2017</u>
Current and other assets	\$ 94,502,995	\$ 100,985,089
Capital assets, net	98,354,972	61,760,430
Total assets	<u>\$ 192,857,967</u>	<u>\$ 162,745,519</u>
Deferred outflows of resources	<u>\$ 2,427,436</u>	<u>\$ 3,951,049</u>
Long-term liabilities	\$ 102,581,978	\$ 97,666,446
Other liabilities	11,546,796	28,487,938
Total liabilities	<u>\$ 114,128,774</u>	<u>\$ 126,154,384</u>
Deferred inflows of resources	<u>\$ 25,810,883</u>	<u>\$ 20,829,764</u>
Net Position:		
Net investment in capital assets	\$ 14,587,191	\$ (28,355,363)
Restricted	3,800,220	8,456,231
Unrestricted	36,958,335	39,611,552
Total net position	<u>\$ 55,345,746</u>	<u>\$ 19,712,420</u>

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 6.8 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 \$36,958,335 or 66.7 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

During the current fiscal year, the government's net position increased by \$38,410,326.

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

Governmental Activities

Governmental activities increased the County's net position by \$38,410,326. Key elements of this increase are as follows:

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

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,456,198	\$ 4,869,644
Operating grants and contributions	19,057,643	18,706,733
Capital grants and contributions	3,423,147	2,296,245
General revenues:		
General property taxes	60,545,183	58,296,837
Other local taxes	15,890,441	15,604,926
Use of money and property	795,317	592,384
Miscellaneous	563,523	456,414
Grants and contributions not restricted to specific programs	7,382,817	7,497,164
Sale of land	-	285,000
Total revenues	<u>\$ 113,114,269</u>	<u>\$ 108,605,347</u>
Expenses:		
General government	\$ 6,503,063	\$ 6,377,127
Judicial administration	2,017,262	1,995,424
Public safety	23,846,222	21,392,046
Public works	7,281,618	5,305,146
Health and welfare	16,186,578	16,469,416
Education	10,657,884	75,383,817
Parks, recreation and cultural	3,316,542	2,858,721
Community development	2,184,255	1,797,866
Interest on long-term debt	2,710,519	3,246,063
Total expenses	<u>\$ 74,703,943</u>	<u>\$ 134,825,626</u>
Increase in net position	\$ 38,410,326	\$ (26,220,279)
Net position, beginning, as restated*	<u>16,935,420</u>	<u>45,932,699</u>
Net position, ending	<u>\$ 55,345,746</u>	<u>\$ 19,712,420</u>

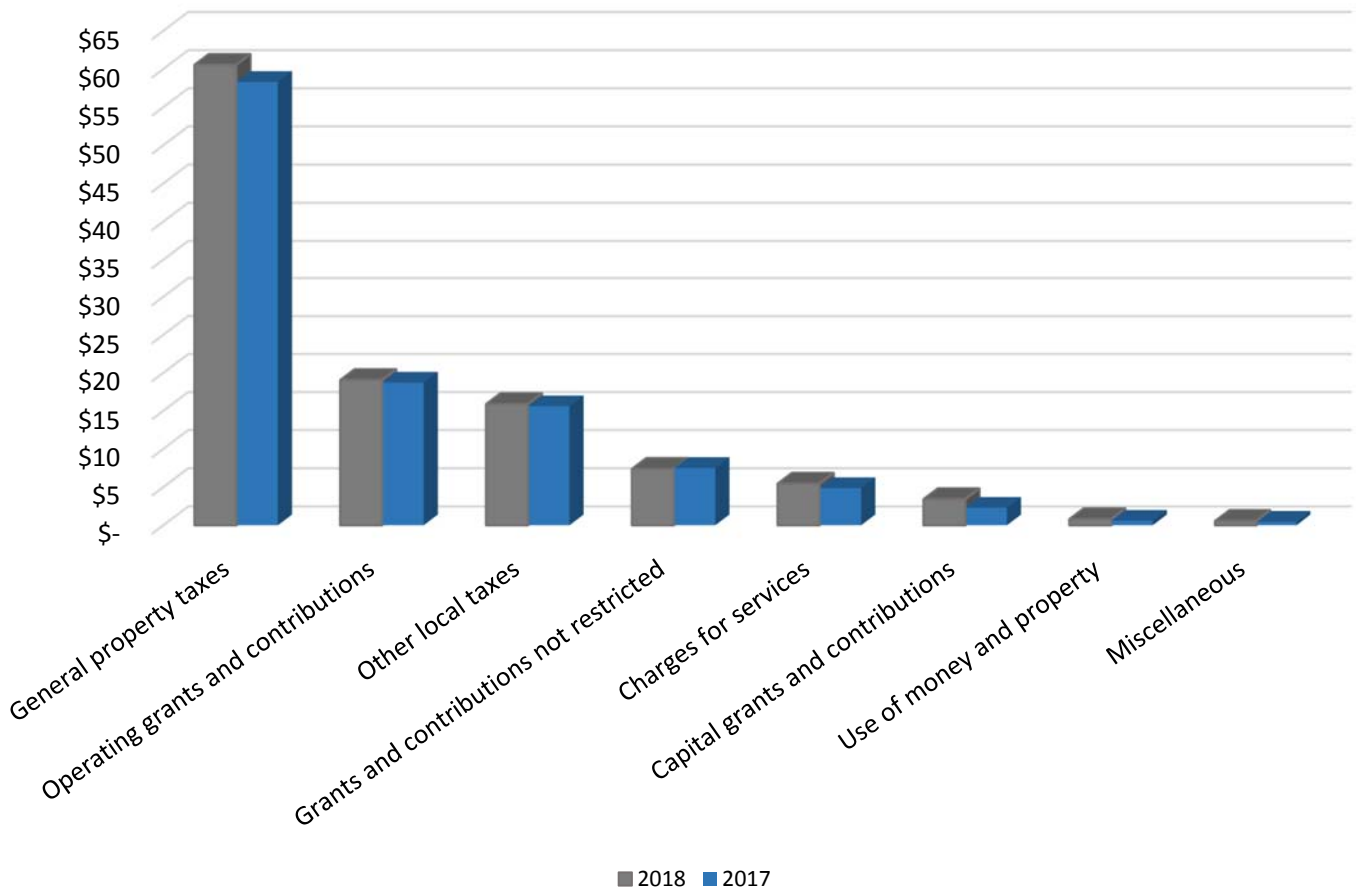
\* Net position at July 1, 2017 as previously reported was restated in conjunction with the implementation of GASB Statement No. 75.

## Governmental Activities – Revenues

- General property taxes increased by approximately \$2.2 million. The County realized an increase in general property taxes due to an increase in the 2018 tax rate from \$.58 per \$100 to \$.63 per \$100.
- Charges for Services increased by 12% due to an increase in Treasurer’s collection fees and landfill tipping fees.
- Use of money and property increased by 26%, due to rising interest rates.

## Governmental Activities - Revenue by Source

Fiscal Years Ended June 30, 2018 and 2017  
(\$ in Millions)

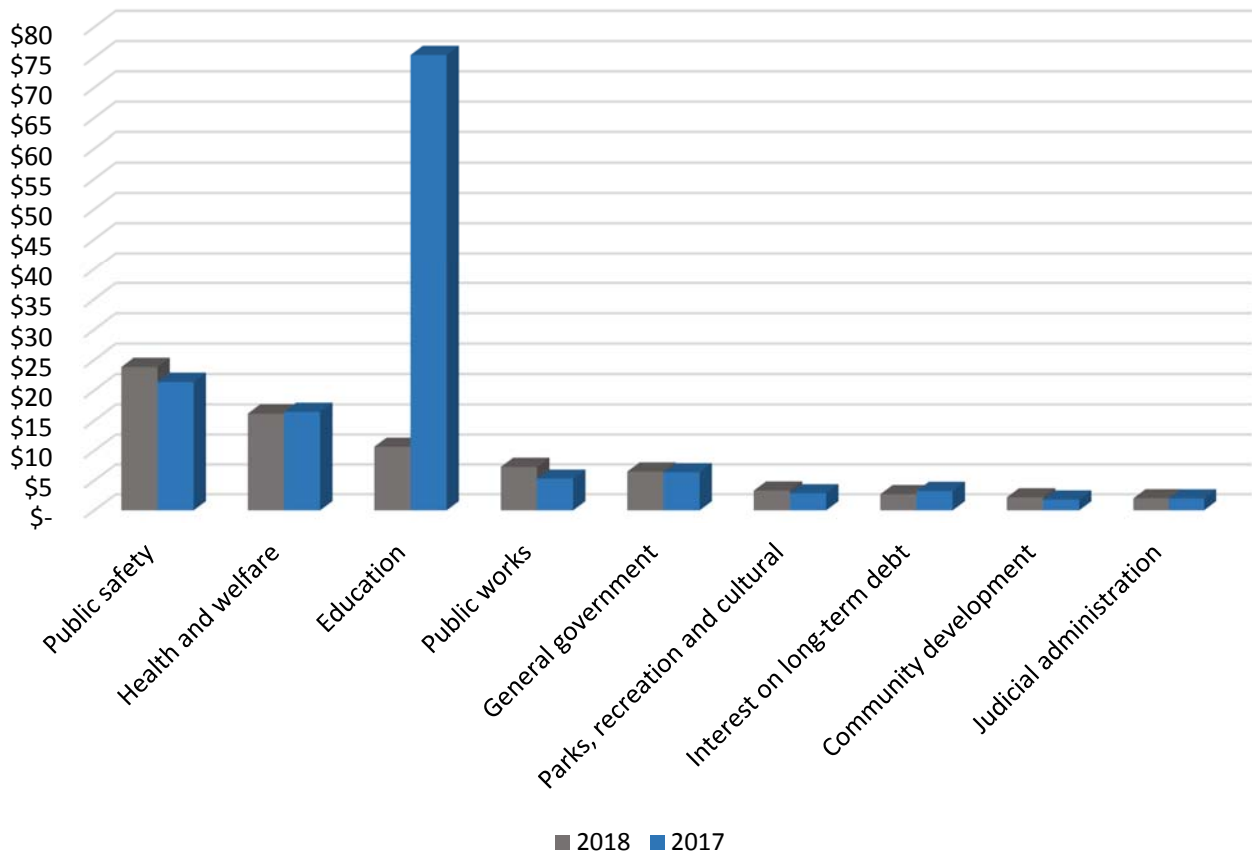


## Governmental Activities – Expenses

- Expenses allocated to education were 85% lower in fiscal year 2018 due to the completion of construction projects related to building two replacement elementary schools and remodeling a middle school.
- Public safety expenses increased 11% over the prior year due to fuller staffing of the SAFER grant for the entire year and increased insurance expenses.
- Public works expenses increased 27% over the prior fiscal year due to increased expenses at the landfill and increased insurance expenses.

## Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2018 and 2017  
(\$ 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 \$46,164,975 approximately 25 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 \$1,203,806 which is inventories and prepaid items reported in the governmental funds, as well as land held for sale and long-term loans receivable. Restricted fund balance includes funds that have been constrained for specific purposes by sources outside the government. Restricted fund balance includes funds received from the state for fire programs, state and federal asset forfeiture funds, and funds recently received from a bond issuance for school construction. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision-making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The General Fund is the chief operating fund of the County. As of June 30, 2018, total fund balance of the General Fund was \$17,689,468, of which \$11,798,202 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 14.5 percent of total General Fund expenditures, which includes transfers to the School Board component unit of \$41,566,439.

The fund balance of the County's General Fund increased by \$455,093 during the current fiscal year. The key factor in this decrease was the use of the fund balance for reassessment expenditures.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, Debt Service Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2018, total fund balances of these funds were \$0, \$0, \$27,607,372, and \$868,135, respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The Debt Service Fund accounts for debt service payments made by the County. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management's Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system.



## **General Fund Budgetary Highlights**

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$494,328 increase. Budgeted revenues increased by \$3,105,934. The increase in budgeted revenues can be attributed to an increase in real estate tax rates. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year.

## **Capital Asset and Debt Administration**

### Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2018, is \$98,354,972 (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:

- Installation of a new roof on the historic Augusta County Courthouse (\$271,124).
- Repairs and painting to the Cupola and statue on the Augusta County Courthouse (\$176,465).
- Purchase of new Self-contained breathing apparatus for Fire and Rescue (\$704,643).
- Construction in progress includes an Emergency Communication radio project to update current radio tower equipment (\$2,036,852) and a new well at Natural Chimneys (\$151,850).

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

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 5,440,703	\$ 5,440,703
Buildings and system	78,042,683	42,964,175
Machinery and equipment	8,080,484	7,635,669
Land improvements	3,087,768	3,288,625
Construction in progress	3,703,334	2,431,258
Total	<u>\$ 98,354,972</u>	<u>\$ 61,760,430</u>

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

Long-term debt

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

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

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 75,603,371	\$ 81,314,078
Premium on general obligation bonds	5,165,611	5,514,279
Revenue bonds	6,277,078	6,774,755
Premium on revenue bonds	743,452	822,297
Compensated absences	1,930,648	1,647,037
Total	<u>\$ 89,720,160</u>	<u>\$ 96,072,446</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 2018 was 3 percent. The County's rate is slightly better than the state's unemployment rate of 3.3 percent and still compares favorably to the national average rate of 4.2 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 12.5 percent, 42.4 percent, and 54 percent of total revenues for the General Fund, Virginia Public Assistance, and the School Operating Fund, respectively. Revenues from the federal government represent 1.6 percent, 46.5 percent, and 4 percent of total revenues for the General Fund, Virginia Public Assistance, and the School Operating Fund, respectively.
- Investment earnings are subject to changes associated with the U.S. treasury securities because of actions by the Federal Reserve.
- Real Estate tax rates for fiscal year 2018 are \$0.63 per \$100 of assessed value. Personal Property tax rates for autos and motorcycles are \$2.50 per \$100 of assessed value. Other Personal Property tax rates are \$2.50 per \$100 of assessed value for campers, boats, and airplanes and \$2.00 per \$100 assessed valued value for business personal property, large trucks and machinery and tools.

All of these factors were considered in preparing the County's budget for the 2019 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, 2018, the County has less than the required two months of General Fund operating expenditures by \$23,915. The County also recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$3,743,681. The County will consider this requirement as it reviews its fund balance policy and prepares for the fiscal year 2019 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 2019 budget year, although as in some previous fiscal years, it is a possibility.

### **Requests for Information**

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

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# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Position  
June 30, 2018

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u> <u>School Board</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 27,904,690	\$ 2,845,291
Cash in custody of others	574,461	3,000
Investments	22,282,637	-
Investments - Land held for sell	1,122,748	-
Receivables (net of allowance for uncollectibles):		
Taxes receivable	25,836,771	-
Accounts receivable	1,656,995	167,756
Notes receivable	6,142,158	-
Due from primary government	-	4,126,803
Due from component unit	476,592	-
Due from other governmental units	3,011,545	6,457,833
Inventories	34,407	-
Prepaid expenses	46,651	-
Equity interest in joint venture	5,413,340	-
Capital assets (net of accumulated depreciation):		
Land	5,440,703	1,551,430
Buildings and system	78,042,683	74,168,033
Machinery and equipment	8,080,484	2,669,613
Land improvement	3,087,768	-
Construction in progress	3,703,334	84,702
Total assets	<u>\$ 192,857,967</u>	<u>\$ 92,074,461</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension plan	\$ 2,110,136	\$ 11,643,932
Other post employment benefits	317,300	1,818,665
Total deferred outflows of resources	<u>\$ 2,427,436</u>	<u>\$ 13,462,597</u>
<b>LIABILITIES</b>		
Reconciled overdraft	\$ -	\$ 118,186
Accounts payable	2,332,421	3,474,012
Accrued liabilities	832,227	3,027,367
Accrued interest payable	1,406,312	-
Due to primary government	-	476,592
Due to component unit	4,126,803	-
Unearned revenue	1,535,503	119,345
Deposits held in escrow	1,313,530	-
Long-term liabilities:		
Due within one year	7,205,713	387,835
Due in more than one year	82,514,447	1,640,679
Other post employment benefits liability	4,504,000	30,569,301
Net pension liability	8,357,818	90,357,078
Total liabilities	<u>\$ 114,128,774</u>	<u>\$ 130,170,395</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue - property taxes	\$ 20,754,363	\$ -
Deferred revenue - other	1,649,582	-
Pension plan	3,223,938	12,185,366
Other post employment benefits	183,000	669,000
Total deferred inflows of resources	<u>\$ 25,810,883</u>	<u>\$ 12,854,366</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 14,587,191	\$ 78,473,778
Restricted:		
Fire revolving loans	2,912,669	-
Drug enforcement	19,416	-
Capital Projects	868,135	-
Unrestricted (deficit)	36,958,335	(115,961,481)
Total net position	<u>\$ 55,345,746</u>	<u>\$ (37,487,703)</u>

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

# **FUND FINANCIAL STATEMENTS**



Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit School Board
<b>PRIMARY GOVERNMENT:</b>						
Governmental activities:						
General government administration	\$ 6,503,063	\$ 738,561	\$ 424,620	\$ 237,748	\$ (5,102,134)	\$ -
Judicial administration	2,017,262	267,257	1,219,351	-	(530,654)	-
Public safety	23,846,222	1,914,075	4,489,370	144,589	(17,298,188)	-
Public works	7,281,618	1,528,230	18,410	2,891,271	(2,843,707)	-
Health and welfare	16,186,578	190,817	12,740,367	-	(3,255,394)	-
Education	10,657,884	-	-	49,051	(10,608,833)	-
Parks, recreation and cultural	3,316,542	817,258	165,525	-	(2,333,759)	-
Community development	2,184,255	-	-	100,488	(2,083,767)	-
Interest on long-term debt	2,710,519	-	-	-	(2,710,519)	-
Total governmental activities	\$ 74,703,943	\$ 5,456,198	\$ 19,057,643	\$ 3,423,147	\$ (46,766,955)	\$ -
Total primary government	\$ 74,703,943	\$ 5,456,198	\$ 19,057,643	\$ 3,423,147	\$ (46,766,955)	\$ -
<b>COMPONENT UNIT:</b>						
School Board	\$ 156,045,549	\$ 3,027,439	\$ 67,255,166	\$ -	\$ -	\$ (85,762,944)
Total component unit	\$ 156,045,549	\$ 3,027,439	\$ 67,255,166	\$ -	\$ -	\$ (85,762,944)
General revenues:						
General property taxes				\$ 60,545,183	\$ -	\$ -
Local sales tax				5,673,129	-	-
Consumers' utility tax				1,791,413	-	-
Business license taxes				3,813,142	-	-
Restaurant food taxes				2,504,972	-	-
Other local taxes				2,107,785	-	-
Unrestricted revenues from use of money and property				795,317		143,819
Miscellaneous				563,523		1,391,745
Grants and contributions not restricted to specific programs				7,382,817		46,156,655
Total general revenues				\$ 85,177,281	\$ 47,692,219	\$ -
Change in net position				38,410,326	(38,070,725)	-
Net position - beginning, as restated				16,935,420	583,022	-
Net position - ending				\$ 55,345,746	\$ (37,487,703)	\$ -

Balance Sheet  
Governmental Funds  
June 30, 2018

	General	Virginia Public Assistance	County Capital Improvements	School Capital Improvements	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 20,405,633	\$ -	\$ 6,494,547	\$ 1,004,510	\$ 27,904,690
Cash in custody of others	570,161	4,300	-	-	574,461
Investments	150,397	-	22,132,240	-	22,282,637
Receivables (net of allowance for uncollectibles):					
Taxes receivable	25,836,771	-	-	-	25,836,771
Accounts receivable	1,656,813	-	182	-	1,656,995
Notes receivable	401,263	-	-	-	401,263
Due from other funds	612,706	-	-	-	612,706
Due from component unit	476,592	-	-	-	476,592
Due from other governmental units	1,945,215	998,228	68,102	-	3,011,545
Inventories	34,407	-	-	-	34,407
Prepaid items	46,651	-	-	-	46,651
Land held for sale	1,122,748	-	-	-	1,122,748
Total assets	<u>\$ 53,259,357</u>	<u>\$ 1,002,528</u>	<u>\$ 28,695,071</u>	<u>\$ 1,004,510</u>	<u>\$ 83,961,466</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,029,651	\$ 78,696	\$ 1,087,699	\$ 136,375	\$ 2,332,421
Accrued liabilities	521,101	311,126	-	-	832,227
Due to other funds	-	612,706	-	-	612,706
Due to component unit	4,126,803	-	-	-	4,126,803
Unearned revenue	1,535,503	-	-	-	1,535,503
Deposits held in escrow	1,313,530	-	-	-	1,313,530
Total liabilities	<u>\$ 8,526,588</u>	<u>\$ 1,002,528</u>	<u>\$ 1,087,699</u>	<u>\$ 136,375</u>	<u>\$ 10,753,190</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 25,393,719	\$ -	\$ -	\$ -	\$ 25,393,719
Unavailable revenue - other	1,649,582	-	-	-	1,649,582
Total deferred inflows of resources	<u>\$ 27,043,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,043,301</u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 1,203,806	\$ -	\$ -	\$ -	\$ 1,203,806
Restricted	2,932,086	-	-	868,135	3,800,221
Committed	1,498,042	-	-	-	1,498,042
Assigned	257,332	-	27,607,372	-	27,864,704
Unassigned	11,798,202	-	-	-	11,798,202
Total fund balances	<u>\$ 17,689,468</u>	<u>\$ -</u>	<u>\$ 27,607,372</u>	<u>\$ 868,135</u>	<u>\$ 46,164,975</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 53,259,357</u>	<u>\$ 1,002,528</u>	<u>\$ 28,695,071</u>	<u>\$ 1,004,510</u>	<u>\$ 83,961,466</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, 2018

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	46,164,975
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		98,354,972
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		4,639,356
Notes receivable - EDA loan		300,000
Notes receivable - Middle River Regional Jail Buy-In		5,440,895
Equity interest in joint venture not reported in the funds.		5,413,340
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(103,988,290)
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:		
Pension plan	\$	2,110,136
Other postemployment benefits		<u>317,300</u>
		2,427,436
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:		
Pension plan	\$	(3,223,938)
Other postemployment benefits		<u>(183,000)</u>
		<u>(3,406,938)</u>
Net position of governmental activities	\$	<u><u>55,345,746</u></u>

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2018

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	School Capital Improvements	Total
<b>REVENUES</b>						
General property taxes	\$ 61,109,229	\$ -	\$ -	\$ -	\$ -	\$ 61,109,229
Other local taxes	15,890,441	-	-	-	-	15,890,441
Permits, privilege fees, and regulatory licenses	637,374	-	-	-	-	637,374
Fines and forfeitures	311,426	-	-	-	-	311,426
Revenue from the use of money and property	795,317	-	-	13,500	34,279	843,096
Charges for services	4,279,014	190,817	37,567	-	-	4,507,398
Miscellaneous	563,523	-	-	38,544	14,772	616,839
Recovered costs	193,113	1,403,224	-	1,116,537	-	2,712,874
Intergovernmental revenues:						
Commonwealth	12,154,861	6,074,093	-	2,652,880	-	20,881,834
Federal	1,545,232	6,666,274	-	669,172	-	8,880,678
Total revenues	\$ 97,479,530	\$ 14,334,408	\$ 37,567	\$ 4,490,633	\$ 49,051	\$ 116,391,189
<b>EXPENDITURES</b>						
Current:						
General government administration	\$ 5,856,944	\$ -	\$ -	\$ -	\$ -	\$ 5,856,944
Judicial administration	2,137,419	-	-	-	-	2,137,419
Public safety	21,739,801	-	-	-	-	21,739,801
Public works	3,810,788	-	-	-	-	3,810,788
Health and welfare	1,245,908	16,857,159	-	-	-	18,103,067
Education	41,566,439	-	-	-	-	41,566,439
Parks, recreation and cultural	2,838,479	-	-	-	-	2,838,479
Community development	1,838,995	-	-	-	-	1,838,995
Nondepartmental	143,194	-	-	-	-	143,194
Capital projects	-	-	-	8,432,650	4,733,943	13,166,593
Debt service:						
Principal retirement	-	-	6,208,384	-	-	6,208,384
Interest and other fiscal charges	-	-	3,379,762	-	-	3,379,762
Total expenditures	\$ 81,177,967	\$ 16,857,159	\$ 9,588,146	\$ 8,432,650	\$ 4,733,943	\$ 120,789,865
Excess (deficiency) of revenues over (under) expenditures	\$ 16,301,563	\$ (2,522,751)	\$ (9,550,579)	\$ (3,942,017)	\$ (4,684,892)	\$ (4,398,676)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ -	\$ 2,522,751	\$ 9,550,579	\$ 6,916,473	\$ 460,781	\$ 19,450,584
Transfers out	(16,756,656)	-	-	(2,693,928)	-	(19,450,584)
Total other financing sources (uses), net	\$ (16,756,656)	\$ 2,522,751	\$ 9,550,579	\$ 4,222,545	\$ 460,781	\$ -
Net change in fund balances	\$ (455,093)	\$ -	\$ -	\$ 280,528	\$ (4,224,111)	\$ (4,398,676)
Fund balances - beginning	18,144,561	-	-	27,326,844	5,092,246	50,563,651
Fund balances - ending	\$ 17,689,468	\$ -	\$ -	\$ 27,607,372	\$ 868,135	\$ 46,164,975

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, 2018

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

Net change in fund balances - total governmental funds	\$ (4,398,676)
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.	1,171,077
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, transfers, and donations) is to increase net assets.	35,423,465
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(564,047)
Notes receivable - EDA loan	(60,000)
Notes receivable - Middle River Regional Jail Buy-In	(712,654)
Revenues related to the equity interest in joint venture not reported as revenues in the funds.	(663,738)
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.	6,208,384
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	(367,921)
Deferred outflows of resources subsequent to measurement date:	
Pension plan	\$ 2,110,136
Other postemployment benefits	<u>264,300</u>
	<u>2,374,436</u>
Change in net position of governmental activities	<u>\$ 38,410,326</u>

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

Statement of Net Position  
 Fiduciary Funds  
 June 30, 2018

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,494,427
Other receivables	439,496
Total assets	<u>\$ 12,933,923</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,754,845
Accrued liabilities	245,053
Other liabilities	4,451,992
Amounts held for Social Services Clients	155,790
Amounts held for Shenandoah Valley Regional Program for Special Education	989,780
Amounts held for Valley Alcohol Safety Action Program	40,421
Amounts held for Valley Career and Technical Education Center	115,003
Amounts held for Valley Children's Advocacy Center	177,870
Amounts held for Insurance Trust	4,003,169
Total liabilities	<u>\$ 12,933,923</u>

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

**A. Financial Reporting Entity**

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

**Blended component units** - There are no blended component units for the year ended June 30, 2018.

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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**A. Financial Reporting Entity (continued)**

**Joint Ventures**

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of revenues for the Augusta Regional Landfill for the year ended June 30, 2018 is as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Revenues	\$ 1,817,472	\$ 608,835	\$ 732,737
% of total revenues	57.53%	19.27%	23.19%

The County's net investment is recorded on the Statement of Net Position. The County's equity interest as of June 30, 2018 was \$5,413,340.

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, 2018 as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 2,937,681	\$ 703,289	\$ 647,344
% of total revenues	68.50%	16.40%	15.10%

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 \$184,185 for operations to the Valley Community Services Board, \$134,080 to the Shenandoah Valley Airport, \$170,192 to the Shenandoah Valley Juvenile Detention Home and \$2,288,939 to the Middle River Regional Jail Authority. The School Board contributed \$1,769,591 to the Shenandoah Valley Regional Program for operations.



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

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**B. Government-wide and fund financial statements**

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

Net Position Flow Assumption

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

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

**1. Deposits and Investments**

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

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

**2. Receivables and Payables**

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

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

**3. Inventory and Prepaid Items**

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

**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, 2018, the General Fund had allowances of \$1,683,789 for property taxes and \$666,033 for EMS transport fees. The allowance for property taxes represents .48 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 acquisition value at the date of donation.

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

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

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

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

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

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

**8. *Compensated Absences***

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

**9. *Long-Term Obligations***

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

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

**10. *Fund Equity***

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

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

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

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

**10. Fund Equity (continued)**

- Assigned fund balance – amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors has by resolution authorized the Director of Finance to assign fund balance. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the General Fund.

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

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

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund operating expenditures at the close of the fiscal year, as adjusted for temporary funding of unanticipated budgetary shortfalls, if applicable. In the event the unassigned General Fund balance is used to provide for temporary funding of unanticipated budgetary shortfalls, the County shall restore the unrestricted General Fund balance to the minimum level of two months of General Fund operating expenditures within three to five fiscal years following the fiscal year in which the event occurred. The plan to restore the unrestricted General Fund balance shall be included and highlighted in the County's adopted budget. At June 30, 2018, the County has less than two months of operating expenditures by \$23,915. The County also recognizes its obligation to the Debt Service Fund and Virginia Public Assistance Fund. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$3,743,681. See Note 21 for more information on fund balance designations.

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

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

**11. Net Position**

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

**12. Restricted Assets**

The primary government did not have restricted assets.

**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 discretely presented component unit, the School Board, have several items that qualify for reporting in this category related to the pension plan and other postemployment benefits (OPEB) plans. See Notes 9 through 13 for details regarding these items.

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

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

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

**14. Pensions**

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

**15. Medical Insurance Programs**

The Medical Insurance Programs are single-employer plans. Differences between expected and actual experience and actuarial assumptions are amortized over the average of the expected remaining service lives of all employees that are covered through the plans, which is 7.75 years. Plan amendments are recognized immediately.

**16. Group Life Insurance**

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

**17. Health Insurance Credit Program**

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



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

---

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

**18. LODA**

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

**19. Virginia Local Disability Program**

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

**20. Subsequent Events**

The County has evaluated subsequent events through December 6, 2018, the date on which the financial statements were available to be issued.

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

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**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 (\$103,988,290) and (\$122,954,214) differences for the primary government and discretely presented component unit, respectively, are as follows:

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

	<b>Primary Government</b>	<b>Component Unit-School Board</b>
Bonds payable	\$ (81,880,449)	\$ -
Unamortized premium on bonds	(5,909,063)	-
Accrued interest payable	(1,406,312)	-
Net OPEB obligation	(4,504,000)	(30,569,301)
Net pension liability	(8,357,818)	(90,357,078)
Compensated absences	<u>(1,930,648)</u>	<u>(2,028,514)</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (103,988,290)</u>	<u>\$ (122,954,893)</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 \$1,171,077 and \$36,260,483 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<b>Primary Government</b>	<b>Component Unit-School Board</b>
Capital outlay	\$ 3,771,095	\$ 43,133,230
Depreciation and amortization expense	<u>(2,600,018)</u>	<u>(6,872,748)</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>\$ 1,171,077</u>	<u>\$ 36,260,482</u>

Another element of that reconciliation explains the net effect of various miscellaneous transactions involving capital assets (i.e. disposals, trade-ins, transfers, and donations). The details of these \$35,423,465 and (\$75,846,833) differences for the primary government and discretely presented component unit, respectively, are as follows:

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**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)**

	<b>Primary Government</b>	<b>Component Unit-School Board</b>
Disposals of capital assets, net	\$ (356,617)	\$ (40,066,751)
Transfer of debt financed school assets based on current year construction activity	42,110,000	(42,110,000)
Allocation of debt financed school assets based on current year repayments, net	<u>(6,329,918)</u>	<u>6,329,918</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 35,423,465</u>	<u>\$ (75,846,833)</u>

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 \$6,208,384 difference in the primary government are as follows:

	<b>Primary Government</b>
Principal repayments:	
General obligation debt	\$ <u>6,208,384</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>\$ 6,208,384</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 (\$367,921) and (\$8,252,359) differences for the primary government and discretely presented component unit, respectively, are as follows:

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**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)**

	<b>Primary Government</b>	<b>Component Unit-School Board</b>
Compensated absences	\$ (283,611)	\$ (101,988)
Pension expense (benefit)	(490,553)	(2,057,319)
OPEB expense (benefit)	(263,000)	(6,093,052)
Accrued interest	241,730	-
Amortization of bond premium	427,513	-
Net adjustment to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (367,921)</u>	<u>\$ (8,252,359)</u>

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

**A. Budgetary Information**

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 3—Stewardship, Compliance, and Accountability (Continued):**

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**A. Budgetary Information (Continued)**

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, 2018, the School Cafeteria Fund, had expenditures exceeding appropriations.

**Note 4—Deposits and Investments:**

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**Deposits**

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

**Custodial Credit Risk (Deposits)**

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

**Investments**

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

**Custodial Credit Risk (Investments)**

The County’s investment policy provides that securities purchased for the County shall be held by the County Treasurer or by the Treasurer’s custodian. If held by a custodian, the securities must be in the County’s name or in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the County. Further, if held by a custodian, the custodian must be a third-party, not a counterparty (buyer or seller) to the transaction. At June 30, 2018, all of the County’s investments were held in accordance with this policy.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**Credit Risk of Debt Securities**

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

The County's rated debt investments as of June 30, 2018 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

**County's Rated Debt Investments' Values**

	Fair Quality Ratings				
	AAAm	AAA	AA+	AA-	Aaf
U.S. Agencies	\$ -	\$ -	\$ 18,050,018	\$ -	\$ -
Corporate Debt	-	-	2,141,342	1,877,206	-
Local Government Investment Pool	150,397	-	-	-	-
Total	\$ 150,397	\$ -	\$ 20,191,360	\$ 1,877,206	\$ -

**Concentration of Credit Risk**

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

**Interest Rate Risk**

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

**Investment Maturities (in years)**

Investment Type	Fair Value	Less than 1	
		Year	1-5 Years
Corporate Debt	\$ 4,018,548	\$ 2,141,342	\$ 1,877,206
U.S. Agencies	18,050,018	11,705,392	6,344,626
Total	\$ 22,068,566	\$ 13,846,734	\$ 8,221,833

**External Investment Pools**

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia Statutes pursuant to Section 2.2-4605 *Code of Virginia*. The Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The County's investment in the LGIP, totaling \$150,397, is stated at amortized cost and classified as cash and cash equivalents. The maturity of the LGIP is less than one year. There are no limitations or restrictions on withdrawals.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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**Fair Value Measurements**

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

The County has the following recurring fair value measurements as of June 30, 2018:

- U.S. agency securities of \$18,050,018 are valued using quoted market prices (Level 1 inputs).
- Corporate debt of \$4,018,548 is valued using quoted market prices (Level 1 inputs).

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**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-School Board</u>
Shenandoah Valley Regional Program for Special Education:		
Net pension and other post employment benefits liability	\$ -	\$ 4,186,988
Commonwealth of Virginia:		
Local sales tax	1,035,443	-
State sales tax	-	1,399,535
Motor vehicle carrier's tax	10,396	-
State recordation tax	46,922	-
Titling tax	34,975	-
Reimbursement of shared services	374,572	-
Auto rental tax	13,921	-
Criminal Justice	13,926	-
Wireless PSAP	32,068	-
Library	40,513	-
Timber tax	15,045	-
Transportation	10,532	-
Economic development	2,081	-
School	-	47,430
Other	1,877	-
Children's services act	473,887	-
Virginia public assistance	116,569	-
Rescue squad assistance	16,115	-
Four for life	83,132	-
Federal Government:		
Virginia public assistance	407,773	-
Criminal justice	45,456	-
Homeland security	185,704	-
Transportation	11,264	-
Hearthstone Lake	39,374	-
School grants	-	466,661
Headstart	-	357,219
	<u>                    </u>	<u>                    </u>
Totals	\$ <u>3,011,545</u>	\$ <u>6,457,833</u>



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 612,706	\$ -	\$ 4,126,803	\$ 476,592
VPA Fund	-	612,706	-	-
Total	<u>\$ 612,706</u>	<u>\$ 612,706</u>	<u>\$ 4,126,803</u>	<u>\$ 476,592</u>
Component Unit - School Board:				
School Operating Fund	\$ -	\$ -	\$ -	\$ 4,126,803
Head Start Fund	-	-	97,030	-
Governor's School Fund	-	-	379,562	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,592</u>	<u>\$ 4,126,803</u>

**Note 7—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 16,756,656
Virginia Public Assistance Fund	2,522,751	-
School Capital Projects Fund	460,781	-
Debt Service Fund	9,550,579	-
County Capital Improvements Fund	6,916,473	2,693,928
Total	<u>\$ 19,450,584</u>	<u>\$ 19,450,584</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, 2018

**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, 2018.

	<b>Balance June 30, 2017</b>	<b>Issuances</b>	<b>Retirements</b>	<b>Balance June 30, 2018</b>
General obligation bonds	\$ 81,314,078	\$ -	\$ 5,710,707	\$ 75,603,371
Revenue bonds	6,774,755	-	497,677	6,277,078
Premiums on bond issues	6,336,576	-	427,513	5,909,063
Compensated absences	1,647,037	1,015,786	732,175	1,930,648
<b>Total long-term liabilities</b>	<b>\$ 96,072,446</b>	<b>\$ 1,015,786</b>	<b>\$ 7,368,072</b>	<b>\$ 89,720,160</b>

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

<b>Years Ending June 30,</b>	<b>General Obligation Bonds</b>		<b>Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 5,946,668	\$ 2,836,989	\$ 517,676	\$ 214,553
2020	5,311,804	2,579,998	537,677	193,759
2021	4,948,004	2,352,572	557,676	171,866
2022	5,057,781	2,133,915	582,677	151,944
2023	5,176,611	1,910,823	602,676	130,269
2024-2028	23,967,503	6,173,247	2,643,383	308,863
2029-2033	14,240,000	2,816,834	835,313	8,844
2034-2037	10,955,000	692,253	-	-
<b>Total</b>	<b>\$ 75,603,371</b>	<b>\$ 21,496,631</b>	<b>\$ 6,277,078</b>	<b>\$ 1,180,098</b>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Note 8—Long-Term Obligations (Continued):

Primary Government-Governmental Activity Indebtedness (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b><u>General obligation bonds (issued for school construction):</u></b>		
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$727,344 to \$742,320 through July 15, 2018, plus semi-annual interest at 5.1%.	\$ 742,320	\$ 742,320
\$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%.	200,000	100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$348,113 to \$369,360 through July 15, 2019, plus semi-annual interest at 6.1%.	727,772	358,412
\$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.	2,040,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$335,570 to \$372,067 through July 15, 2024, plus semi-annual interest at 4.1% to 5.1%. The bond was issued at a premium of \$474,102 which will be amortized over the life of the bond.	2,497,825	341,588
\$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.	11,970,000	1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$625,930 to \$742,320 through July 15, 2027, plus semi-annual interest at 4.35% to 5.1%. The bond was issued at a premium of \$686,698 which will be amortized over the life of the bond.	6,851,704	635,598
\$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.	4,218,750	468,750

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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>
<b>General obligation bonds (issued for school construction): (continued)</b>		
\$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$245,000 to \$490,000 through July 15, 2032, plus semi-annual interest at 3.05% to 5.05%. The bond was issued at a premium of \$966,694 which will be amortized over the life of the bond.	\$ 5,480,000	\$ 255,000
\$27,825,000 2016A Series, issued April 26, 2016, Virginia Public School Authority Bonds due in annual installments from \$890,000 to \$1,875,000 through July 15, 2035 plus semi-annual interest at 2.05% to 5.05%. The bond was issued at a premium of \$2,381,661 which will be amortized over the life of the bond.	26,935,000	940,000
\$14,285,000 2016B Series, issued October 25, 2016, Virginia Public School Authority Bonds due in annual installments from \$345,000 to \$990,000 through July 15, 2036 plus semi-annual interest at 3.05% to 5.05%. The bond was issued at a premium of \$1,247,288.70 which will be amortized over the life of the bond.	<u>13,940,000</u>	<u>480,000</u>
Sub-total general obligation bonds payable	\$ <u>75,603,371</u>	\$ <u>5,946,668</u>
Unamortized premium on general obligation bonds	\$ <u>5,165,611</u>	\$ <u>348,668</u>
<b>Revenue bonds:</b>		
\$1,789,123 2012B Series, issued August 23, 2012, Virginia Resources Authority Bonds due in annual installments of \$92,677 through December 1, 2033. The loan is interest free.	\$ 1,372,078	\$ 92,676
\$4,415,000 2013A Series, issued June 5, 2013, Virginia Resources Authority Bonds due in annual installments from \$240,000 to \$390,000 through October 1, 2028, plus semi-annual interest at 2.02% to 4.84%. The bond was issued at a premium of \$718,271 which will be amortized over the life of the bond.	3,495,000	250,000
\$1,890,000 2014C Series, issued November 19, 2014, Virginia Resources Authority Bonds due in annual installments from \$165,000 to \$235,000 through October 1, 2024, plus semi-annual interest at 2.969% to 5.125%. The bond was issued at a premium of \$309,600 which will be amortized over the life of the bond.	<u>1,410,000</u>	<u>175,000</u>
Sub-total revenue bonds payable	\$ <u>6,277,078</u>	\$ <u>517,676</u>
Unamortized premium on revenue bonds	\$ <u>743,452</u>	\$ <u>78,845</u>
Compensated absences (payable from the General Fund)	\$ <u>1,930,648</u>	\$ <u>313,856</u>
Total	<u>\$ 89,720,160</u>	<u>\$ 7,205,713</u>

**Arbitrage Rebate Compliance:**

As of June 30, 2018 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

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

**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, 2018:

	<b>Balance July 1, 2017</b>	<b>Issuances</b>	<b>Retirements</b>	<b>Balance June 30, 2018</b>
Compensated absences	\$ 1,926,526	\$ 987,980	\$ 885,992	\$ 2,028,514
Total long-term liabilities	<u>\$ 1,926,526</u>	<u>\$ 987,980</u>	<u>\$ 885,992</u>	<u>\$ 2,028,514</u>

Details of long-term indebtedness:

	<b>Total Amount</b>	<b>Amount Due Within One Year</b>
Accrued compensated absences (payable from the School Fund)	\$ 2,028,514	\$ 387,835
Total long-term obligations	<u>\$ 2,028,514</u>	<u>\$ 387,835</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 9—Pension Plan:**

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Name of Plan: Virginia Retirement System (VRS)

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

Administering Entity: Virginia Retirement System (System)

**A. Plan Description**

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

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

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>About Plan 1</b> 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.</p>	<p><b>About Plan 2</b> 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.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li></ul>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Note 9—Pension Plan (Continued):

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b> Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>About the Hybrid Retirement Plan (Continued)</b></p> <ul style="list-style-type: none"> <li>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul> <p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>Political subdivision employees.*</li> <li>School division employees (teachers).</li> <li>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under 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>

**Note 9—Pension Plan (Continued):**

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**A. Plan Description (Continued)**

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



**Note 9—Pension Plan (Continued):**

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**A. Plan Description (Continued)**

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

**Note 9—Pension Plan (Continued):**

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**A. Plan Description (Continued)**

Plan 1	Plan 2	Hybrid Retirement Plan
		<p><b>Vesting (Continued)</b>  <b>Defined Contribution Component (Continued)</b></p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70 1/2.</p>
<p><b>Calculating the Benefit</b>                      The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit</b>                      See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <b>Defined Benefit Component</b>                      See definition under Plan 1.</p> <p><b>Defined Contribution Component</b>                      The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b>                      A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      Same as 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, 2018

Note 9—Pension Plan (Continued):

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p><b>Service Retirement Multiplier</b> 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><b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component</u></b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p>	<p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p>	<p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p>
<p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Political subdivision hazardous duty employees:</b> Not applicable.  <b><u>Defined Contribution Component</u></b> Not applicable.</p>
<p><b>Normal Retirement Age</b> Age 65.</p>	<p><b>Normal Retirement Age</b> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b> <b><u>Defined Benefit Component</u></b> Same as Plan 2.</p>
<p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Not applicable.  <b><u>Defined Contribution Component</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> 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><b>Earliest Unreduced Retirement Eligibility</b> 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><b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component</u></b> 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><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Note 9—Pension Plan (Continued):

A. Plan Description (Continued)

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Note 9—Pension Plan (Continued):

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  <b>School Division (Teachers) and Political Subdivision Employees:</b>                      The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> <li>• <b>Political Subdivision Employees:</b>                      The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  <b>School Division (Teachers) and Political Subdivision Employees:</b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  <b>School Division (Teachers) and Political Subdivision Employees:</b>                      Same as Plan 1 and Plan 2.</p>

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

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Note 9—Pension Plan (Continued):

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A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Disability Coverage</b></p> <p><b>Political subdivision employees:</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p><b>Purchase of Prior Service</b>                      Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Disability Coverage</b></p> <p><b>Political subdivision employees:</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p> <p><b>Purchase of Prior Service</b>                      Same as Plan 1.</p>	<p><b>Disability Coverage</b></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><b>Purchase of Prior Service</b></p> <p><b>Defined Benefit Component</b>                      Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><b>Defined Contribution Component</b>                      Not applicable.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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Note 9—Pension Plan (Continued):

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A. Plan Description (Continued)

County (Agent Plan)

**Employees Covered by Benefit Terms**

As of the June 30, 2016 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>297</u>
Inactive members:	
Vested inactive members	57
Non-vested inactive members	113
Inactive members active elsewhere in VRS	<u>294</u>
Total inactive members	<u>464</u>
Active members	<u>458</u>
Total covered employees	<u>1,219</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, 2018 was 10.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

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 \$2,110,136 and \$2,008,988 for the years ended June 30, 2018 and 2017, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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Note 9—Pension Plan (Continued):

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A. Plan Description (Continued)

School Board Non-Professional (Agent Plan)

*Employees Covered by Benefit Terms*

As of the June 30, 2016 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>51</u>
Inactive members:	
Vested inactive members	9
Non-vested inactive members	50
Inactive members active elsewhere in VRS	<u>19</u>
Total inactive members	<u>78</u>
Active members	<u>86</u>
Total covered employees	<u>215</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, 2018 was 6.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

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 \$135,538 and \$149,548 for the years ended June 30, 2018 and 2017, respectively.



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 9—Pension Plan (Continued):**

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**A. Plan Description (Continued)**

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

**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, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 89.94% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board for the professional plan were \$8,632,394 and \$8,094,101 for the years ended June 30, 2018 and 2017, respectively.

**B. Net Pension Liability**

The County and the School Board's non-professional plan net pension liabilities were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

At June 30, 2018, the School Board reported a liability for the professional plan of \$90,248,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Board's proportion was 0.73384% as compared to 0.72566% at June 30, 2016.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2016, 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, 2017.

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2016, 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, 2017.

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

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2016, 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, 2017.

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

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

Mortality Rates:

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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Note 9—Pension Plan (Continued):

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B. Net Pension Liability (Continued)

*Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows:

	<b>Teacher Employee Retirement Plan</b>
Total pension liability	\$ 45,417,520,000
Plan fiduciary net position	<u>33,119,545,000</u>
Employers' net pension liability	<u>\$ 12,297,975,000</u>
Plan fiduciary net position as a percentage of the total pension liability	72.92%

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
<b>Total</b>	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.30%</u>

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2019, 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, 2019 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

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at June 30, 2016	\$ 88,733,244	\$ 74,168,375	\$ 14,564,869
Changes for the year:			
Service cost	\$ 2,278,810	\$ -	\$ 2,278,810
Interest	6,057,382	-	6,057,382
Changes of assumptions	(298,488)	-	(298,488)
Difference between expected and actual experience	(2,238,406)	-	(2,238,406)
Contributions – employer	-	2,022,988	(2,022,988)
Contributions – employee	-	1,063,805	(1,063,805)
Net investment income	-	8,979,601	(8,979,601)
Benefit payments, including refunds of employee contributions	(4,398,430)	(4,398,430)	-
Administrative expense	-	(52,053)	52,053
Other changes	-	(7,992)	7,992
Net changes	<u>\$ 1,400,868</u>	<u>\$ 7,607,919</u>	<u>\$ (6,207,051)</u>
Balances at June 30, 2017	<u>\$ 90,134,112</u>	<u>\$ 81,776,294</u>	<u>\$ 8,357,818</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Note 9—Pension Plan (Continued):

C. Changes in the Net Pension Liability (Continued)

School Board Non-Professional

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at June 30, 2016	\$ 11,855,885	\$ 10,674,398	\$ 1,181,487
Changes for the year:			
Service cost	\$ 230,020	\$ -	\$ 230,020
Interest	808,631	-	808,631
Changes of assumptions	(240,745)	-	(240,745)
Difference between expected and actual experience	(316,829)	-	(316,829)
Contributions – employer	-	149,548	(149,548)
Contributions – employee	-	124,819	(124,819)
Net investment income	-	1,287,880	(1,287,880)
Benefit payments, including refunds of employee contributions	(608,033)	(608,033)	-
Administrative expense	-	(7,625)	7,625
Other changes	-	(1,136)	1,136
Net changes	<u>\$ (126,956)</u>	<u>\$ 945,453</u>	<u>\$ (1,072,409)</u>
Balances at June 30, 2017	<u>\$ 11,728,929</u>	<u>\$ 11,619,851</u>	<u>\$ 109,078</u>

**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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County net pension liability (asset)	\$ 20,267,659	\$ 8,357,818	\$ (1,465,390)
School Board non-professional net pension liability (asset)	1,528,390	109,078	(1,076,644)
School Board professional net pension liability	134,770,000	90,248,000	53,419,000



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Note 9—Pension Plan (Continued):

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

**County**

For the year ended June 30, 2018, the County recognized pension expense of \$505,509. The County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (1,868,099)
Changes of assumptions	-	(210,178)
Net difference between projected and actual earnings on pension plan investments	-	(1,145,661)
Employer contributions subsequent to the measurement date	<u>2,110,136</u>	<u>-</u>
Total	<u>\$ 2,110,136</u>	<u>\$ (3,223,938)</u>

\$2,110,136 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2019	\$ (1,675,526)
2020	(507,020)
2021	(274,228)
2022	<u>(767,164)</u>
	<u>\$ (3,223,938)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

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, 2018, the School Board recognized pension expense (benefit) related to its non-professional plan of \$(198,983). The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (265,881)
Changes of assumptions	-	(161,553)
Net difference between projected and actual earnings on pension plan investments	-	(166,932)
Employer contributions subsequent to the measurement date	<u>135,538</u>	<u>-</u>
Total	<u>\$ 135,538</u>	<u>\$ (594,366)</u>

\$135,538 reported as deferred outflows of resources related pensions resulting from the School Board non-professional plan’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2019	\$ (339,484)
2020	(138,548)
2021	(5,801)
2022	<u>(110,533)</u>
	<u>\$ (594,366)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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, 2018, the School Board recognized pension expense related to the professional plan of \$6,548,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

The School Board professional plan includes employees of the Shenandoah Valley Regional Program for the purpose of determining the actuarial valuation for 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 \$839,286 has been allocated and reported as due from the Program.

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (6,390,000)
Changes of assumptions	1,317,000	-
Net difference between projected and actual earnings on pension plan investments	-	(3,279,000)
Changes in proportionate share	1,559,000	(1,922,000)
Employer contributions subsequent to the measurement date	<u>8,632,394</u>	<u>-</u>
Total	<u>\$ 11,508,394</u>	<u>\$ (11,591,000)</u>

\$8,632,394 reported as deferred outflows of resources related to pensions resulting from the School Board’s contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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Note 9—Pension Plan (Continued):

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (3,655,000)
2020	(365,000)
2021	(1,403,000)
2022	(3,081,000)
2023	<u>(211,000)</u>
	<u>\$ (8,715,000)</u>

**E. Pension Plan Data**

Information about the retirement plan is also available in the separately issued VRS 2017 comprehensive annual financial report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://varetire.org/Pdf/Publications/2017-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 10—Other Postemployment Benefits – Medical Insurance Program:**

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Plan Description

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

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

**County**

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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Plan Description (Continued)

**School Board**

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

**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

**County**

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefit payments	22
Active employees	<u>445</u>
<b>Total</b>	<u><u>467</u></u>

**School Board**

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefit payments	66
Active employees	<u>1,348</u>
<b>Total</b>	<u><u>1,414</u></u>

Total Medical Insurance Program OPEB Liability

The County's total Medical Insurance OPEB liability of \$2,858,000 was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2017. The School Board's total Medical Insurance OPEB liability of \$ 16,313,000 was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2017, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	N/A
Salary increases	2.50%
Discount rate	3.56%
Healthcare cost trend rates	7.00% for fiscal year end 2018, decreasing 0.25% per year to an ultimate rate of 4.50%.

The discount rate was based on Municipal GO AA 20-year yield curve rate as of June 30, 2017.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

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

Actuarial Assumptions and Other Inputs (Continued)

**County and School Board**

Mortality Rates: RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2017.

Changes in the Total Medical Insurance OPEB Liability

**County**

	Total Medical Insurance OPEB Liability
Balance at July 1, 2016	<u>\$ 2,809,000</u>
Changes for the year:	
Service cost	134,000
Interest	101,000
Contributions - employer	<u>(186,000)</u>
<b>Net changes</b>	<u>49,000</u>
Balance at June 30, 2017	<u>\$ 2,858,000</u>

**School Board**

	Total Medical Insurance OPEB Liability
Balance at July 1, 2016	<u>\$ 15,631,000</u>
Changes for the year:	
Service cost	626,000
Interest	570,000
Contributions - employer	<u>(514,000)</u>
<b>Net changes</b>	<u>682,000</u>
Balance at June 30, 2017	<u>\$ 16,313,000</u>



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

The following presents the total OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County and the School Board's total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
County	\$ 3,159,000	\$ 2,858,000	\$ 2,593,000
School Board	18,029,000	16,313,000	14,765,000

Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in Healthcare Cost Trend Rate

The following represents the total Medical Insurance OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County and the School Board's total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County	\$ 2,540,000	\$ 2,858,000	\$ 3,241,000
School Board	14,324,000	16,313,000	18,682,000

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

For the year ended June 30, 2018, the County and the School Board recognized Medical Insurance OPEB expense of \$235,000 and \$1,201,000, respectively.

**County**

For the year ended June 30, 2018, the County reported deferred outflows of resources to the Medical OPEB plan of \$157,183 relating to contributions subsequent to the measurement date, which will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2019.

**School Board**

For the year ended June 30, 2018, the School Board reported deferred outflows of resources to the Medical OPEB plan of \$559,611 relating to contributions subsequent to the measurement date, which will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2019.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 11—Other Postemployment Benefits – Group Life Insurance Program:**

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Plan Description

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

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

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

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b><i>Eligible Employees</i></b></p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p><b><i>Benefit Amounts</i></b></p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"><li>• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.</li><li>• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>○ Accidental dismemberment benefit</li><li>○ Safety belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul>
<p><b><i>Reduction in Benefit Amounts</i></b></p> <p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

Plan Description (Continued)

***Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)***

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and is currently \$8,111.

Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the participating employers for the years ended June 30, 2018 and June 30, 2017 were as follows:

	<b>2018</b>	2017
County	\$ 107,117	\$ 102,000
School Board Non-Professional	3,132	13,000
School Board Professional	331,929	295,000

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

	2018
County	\$ 1,646,000
School Board Non-Professional	215,000
School Board Professional	4,719,795

The net GLI OPEB liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

At June 30, 2017, comparisons of the participating employers' proportions to June 30, 2016 are as follows:

	2017	2016
County	0.10938%	0.10577%
School Board Non-Professional	0.01426%	0.01474%
School Board Professional	0.31403%	0.30792%

For the year ended June 30, 2018, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense of \$28,000, \$1,000, and \$70,000, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

**County**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (36,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(62,000)
Change in assumptions	-	(85,000)
Changes in proportion	53,000	-
Employer contributions subsequent to the measurement date	107,117	-
<b>Total</b>	<b>\$ 160,117</b>	<b>\$ (183,000)</b>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$107,117 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (28,000)
2020	(28,000)
2021	(28,000)
2022	(28,000)
2023	(12,000)
Thereafter	(6,000)
	<hr/>
<b>Total</b>	<b>\$ (130,000)</b>

**School Board Non-Professional Plan**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (5,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(8,000)
Change in assumptions	-	(11,000)
Changes in proportion	-	(7,000)
Employer contributions subsequent to the measurement date	3,132	-
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 3,132</b>	<b>\$ (31,000)</b>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

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**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$3,132 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (6,000)
2020	(6,000)
2021	(6,000)
2022	(6,000)
2023	(4,000)
Thereafter	(3,000)
	<hr/>
<b>Total</b>	<b>\$ (31,000)</b>
	<hr/> <hr/>

**School Board Professional Plan**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (105,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(178,000)
Change in assumptions	-	(243,000)
Changes in proportion	90,000	-
Employer contributions subsequent to the measurement date	331,929	-
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 421,929</b>	<b>\$ (526,000)</b>
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COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

The \$331,929 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (91,000)
2020	(91,000)
2021	(91,000)
2022	(91,000)
2023	(47,000)
Thereafter	(25,000)
<b>Total</b>	<b>\$ (436,000)</b>

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality – general employees	3.5%-5.35%
Locality – hazardous duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

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Actuarial Assumptions (Continued)

**School Board Professional Plan**

***Mortality Rates – Teachers***

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

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

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

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

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

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

***Mortality Rates – General Employees***

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

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



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

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Actuarial Assumptions (Continued)

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

***Mortality Rates – General Employees (Continued)***

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

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

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

***Mortality Rates – Hazardous Duty Employees***

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

Actuarial Assumptions (Continued)

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

***Mortality Rates – Hazardous Duty Employees (Continued)***

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

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the GLI is as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$2,942,426,000
Plan fiduciary net position	<u>(1,437,586,000)</u>
<b>Employers' net GLI OPEB liability</b>	<b><u>\$1,504,840,000</u></b>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%
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COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

Net GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 11—Other Postemployment Benefits – Group Life Insurance Program (Continued):**

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Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the participating employers for the GLI OPEB will subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County	\$ 2,129,000	\$ 1,646,000	\$ 1,255,000
School Board Non-Professional	278,000	215,000	164,000
School Board Professional	6,113,005	4,719,795	3,602,000

GLI Fiduciary Net Position

Detailed information about the GLI's fiduciary net position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 12—Other Postemployment Benefits – Health Insurance Credit Program:**

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Plan Description

**School Board Professional Plan**

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**Note 12—Other Postemployment Benefits - Health Insurance Credit Program (Continued):**

Contributions

**School Board Professional Plan**

The contribution requirement for active employees is governed by Section 51.1-1402(E) 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. For the year ended June 30, 2018, the contractually required employer contribution rate of covered employee compensation for the School Board professional plan was 1.23%. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC from the participating employer for the years ended June 30, 2018 and June 30, 2017 were as follows:

	<b>2018</b>	2017
School Board Professional	\$ 709,169	\$ 642,494

Net HIC OPEB Liability

**School Board Professional Plan**

The net OPEB liability (NOL) for the Teacher Employee HIC represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Teacher Employee HIC is as follows:

	Teacher Employee HIC OPEB Plan
Total teacher employee HIC OPEB liability	\$ 1,364,702,000
Plan fiduciary net position	96,091,000
Teacher employee net HIC OPEB liability	<u>\$ 1,268,611,000</u>

Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability	7.04%
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The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 12—Other Postemployment Benefits - Health Insurance Credit Program (Continued):**

Actuarial Assumptions

**School Board Professional Plan**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

***Mortality Rates – Teachers***

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 12—Other Postemployment Benefits - Health Insurance Credit Program (Continued):**

Actuarial Assumptions (Continued)

***Mortality Rates – Teachers (Continued)***

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

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

Long-Term Expected Rate of Return

**School Board Professional Plan**

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



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 12—Other Postemployment Benefits - Health Insurance Credit Program (Continued):**

Long-Term Expected Rate of Return (Continued)

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

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

Discount Rate

**School Board Professional Plan**

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the School Board professional plan for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 12—Other Postemployment Benefits - Health Insurance Credit Program (Continued):**

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

**School Board Professional Plan**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School Board Professional	\$ 10,384,000	\$ 9,304,506	\$ 8,386,000

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

**School Board Professional Plan**

At June 30, 2018, the School Board professional plan reported a liability of \$9,304,000 for its proportionate share of the Teacher Employee HIC total OPEB liability. The total Teacher Employee HIC OPEB liability was measured as of June 30, 2017 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation as of that date. The School Board professional plan's proportion of the total Teacher Employee HIC OPEB liability was based on the School Board professional plan's actuarially determined employer contributions to the Teacher Employee HIC OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Board professional plan's proportion of the Teacher Employee HIC was 0.73343% as compared to 0.72562% at June 30, 2016.

For the year ended June 30, 2018, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$770,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 12—Other Postemployment Benefits - Health Insurance Credit Program (Continued):**

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

At June 30, 2018, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB program investments	\$ -	\$ (17,000)
Change in assumptions	-	(95,000)
Changes in proportionate share	86,000	-
Employer contributions subsequent to the measurement date	709,169	-
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 795,169</b>	<b>\$ (112,000)</b>

The \$709,169 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ (6,000)
2020	(6,000)
2021	(6,000)
2022	(6,000)
2023	(1,000)
Thereafter	(1,000)
	<hr/>
<b>Total</b>	<b>\$ (26,000)</b>

HIC Credit Program Plan Data

Information about the VRS Political Subdivision HIC is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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**Note 13—Other Postemployment Benefits - Virginia Local Disability Program:**

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Plan Description

**School Board Non-Professional Plan**

All full-time, salaried general employees, including local law enforcement officers, firefighters, or emergency medical technicians of the County who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program (VLDP). This plan is administered by the System, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. The County is required by Title 51.1 of the *Code of Virginia*, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

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

<b>POLITICAL SUBDIVISION EMPLOYEE VLDP PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Political Subdivision Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"><li>• Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.</li></ul>
<p><b>Benefit Amounts</b></p> <p>The VLDP provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"><li>• Short-Term Disability:<ul style="list-style-type: none"><li>○ The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.</li><li>○ During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.</li><li>○ Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.</li></ul></li></ul>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 13—Other Postemployment Benefits - Virginia Local Disability Program (Continued):**

Plan Description (Continued)

<b>POLITICAL SUBDIVISION EMPLOYEE VLDP PLAN PROVISIONS (Continued)</b>
<b>Benefit Amounts (Continued)</b> <ul style="list-style-type: none"><li>• Long-Term Disability:<ul style="list-style-type: none"><li>○ The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.</li><li>○ Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.</li></ul></li></ul>
<b>Virginia Local Disability Program Notes</b> <ul style="list-style-type: none"><li>• Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.</li><li>• VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.</li></ul>

Contributions

The contribution requirement for active Hybrid employees is governed by Section 51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to the County by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2018 was 0.60% of covered employee compensation for employees in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board Non-Professional Plan to the VLDP were \$36,824 and \$18,000 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the School Board Non-Professional Plan reported a liability of \$17,000 for its proportionate share of the VLDP net OPEB liability. The VLDP net OPEB liability was measured as of June 30, 2017 and the total VLDP OPEB liability used to calculate the VLDP net OPEB liability was determined by an actuarial valuation as of that date. The School Board Non-Professional Plan's proportion of the VLDP net OPEB liability was based on the School Board Non-Professional Plan's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Board Non-Professional Plan's proportion of the VLDP was 2.86% as compared to 2.69354% at June 30, 2016.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**Note 13—Other Postemployment Benefits - Virginia Local Disability Program (Continued):**

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

For the year ended June 30, 2018, the School Board Non-Professional Plan recognized VLDP OPEB expense of \$21,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VLDP net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the School Board Non-Professional Plan reported deferred outflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on VLDP OPEB program investments	-	-
Change in assumptions	-	-
Changes in proportionate share	2,000	-
Employer contributions subsequent to the measurement date	36,824	-
	<hr/>	<hr/>
<b>Total</b>	<b>\$ 38,824</b>	<b>\$ -</b>
	<hr/> <hr/>	<hr/> <hr/>

The \$36,824 reported as deferred outflows of resources related to the VLDP OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net VLDP OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2019	\$ 2,000
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**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 13—Other Postemployment Benefits - Virginia Local Disability Program (Continued):**

Actuarial Assumptions

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Political subdivision employees	3.5%-5.35%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

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

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**Note 13—Other Postemployment Benefits - Virginia Local Disability Program (Continued):**

Actuarial Assumptions (Continued)

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

Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Net VLDP OPEB Liability

The net OPEB liability (NOL) for the County VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VLDP is as follows:

	VLDP OPEB Plan
Total VLDP OPEB liability	\$ 914,000
Plan fiduciary net position	(351,000)
	<hr/>
<b>Employers' net VLDP OPEB liability</b>	<b>\$ 563,000</b>
	<hr/> <hr/>

Plan fiduciary net position as a percentage of the total VLDP OPEB liability	38.40%
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The total VLDP OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**Note 13—Other Postemployment Benefits - Virginia Local Disability Program (Continued):**

Long-Term Expected Rate of Return (Continued)

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

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

Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the School Board Non-Professional Plan for the VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the School Board Non-Professional Plan VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return applied to all periods of projected benefit payments to determine the total School Board Non-Professional Plan VLDP OPEB liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 13—Other Postemployment Benefits - Virginia Local Disability Program (Continued):**

Sensitivity of the VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the political subdivision's proportionate share of the School Board Non-Professional Plan net VLDP OPEB liability using the discount rate of 7.00%, as well as what the School Board Non-Professional Plan's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School Board Non-Professional Plan's proportionate share of the VLDP OPEB plan net VLDP OPEB liability	\$ 20,000	\$ 17,000	\$ 14,000

VLDP OPEB Fiduciary Net Position

Detailed information about the County VLDP's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 14—Unearned Revenue:**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$1,535,503 and \$119,345 is comprised of the following:

	<b>Governmental Activities</b>	<b>School Board</b>
Federal payment in lieu of taxes	\$ 551,547	\$ -
Prepaid property taxes	983,956	-
ITCV grant	-	65,406
Prepaid meals-cafeteria	-	53,939
Total	<u>\$ 1,535,503</u>	<u>\$ 119,345</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 15—Unavailable and Deferred Revenue:**

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Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue at June 30, 2018 totaled \$25,393,719 for the fund financial statements and deferred revenue totaled \$20,754,363 for government-wide financial statements. It is comprised of the following:

	<b>Property Taxes</b>	<b>Other</b>
	<u>                    </u>	<u>                    </u>
Property taxes receivable, net of allowance (reported on Fund statements)	\$ 4,639,356	\$ -
Unbilled property taxes for second half 2018	20,754,363	-
Land held for investment	-	1,122,748
Repayment of loans from fire departments	-	401,263
EMS transport fees	-	124,537
Other	-	1,034
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 25,393,719</u>	<u>\$ 1,649,582</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 16—Capital Assets:**

**Primary Government**

Capital asset activity for the year ended June 30, 2018 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 5,440,703	\$ -	\$ -	\$ -	\$ 5,440,703
Construction in progress	2,431,258	1,523,800	(251,724)	-	3,703,334
Total capital assets not being depreciated	<u>\$ 7,871,961</u>	<u>\$ 1,523,800</u>	<u>\$ (251,724)</u>	<u>\$ -</u>	<u>\$ 9,144,037</u>
Capital assets being depreciated:					
Buildings	\$ 66,498,741	\$ 28,770	\$ -	\$ 36,399,293	\$ 102,926,804
Machinery and equipment	18,209,838	2,146,998	(1,738,865)	-	18,617,971
Land Improvements	5,030,558	71,527	-	-	5,102,085
Total capital assets being depreciated	<u>\$ 89,739,137</u>	<u>\$ 2,247,295</u>	<u>\$ (1,738,865)</u>	<u>\$ 36,399,293</u>	<u>\$ 126,646,860</u>
Accumulated depreciation for:					
Buildings	\$ (23,534,566)	\$ (730,344)	\$ -	\$ (619,211)	\$ (24,884,121)
Machinery and equipment	(10,574,169)	(1,597,290)	1,633,972	-	(10,537,487)
Land Improvements	(1,741,933)	(272,384)	-	-	(2,014,317)
Total accumulated depreciation	<u>\$ (35,850,668)</u>	<u>\$ (2,600,018)</u>	<u>\$ 1,633,972</u>	<u>\$ (619,211)</u>	<u>\$ (37,435,925)</u>
Total capital assets being depreciated, net	<u>\$ 53,888,469</u>	<u>\$ (352,723)</u>	<u>\$ (104,893)</u>	<u>\$ 35,780,082</u>	<u>\$ 89,210,935</u>
Governmental activities capital assets, net	<u>\$ 61,760,430</u>	<u>\$ 1,171,077</u>	<u>\$ (356,617)</u>	<u>\$ 35,780,082</u>	<u>\$ 98,354,972</u>

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

Governmental activities:	
General government	\$ 1,292,987
Judicial administration	17,388
Public safety	873,306
Public works	244,485
Health and welfare	84,391
Parks, recreation, and cultural	62,692
Community development	24,769
Total depreciation expenses-governmental activities	<u>\$ 2,600,018</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

Note 16—Capital Assets (Continued):

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2018 was as follows:

School Board	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,573,501	\$ -	\$ (22,071)	\$ -	\$ 1,551,430
Construction in progress	38,412,850	84,702	(38,412,850)	-	84,702
Total capital assets not being depreciated	\$ 39,986,351	\$ 84,702	\$ (38,434,921)	\$ -	\$ 1,636,132
Capital assets being depreciated:					
Buildings	\$ 146,715,096	\$ 42,629,035	\$ (3,770,525)	\$ (36,399,293)	\$ 149,174,313
Machinery and equipment	24,861,481	419,493	(1,180,429)	-	24,100,545
Total capital assets being depreciated:	\$ 171,576,577	\$ 43,048,528	\$ (4,950,954)	\$ (36,399,293)	\$ 173,274,858
Accumulated depreciation for:					
Buildings	\$ (71,832,529)	\$ (6,203,616)	\$ 2,410,654	\$ 619,211	\$ (75,006,280)
Machinery and equipment	(21,670,270)	(669,132)	908,470	-	(21,430,932)
Total accumulated depreciation	\$ (93,502,799)	\$ (6,872,748)	\$ 3,319,124	\$ 619,211	\$ (96,437,212)
Total capital assets being depreciated, net	\$ 78,073,778	\$ 36,175,780	\$ (1,631,830)	\$ (35,780,082)	\$ 76,837,646
School Board capital assets, net	\$ 118,060,129	\$ 36,260,482	\$ (40,066,751)	\$ (35,780,082)	\$ 78,473,778

Depreciation expense charged to education was \$6,872,748.

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, 2018, is that school financed assets in the amount of \$75,603,371 are reported in the Primary Government for financial reporting purposes.

**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Note 17—Risk Management:**

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

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

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

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

**Note 18—Contingent Liabilities:**

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

**Note 19—Joint Venture – Augusta Regional Landfill: Landfill Closure and Post-closure Costs:**

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 19—Joint Venture – Augusta Regional Landfill: Landfill Closure and Post-closure Costs (Continued):**

At June 30, 2018, the Augusta Regional Landfill reported as its landfill closure liability \$5,307,675 which represents the cumulative amount reported to date based on the use of 97.9% 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 \$2,942,507 at June 30, 2018. 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 97.9% of the estimated capacity of the Permit #585 (Phases 1-3) and 14.8% of the Permit #585 (Phase 4) landfill, of which the County is 52.09% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2018 for both landfill permits are \$8,250,182. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$132,891 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$3,160,790 for the newly opened Phase 4 cell as it is filled in the next six to eight years. The amount for the Permit #21 landfill is based on what it would have cost to perform all post-closure care in 2004 and has been inflated annually at the DEQ approved inflation rate. The amounts for the Permit #585 landfill were reevaluated in March 2008 based on what it would have cost to perform all closure and post-closure care in 2008 and approved by the Virginia Department of Environmental Quality as part of a permit to expand the landfill beyond the first three phases. These costs have been inflated at the DEQ approved inflation rate since 2009. Actual costs for both permitted landfills may be different due to actual inflation or deflation, changes in technology, or changes in laws or regulations.

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

**Note 20—Construction Contracts Outstanding:**

The Primary Government had the following material contracts outstanding at June 30, 2018:

Project	Original Contract Amount	Amount Spent as of June 30, 2018	Amount of Contract Remaining at Year End
Augusta County Courthouse Roof Replacement	\$ 271,124	\$ 124,409	\$ 146,715
Courthouse Cupola repair and painting	176,465	158,818	17,647
Public Safety Radio System upgrade	3,195,062	2,036,852	1,158,210
Mill Place Walking Trail Paving	150,424	147,416	3,008
Centerview Drive	516,352	516,093	259
Total	<u>\$ 4,309,427</u>	<u>\$ 2,983,588</u>	<u>\$ 1,325,839</u>

**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 21—Fund Balance:**

Fund balance had the following classifications at June 30, 2018:

	<u>General</u>	<u>County Capital Improvements</u>	<u>School Capital Improvements</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventories	\$ 34,407	\$ -	\$ -	\$ 34,407
Prepaid items	46,651	-	-	46,651
Land held for sale	1,122,748	-	-	1,122,748
Restricted for:				
Fire revolving loan program	2,912,670	-	-	2,912,670
Drug enforcement	19,416	-	-	19,416
Capital projects	-	-	868,135	868,135
Committed to:				
Education	631,692	-	-	631,692
Emergency medical services	866,350	-	-	866,350
Assigned to:				
Fire revolving loan program	206,472	-	-	206,472
Drug enforcement	50,860	-	-	50,860
Other capital projects	-	27,607,372	-	27,607,372
Unassigned	11,798,202	-	-	11,798,202
Total	<u>\$ 17,689,468</u>	<u>\$ 27,607,372</u>	<u>\$ 868,135</u>	<u>\$ 46,164,975</u>

**Note 22—Notes Receivable:**

Notes receivable represents a loan agreement between the County of Augusta, the Economic Development Authority (EDA), and Crescent Development Group, LLC. The loan funds were used by the developer to satisfy debt owed for the purchase of property, a portion of which was used for the relocation of State Route 636. The loan is due in ten annual installments of \$60,000 plus accrued interest. Accrued interest is calculated at the rate of 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, 2018 include:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 60,000	\$ 11,250
2020	60,000	9,000
2021	60,000	6,750
2022	60,000	4,500
2023	60,000	2,250
	<u>\$ 300,000</u>	<u>\$ 33,750</u>



**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 22—Notes Receivable (Continued):**

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

Amounts due to the County at June 30, 2018 from the Riverheads Fire Department include:

Year	Principal	Interest
2019	\$ 20,000	\$ -
2020	20,000	-
2021	20,000	-
2022	20,000	-
2023	20,000	-
Thereafter	180,000	-
	\$ 280,000	\$ -

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

The total paid to the County by the County of Rockingham and City of Harrisonburg in accordance with the July 1, 2015 agreement was \$712,654 in fiscal year 2018, which has been shown as a recovered cost in the Capital Improvements Fund, and as a reduction in the receivable on the Governmental Activities Statement of Net Position.

Amounts due to the County at June 30, 2018 include:

Year	Principal	Interest
2019	\$ 728,118	\$ 118,067
2020	743,918	102,267
2021	760,062	86,124
2022	776,555	69,631
2023	793,406	52,780
2024	810,623	35,563
2025	828,213	17,972
	\$ 5,440,895	\$ 482,404

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 23—Risk Management:**

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**Health Insurance – County and School Board**

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

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

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2016 through 2018.

<u>Fiscal Year Ended</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
June 30, 2018	\$ 1,878,000	\$ 1,850,000	\$ (1,878,000)	\$ 1,850,000
June 30, 2017	1,612,800	1,878,000	(1,612,800)	1,878,000
June 30, 2016	1,819,940	1,612,800	(1,819,940)	1,612,800

**Note 24—Commitments, Contingencies, and Subsequent Events:**

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**Operating Leases**

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

**Federal and State-Assisted Programs**

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

**Subsequent Events**

The Board of Supervisors approved a contract for architectural/engineering services for courthouse renovations and design on September 12, 2018 for an amount not to exceed the amount discussed in closed session.

The Board of Supervisors approved a construction contract at their October 24, 2018 meeting, to Howdysshell Excavating for the rehabilitation of Hearthstone Dam in the amount of \$3,687,650.

The Board of Supervisors approved at their November 14, 2018 meeting, the purchase of a new ambulance in the amount of \$245,298.

**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Note 24—Commitments, Contingencies, and Subsequent Events (Continued):**

The Board of Supervisors approved at their November 14, 2018 meeting, a construction contract to Don Largent Roofing in the amount of \$309,810 to replace the roof on the government center and extension office. This includes a 10% contingency.

**Note 25—Tax Abatements:**

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

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

The County has tax abatement agreements for the following as of June 30, 2018:

<b>Purpose</b>	<b>Type of Tax Abated During the Fiscal Year</b>	<b>Percentage of Taxes Abated During the Fiscal Year</b>	<b>Amount of Taxes Abated During the Fiscal Year</b>
Industry expansion	Machinery & tools	50%	\$ 94,194
Industry expansion	Real, personal property and machinery & tools	100%	4,668
Industry expansion	Machinery & tools	50%	73,058
Industry relocation	Real, personal property & business license	100%	164,465
Industry expansion	Machinery & tools	100%	164,465
Industry expansion	Real, personal property	100%	15,894
Construct water tank in commerce park	Real, personal property & business license	100%	100,043
Construct transportation corridor (Rt 636)	Real, personal property & business license	100%	118,521
Construct transportation corridor (Rt 608)	Real, personal property & business license	100%	39,510

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 25—Tax Abatements (Continued):**

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

**Note 26—Prior Period Adjustment:**

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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:

	Government-Wide Statements	
	Primary Government	Component Unit
Net position, as originally reported, July 1, 2017	\$ 19,712,420	\$ 21,631,463
Change in accounting principle for the implementation of GASB Statement No. 75 - to record the OPEB liabilities and related components	(2,777,000)	(21,048,441)
Net position, as adjusted, July 1, 2017	\$ <u>16,935,420</u>	\$ <u>583,022</u>

**Note 27—Upcoming Pronouncements:**

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At June 30, 2018, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

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

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

GASB Statement No. 88, *Certain Disclosures Related to Debt*, will improve the information that is disclosed in notes related to debt. It also clarifies which liabilities governments should include when disclosing information related to debt. Statement No. 88 will be effective for fiscal years beginning after June 15, 2018.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**Note 27—Upcoming Pronouncements (Continued):**

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

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 57,412,000	\$ 59,825,708	\$ 61,109,229	\$ 1,283,521
Other local taxes	15,138,716	15,333,716	15,890,441	556,725
Permits, privilege fees, and regulatory licenses	616,250	645,250	637,374	(7,876)
Fines and forfeitures	224,000	270,500	311,426	40,926
Revenue from the use of money and property	647,600	730,800	795,317	64,517
Charges for services	3,824,650	3,826,850	4,279,014	452,164
Miscellaneous	458,000	453,650	563,523	109,873
Recovered costs	217,265	214,500	193,113	(21,387)
Intergovernmental revenues:				
Commonwealth	12,190,225	12,211,416	12,154,861	(56,555)
Federal	1,252,245	1,574,495	1,545,232	(29,263)
Total revenues	\$ 91,980,951	\$ 95,086,885	\$ 97,479,530	\$ 2,392,645
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 5,783,380	\$ 5,917,528	\$ 5,856,944	\$ (60,584)
Judicial administration	2,180,445	2,154,792	2,137,419	(17,373)
Public safety	22,074,327	22,532,718	21,739,801	(792,917)
Public works	3,795,448	3,829,452	3,810,788	(18,664)
Health and welfare	1,257,331	1,256,914	1,245,908	(11,006)
Education	40,937,841	40,937,841	41,566,439	628,598
Parks, recreation and cultural	3,004,720	2,991,457	2,838,479	(152,978)
Community development	1,904,829	1,785,596	1,838,995	53,399
Nondepartmental	157,729	184,080	143,194	(40,886)
Total expenditures	\$ 81,096,050	\$ 81,590,378	\$ 81,177,967	\$ (412,411)
Excess of revenues over expenditures	\$ 10,884,901	\$ 13,496,507	\$ 16,301,563	\$ 2,805,056
<b>OTHER FINANCING USES</b>				
Transfers out	\$ (11,639,501)	\$ (16,904,662)	\$ (16,756,655)	\$ (148,007)
Total other financing uses	\$ (11,639,501)	\$ (16,904,662)	\$ (16,756,655)	\$ (148,007)
Net change in fund balances	\$ (754,600)	\$ (3,408,155)	\$ (455,092)	\$ 2,953,063
Fund balances - beginning	754,600	3,408,155	18,144,561	14,736,406
Fund balances - ending	\$ -	\$ -	\$ 17,689,469	\$ 17,689,469

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 199,676	\$ 199,677	\$ 190,817	\$ (8,860)
Recovered costs	1,403,224	1,403,224	1,403,224	-
Intergovernmental revenues:				
Commonwealth	6,323,504	6,481,754	6,074,093	(407,661)
Federal	6,852,111	6,852,111	6,666,274	(185,837)
Total revenues	<u>\$ 14,778,515</u>	<u>\$ 14,936,766</u>	<u>\$ 14,334,408</u>	<u>\$ (602,358)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	<u>\$ 17,694,047</u>	<u>\$ 17,941,547</u>	<u>\$ 16,857,159</u>	<u>\$ (1,084,388)</u>
Total expenditures	<u>\$ 17,694,047</u>	<u>\$ 17,941,547</u>	<u>\$ 16,857,159</u>	<u>\$ (1,084,388)</u>
Deficiency of revenues under expenditures	<u>\$ (2,915,532)</u>	<u>\$ (3,004,781)</u>	<u>\$ (2,522,751)</u>	<u>\$ 482,030</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>\$ 2,915,532</u>	<u>\$ 3,004,781</u>	<u>\$ 2,522,751</u>	<u>\$ (482,030)</u>
Total other financing sources	<u>\$ 2,915,532</u>	<u>\$ 3,004,781</u>	<u>\$ 2,522,751</u>	<u>\$ (482,030)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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

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

**Note to Schedule:**

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

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

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

**Note to Schedule:**

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

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

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

**Note to Schedule:**

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

Schedule of County Contributions - Virginia Retirement System

	Fiscal Year <u>June 30, 2014</u>	Fiscal Year <u>June 30, 2015</u>	Fiscal Year <u>June 30, 2016</u>	Fiscal Year <u>June 30, 2017</u>	Fiscal Year <u>June 30, 2018</u>
Contractually required contribution (CRC)	\$ 2,210,642	\$ 2,313,950	\$ 2,361,901	\$ 2,022,988	\$ 2,110,136
Contributions in relation to the CRC	<u>2,210,642</u>	<u>2,313,950</u>	<u>2,361,901</u>	<u>2,022,988</u>	<u>2,110,136</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Employer's covered payroll	\$ 17,685,136	\$ 18,437,849	\$ 18,819,928	\$ 19,717,232	\$ 20,566,628
Contributions as a percentage of covered payroll	12.50%	12.55%	12.55%	10.26%	10.26%

**Note to Schedule:**

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

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

	Fiscal Year <u>June 30, 2014</u>	Fiscal Year <u>June 30, 2015</u>	Fiscal Year <u>June 30, 2016</u>	Fiscal Year <u>June 30, 2017</u>	Fiscal Year <u>June 30, 2018</u>
Contractually required contribution (CRC)	\$ 218,931	\$ 226,499	\$ 222,018	\$ 149,548	\$ 135,538
Contributions in relation to the CRC	<u>218,931</u>	<u>226,499</u>	<u>222,018</u>	<u>149,548</u>	<u>135,538</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Employer's covered payroll	\$ 2,593,969	\$ 2,642,929	\$ 2,590,642	\$ 2,492,467	\$ 2,258,967
Contributions as a percentage of covered payroll	8.44%	8.57%	8.57%	6.00%	6.00%

**Note to Schedule:**

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

Schedule of School Board Professional Contributions - Virginia Retirement System

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

**Note to Schedule:**

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

**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
VIRGINIA RETIREMENT SYSTEM  
YEAR ENDED JUNE 30, 2018**

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**Note 1—Changes of Benefit Terms:**

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There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

**Note 2—Changes of Assumptions:**

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

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

***General Employees***

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

***Public Safety Employees with Hazardous Duty Benefits***

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
VIRGINIA RETIREMENT SYSTEM  
YEAR ENDED JUNE 30, 2018

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**Note 2—Changes of Assumptions (Continued):**

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

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

**Note 3—Contractually Required Contributions:**

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

Methods and assumptions used to determine contribution rates:

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

**General Employees**

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

**Public Safety Employees with Hazardous Duty Benefits**

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



**COUNTY OF AUGUSTA, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
VIRGINIA RETIREMENT SYSTEM  
YEAR ENDED JUNE 30, 2018**

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**Note 3—Contractually Required Contributions (Continued):**

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

Mortality Rates:

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

Schedules of Changes in the County's Total OPEB Liability and Related Ratios -  
 Medical Insurance Program

	<u>Fiscal Year June 30,</u> <u>2017</u>
Total OPEB liability:	
Service cost	\$ 134,000
Interest	101,000
Contributions - employer	<u>(186,000)</u>
<b>Net change in total OPEB liability</b>	49,000
Total OPEB liability, beginning	<u>2,809,000</u>
Total OPEB liability, ending	<u><u>\$ 2,858,000</u></u>
Covered payroll	\$ 19,615,385
Total OPEB liability as a percentage of covered payroll	14.57%

Note to Schedule:

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

Schedules of Changes in the School Board's Total OPEB Liability and Related Ratios -  
 Medical Insurance Program

	<u>Fiscal Year June 30,</u> <u>2017</u>
Service cost	\$ 626,000
Interest	570,000
Contributions - employer	<u>(514,000)</u>
<b>Net change in total OPEB liability</b>	682,000
Total OPEB liability, beginning	<u>15,631,000</u>
Total OPEB liability, ending	<u><u>\$ 16,313,000</u></u>
Covered payroll	\$ 59,230,769
Total OPEB liability as a percentage of covered payroll	27.54%

Note to Schedule:

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

Schedule of Employer's Share of Net OPEB Liability -  
Group Life Insurance Program

	<u>Fiscal Year June 30,</u> <u>2017</u>
County:	
Employer's proportion of the net GLI OPEB liability	0.10938%
Employer's proportionate share of the net GLI OPEB liability	\$ 1,646,000
Employer's covered payroll	19,615,385
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.39%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%
School Board Non-Professional:	
Employer's proportion of the net GLI OPEB liability	0.01426%
Employer's proportionate share of the net GLI OPEB liability	\$ 215,000
Employer's covered payroll	2,500,000
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.60%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%
School Board Professional:	
Employer's proportion of the net GLI OPEB liability	0.31403%
Employer's proportionate share of the net GLI OPEB liability	\$ 4,719,795
Employer's covered payroll	56,730,769
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.32%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%

Notes to Schedule:

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

Schedule of County Contributions - Medical Insurance Program

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	<u>Fiscal Year June 30,</u> <u>2018</u>
Contractually required contribution (CRC)	\$ 157,183
Contributions in relation to the CRC	<u>157,183</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employer's covered payroll	\$ 19,615,385
Contributions as a percentage of covered payroll	0.80%

Note to Schedule:

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

Schedule of School Board Contributions - Medical Insurance Program

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	<u>Fiscal Year June 30,</u> <u>2018</u>
Contractually required contribution (CRC)	\$ 559,611
Contributions in relation to the CRC	<u>559,611</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered payroll	\$ 59,230,769
Contributions as a percentage of covered payroll	0.94%

Note to Schedule:

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

Schedule of Employer Contributions - OPEB -  
Group Life Insurance Program

	Fiscal Year June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>County:</b>										
Contractually required contribution (CRC)	\$ 107,117	\$ 102,000	\$ 91,237	\$ 88,818	\$ 85,206	\$ 81,829	\$ 44,104	\$ 43,149	\$ 31,696	\$ 42,347
Contributions in relation to the CRC	107,117	102,000	91,237	88,818	85,206	81,829	44,104	43,149	31,696	42,347
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 20,599,423	\$ 19,615,385	\$ 19,007,633	\$ 18,503,682	\$ 17,751,154	\$ 17,047,647	\$ 15,751,566	\$ 15,410,186	\$ 11,739,439	\$ 15,683,894
Contributions as a percentage of covered payroll	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%	0.27%
<b>School Board Non-Professional:</b>										
Contractually required contribution (CRC)	\$ 3,132	\$ 13,000	\$ 12,712	\$ 12,872	\$ 12,469	\$ 12,425	\$ 6,707	\$ 6,939	\$ 5,090	\$ 6,715
Contributions in relation to the CRC	3,132	13,000	12,712	12,872	12,469	12,425	6,707	6,939	5,090	6,715
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 602,308	\$ 2,500,000	\$ 2,648,274	\$ 2,681,766	\$ 2,597,712	\$ 2,588,633	\$ 2,395,533	\$ 2,478,304	\$ 1,885,144	\$ 2,487,081
Contributions as a percentage of covered payroll	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%	0.27%
<b>School Board Professional:</b>										
Contractually required contribution (CRC)	\$ 331,929	\$ 295,000	\$ 265,599	\$ 266,977	\$ 259,004	\$ 254,292	\$ 142,786	\$ 145,189	\$ 104,195	\$ 148,411
Contributions in relation to the CRC	331,929	295,000	265,599	266,977	259,004	254,292	142,786	145,189	104,195	148,411
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 63,832,500	\$ 56,730,769	\$ 55,333,132	\$ 55,620,150	\$ 53,959,193	\$ 52,977,536	\$ 50,995,107	\$ 51,853,212	\$ 38,590,731	\$ 54,967,046
Contributions as a percentage of covered payroll	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%	0.27%

Schedule of Changes in the School Board Professional Plan's Net OPEB Liability and Related Ratios - Health Insurance Credit Program

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	<u>Fiscal Year June 30,</u> <u>2017</u>
Employer's proportion of the net HIC OPEB liability	0.73343%
Employer's proportionate share of the net HIC OPEB liability	\$ 9,304,506
Employer's covered payroll	57,882,342
Employer's proportionate share of the net HIC OPEB liability as a percentage	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%

Notes to Schedule:

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



Schedule of School Board Professional Plan Contributions -  
OPEB - Health Insurance Credit Program

	Fiscal Year June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution (CRC)	\$ 709,169	\$ 642,494	\$ 586,484	\$ 589,574	\$ 598,947	\$ 588,051	\$ 305,971	\$ 311,062	\$ 400,669	\$ 593,483
Contributions in relation to the CRC	709,169	642,494	586,484	589,574	598,947	588,051	305,971	311,062	400,669	593,483
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 63,889,099	\$ 57,882,342	\$ 55,328,691	\$ 55,620,150	\$ 53,959,193	\$ 52,977,536	\$ 50,995,107	\$ 51,843,673	\$ 38,525,875	\$ 54,952,107
Contributions as a percentage of covered payroll	1.11%	1.11%	1.06%	1.06%	1.11%	1.11%	0.60%	0.60%	1.04%	1.08%

Schedule of School Board Non-Professional's Share of Net OPEB Liability -  
Virginia Local Disability Program

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	<u>Fiscal Year June 30,</u> <u>2017</u>
Employer's proportion of the net VLDP OPEB liability	2.8600%
Employer's proportionate share of the net VLDP OPEB liability	\$ 17,000
Employer's covered payroll	\$ 3,000,000
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.5667%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	38.40%

Notes to Schedule:

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

Schedule of School Board Non-Professional Contributions - OPEB -  
Virginia Local Disability Program

	Fiscal Year June 30,											
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	
Contractually required contribution (CRC)	\$ 36,824	\$ 18,000	\$ 2,677	\$ 1,997	\$ 189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contributions in relation to the CRC	-	-	2,677	1,997	189	-	-	-	-	-	-	
Contribution deficiency (excess)	\$ 36,824	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 6,137,333	\$ 3,000,000	\$ 446,202	\$ 332,787	\$ 31,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contributions as a percentage of covered payroll	0.60%	0.60%	0.60%	0.60%	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2018

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**Note 1. Medical Insurance**

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Changes of Benefit Terms

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

Changes of Assumptions

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

2018 3.56%

**Note 2. Group Life Insurance Program**

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A. Changes of Benefit Terms

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

B. Changes of Assumptions

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

**School Board Professional**

***Teachers***

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POSTEMPLOYMENT BENEFITS  
 YEAR ENDED JUNE 30, 2018

**Note 2. Group Life Insurance Program (Continued)**

B. Changes of Assumptions (Continued)

**County School Board Non-Professional Plans**

***General Employees***

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

***Hazardous Duty Employees***

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2018

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**Note 3. Health Insurance Credit Program**

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A. Changes of Benefit Terms

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

B. Changes of Assumptions

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

**School Board Professional Plan**

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2018

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**Note 4. Virginia Local Disability Program**

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A. Changes of Benefit Terms

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

B. Changes of Assumptions

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

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

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

## **OTHER SUPPLEMENTARY INFORMATION**



Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 40,000	\$ 41,000	\$ 37,567	\$ (3,433)
Total revenues	<u>\$ 40,000</u>	<u>\$ 41,000</u>	<u>\$ 37,567</u>	<u>\$ (3,433)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 6,208,383	\$ 6,208,383	\$ 6,208,384	\$ 1
Interest and other fiscal charges	<u>3,384,551</u>	<u>3,383,902</u>	<u>3,379,762</u>	<u>(4,140)</u>
Total expenditures	<u>\$ 9,592,934</u>	<u>\$ 9,592,285</u>	<u>\$ 9,588,146</u>	<u>\$ (4,139)</u>
Deficiency of revenues under expenditures	<u>\$ (9,552,934)</u>	<u>\$ (9,551,285)</u>	<u>\$ (9,550,579)</u>	<u>\$ 706</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	\$ 9,552,934	\$ 9,551,285	\$ 9,550,579	\$ (706)
Total other financing sources	<u>\$ 9,552,934</u>	<u>\$ 9,551,285</u>	<u>\$ 9,550,579</u>	<u>\$ (706)</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 15,500	\$ 15,500	\$ 13,500	\$ (2,000)
Miscellaneous	-	20,000	38,544	18,544
Recovered costs	973,186	1,121,186	1,116,537	(4,649)
Intergovernmental revenues:				
Commonwealth	510,000	3,283,398	2,652,880	(630,518)
Federal	200,000	515,680	669,172	153,492
Total revenues	<u>\$ 1,698,686</u>	<u>\$ 4,955,764</u>	<u>\$ 4,490,633</u>	<u>\$ (465,131)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 3,201,081	\$ 11,640,620	\$ 8,432,650	\$ (3,207,970)
Total expenditures	<u>\$ 3,201,081</u>	<u>\$ 11,640,620</u>	<u>\$ 8,432,650</u>	<u>\$ (3,207,970)</u>
Deficiency of revenues under expenditures	<u>\$ (1,502,395)</u>	<u>\$ (6,684,856)</u>	<u>\$ (3,942,017)</u>	<u>\$ 2,742,839</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,502,395	\$ 6,684,856	\$ 6,916,473	\$ 231,617
Transfers out	(2,800,668)	(2,800,282)	(2,693,928)	(106,354)
Total other financing sources (uses), net	<u>\$ (1,298,273)</u>	<u>\$ 3,884,574</u>	<u>\$ 4,222,545</u>	<u>\$ 337,971</u>
Net change in fund balances	\$ (2,800,668)	\$ (2,800,282)	\$ 280,528	\$ 3,080,810
Fund balances - beginning	2,800,668	2,800,282	27,326,844	24,526,562
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,607,372</u>	<u>\$ 27,607,372</u>

School Capital Improvements Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 33,500	\$ 34,279	\$ 779
Miscellaneous	15,421	14,795	14,772	(23)
Total revenues	<u>\$ 15,421</u>	<u>\$ 48,295</u>	<u>\$ 49,051</u>	<u>\$ 756</u>
<b>EXPENDITURES</b>				
Current:				
Capital projects	\$ 4,152,918	\$ 8,745,959	\$ 4,733,943	\$ (4,012,016)
Total expenditures	<u>\$ 4,152,918</u>	<u>\$ 8,745,959</u>	<u>\$ 4,733,943</u>	<u>\$ (4,012,016)</u>
Deficiency of revenues under expenditures	<u>\$ (4,137,497)</u>	<u>\$ (8,697,664)</u>	<u>\$ (4,684,892)</u>	<u>\$ (4,011,260)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	\$ 469,310	\$ 463,923	\$ 460,781	\$ (3,142)
Total other financing sources	<u>\$ 469,310</u>	<u>\$ 463,923</u>	<u>\$ 460,781</u>	<u>\$ (3,142)</u>
Net change in fund balances	\$ (3,668,187)	\$ (8,233,741)	\$ (4,224,111)	\$ 4,009,630
Fund balances - beginning	3,668,187	8,233,741	5,092,246	(3,141,495)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 868,135</u>	<u>\$ 868,135</u>

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

Combining Statement of Net Position  
 Fiduciary Funds  
 June 30, 2018

	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	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 155,790	\$ 3,614,197	\$ 45,218	\$ 295,371	\$ 145,641	\$ 8,238,210	\$ 12,494,427
Other receivables	-	329,266	-	76,451	33,779	-	439,496
Total assets	<u>\$ 155,790</u>	<u>\$ 3,943,463</u>	<u>\$ 45,218</u>	<u>\$ 371,822</u>	<u>\$ 179,420</u>	<u>\$ 8,238,210</u>	<u>\$ 12,933,923</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 180,251	\$ 4,797	\$ 183,206	\$ 1,550	\$ 2,385,041	\$ 2,754,845
Accrued liabilities	-	171,440	-	73,613	-	-	245,053
Other liabilities	-	2,601,992	-	-	-	1,850,000	4,451,992
Amounts held for social services clients	155,790	-	-	-	-	-	155,790
Amounts held for Shenandoah Valley Regional Program for Special Education	-	989,780	-	-	-	-	989,780
Amounts held for Valley Alcohol Safety Action Program	-	-	40,421	-	-	-	40,421
Amounts held for Valley Career and Technical Education Center	-	-	-	115,003	-	-	115,003
Amounts held for Valley Children's Advocacy Center	-	-	-	-	177,870	-	177,870
Amounts held for Insurance Trust	-	-	-	-	-	4,003,169	4,003,169
Total liabilities	<u>\$ 155,790</u>	<u>\$ 3,943,463</u>	<u>\$ 45,218</u>	<u>\$ 371,822</u>	<u>\$ 179,420</u>	<u>\$ 8,238,210</u>	<u>\$ 12,933,923</u>

Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 157,077	\$ 361,189	\$ 362,476	\$ 155,790
Total assets	<u>\$ 157,077</u>	<u>\$ 361,189</u>	<u>\$ 362,476</u>	<u>\$ 155,790</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 157,077	\$ 361,189	\$ 362,476	\$ 155,790
Total liabilities	<u>\$ 157,077</u>	<u>\$ 361,189</u>	<u>\$ 362,476</u>	<u>\$ 155,790</u>
<b>Shenandoah Valley Regional Program for Special Education Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,726,679	\$ 11,730,589	\$ 11,843,071	\$ 3,614,197
Other receivables	206,514	329,266	206,514	329,266
Total assets	<u>\$ 3,933,193</u>	<u>\$ 12,059,855</u>	<u>\$ 12,049,585</u>	<u>\$ 3,943,463</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 435,407	\$ 180,251	\$ 435,407	\$ 180,251
Accrued liabilities	77,073	171,440	77,073	171,440
Other liabilities	2,158,327	2,601,992	2,158,327	2,601,992
Amounts held for Shenandoah Valley Regional Program for Special Education	1,262,386	11,730,589	12,003,195	989,780
Total liabilities	<u>\$ 3,933,193</u>	<u>\$ 14,684,272</u>	<u>\$ 14,674,002</u>	<u>\$ 3,943,463</u>
<b>Valley Alcohol Safety Action Program Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 70,309	\$ 300,343	\$ 325,434	\$ 45,218
Other receivables	42,642	-	42,642	-
Total assets	<u>\$ 112,951</u>	<u>\$ 300,343</u>	<u>\$ 368,076</u>	<u>\$ 45,218</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 9,568	\$ 4,797	\$ 9,568	\$ 4,797
Accrued liabilities	37,744	-	37,744	-
Amounts held for Valley Alcohol Safety Action Program	65,639	295,546	320,764	40,421
Total liabilities	<u>\$ 112,951</u>	<u>\$ 300,343</u>	<u>\$ 368,076</u>	<u>\$ 45,218</u>
<b>Valley Career and Technical Education Center Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 296,181	\$ 4,362,316	\$ 4,363,126	\$ 295,371
Other receivables	66,423	76,451	66,423	76,451
Total assets	<u>\$ 362,604</u>	<u>\$ 4,438,767</u>	<u>\$ 4,429,549</u>	<u>\$ 371,822</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 179,248	\$ 183,206	\$ 179,248	\$ 183,206
Accrued liabilities	72,401	73,613	72,401	73,613
Amounts held for Valley Career and Technical Education Center	110,955	4,368,296	4,364,248	115,003
Total liabilities	<u>\$ 362,604</u>	<u>\$ 4,625,115</u>	<u>\$ 4,615,897</u>	<u>\$ 371,822</u>
<b>Valley Children's Advocacy Center Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,292	\$ 350,605	\$ 229,256	\$ 145,641
Other receivables	67,194	33,779	67,194	33,779
Total assets	<u>\$ 91,486</u>	<u>\$ 384,384</u>	<u>\$ 296,450</u>	<u>\$ 179,420</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,727	\$ 1,550	\$ 3,727	\$ 1,550
Other liabilities	7,000	-	7,000	-
Amounts held for Valley Children's Advocacy Center	80,759	357,605	260,494	177,870
Total liabilities	<u>\$ 91,486</u>	<u>\$ 359,155</u>	<u>\$ 271,221</u>	<u>\$ 179,420</u>
<b>Insurance Trust Fund:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,971,000	\$ 23,360,103	\$ 21,092,893	\$ 8,238,210
Total assets	<u>\$ 5,971,000</u>	<u>\$ 23,360,103</u>	<u>\$ 21,092,893</u>	<u>\$ 8,238,210</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,836,862	\$ 2,385,041	\$ 1,836,862	\$ 2,385,041
Incurred but not reported (IBNR) payable	1,878,000	1,850,000	1,878,000	1,850,000
Amounts held for Insurance Trust	2,256,138	23,360,103	21,613,072	4,003,169
Total liabilities	<u>\$ 5,971,000</u>	<u>\$ 27,595,144</u>	<u>\$ 25,327,934</u>	<u>\$ 8,238,210</u>

Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Totals - All Agency Funds:</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,245,536	\$ 40,465,147	\$ 38,216,256	\$ 12,494,427
Other receivables	382,773	439,496	382,773	439,496
Total assets	<u>\$ 10,628,309</u>	<u>\$ 40,904,643</u>	<u>\$ 38,599,029</u>	<u>\$ 12,933,923</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,402,469	\$ 2,754,845	\$ 2,464,812	\$ 2,692,502
Accrued liabilities	249,561	245,053	187,218	307,396
Other liabilities	4,043,327	4,451,992	4,043,327	4,451,992
Amounts held for social services clients	157,077	361,189	362,476	155,790
Amounts held for Shenandoah Valley Regional Program for Special Education	1,262,384	11,730,591	12,003,195	989,780
Amounts held for Valley Alcohol Safety Action Program	65,639	295,546	320,764	40,421
Amounts held for Valley Career and Technical Education Center	110,955	4,368,296	4,364,248	115,003
Amounts held for Valley Children's Advocacy Center	80,759	357,605	260,494	177,870
Amounts held for Insurance Trust	2,256,138	23,360,103	21,613,072	4,003,169
Total liabilities	<u>\$ 10,628,309</u>	<u>\$ 47,925,220</u>	<u>\$ 45,619,606</u>	<u>\$ 12,933,923</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Governmental capital assets:		
Land	\$ 5,440,703	\$ 5,440,703
Buildings	102,926,804	66,498,741
Machinery and equipment	18,617,971	18,209,838
Land improvement	5,102,085	5,030,558
Construction in progress	3,703,334	2,431,258
Total governmental capital assets	<u>\$ 135,790,897</u>	<u>\$ 97,611,098</u>
Investments in governmental capital assets by source:		
General fund	\$ 135,308,579	\$ 97,202,783
Special revenue funds	482,318	408,315
Total governmental capital assets by source	<u>\$ 135,790,897</u>	<u>\$ 97,611,098</u>

Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Function and Activity  
 June 30, 2018

Function and Activity	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 3,913,603	\$ 4,803,853	\$ 26,181,558	\$ 3,506,180	\$ 540,248	\$ 38,945,442
County administrator	-	-	-	48,812	-	48,812
Commissioner of revenue	-	-	-	55,831	-	55,831
Central accounting	-	-	-	33,740	-	33,740
Management information systems	-	-	-	1,471,228	-	1,471,228
Board of elections	-	-	-	293,890	-	293,890
Total general government administration	\$ 3,913,603	\$ 4,803,853	\$ 26,181,558	\$ 5,409,681	\$ 540,248	\$ 40,848,943
Judicial administration:						
Clerk of Circuit Court	\$ -	\$ -	\$ -	\$ 181,231	\$ -	\$ 181,231
General District Court	-	-	-	19,252	-	19,252
Commonwealth's Attorney	-	-	-	68,669	5,940	74,609
Total judicial administration	\$ -	\$ -	\$ -	\$ 269,152	\$ 5,940	\$ 275,092
Public safety:						
Sheriff	\$ -	\$ -	\$ 19,756	\$ 2,891,256	\$ -	\$ 2,911,012
Emergency operations	-	-	-	1,130,551	2,999,940	4,130,491
Fire department	62,000	-	363,937	6,368,980	-	6,794,917
Emergency services	-	-	-	38,371	-	38,371
Juvenile detention and probation	-	-	5,913	44,635	-	50,548
Building inspections	-	-	-	107,061	-	107,061
Animal control	-	-	-	96,712	-	96,712
Drug enforcement	-	-	-	20,602	-	20,602
Total public safety	\$ 62,000	\$ -	\$ 389,606	\$ 10,698,168	\$ 2,999,940	\$ 14,149,714
Public works:						
Sanitation and waste removal	\$ -	\$ -	\$ 60,446	\$ 229,996	\$ -	\$ 290,442
Maintenance of buildings and grounds	-	162,207	359,328	538,770	-	1,060,305
Total public works	\$ -	\$ 162,207	\$ 419,774	\$ 768,766	\$ -	\$ 1,350,747
Education:						
Schools	\$ -	\$ -	\$ 75,603,371	\$ -	\$ -	\$ 75,603,371
Total education	\$ -	\$ -	\$ 75,603,371	\$ -	\$ -	\$ 75,603,371
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 482,318	\$ -	\$ 482,318
Total health and welfare	\$ -	\$ -	\$ -	\$ 482,318	\$ -	\$ 482,318
Parks, recreation, and cultural:						
Parks and recreation	\$ 1,465,100	\$ 136,025	\$ 332,495	\$ 431,420	\$ 151,851	\$ 2,516,891
Library	-	-	-	360,217	-	360,217
Total parks, recreation, and cultural	\$ 1,465,100	\$ 136,025	\$ 332,495	\$ 791,637	\$ 151,851	\$ 2,877,108
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 154,574	\$ -	\$ 154,574
Economic development	-	-	-	43,675	5,355	49,030
Total community development	\$ -	\$ -	\$ -	\$ 198,249	\$ 5,355	\$ 203,604
Total governmental capital assets	\$ 5,440,703	\$ 5,102,085	\$ 102,926,804	\$ 18,617,971	\$ 3,703,334	\$ 135,790,897

Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes By Function and Activity  
 For the Year Ended June 30, 2018

Function and Activity	Governmental Funds Capital Assets June 30, 2017	Additions	Deductions	Transfers	Governmental Funds Capital Assets June 30, 2018
General government administration:					
Board of supervisors	\$ 38,270,516	\$ 876,906	\$ (201,980)	\$ -	\$ 38,945,442
County administrator	21,220	48,812	(45,074)	23,854	48,812
Commissioner of revenue	55,831	-	-	-	55,831
Central accounting	33,740	-	-	-	33,740
Management information systems	1,384,424	112,759	(49,744)	23,789	1,471,228
Board of elections	293,890	-	-	-	293,890
Total general government administration	<u>\$ 40,059,621</u>	<u>\$ 1,038,477</u>	<u>\$ (296,798)</u>	<u>\$ 47,643</u>	<u>\$ 40,848,943</u>
Judicial administration:					
Clerk of Circuit Court	\$ 181,231	\$ -	\$ -	\$ -	\$ 181,231
General District Court	19,252	-	-	-	19,252
Commonwealth's Attorney	74,609	-	-	-	74,609
Total judicial administration	<u>\$ 275,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,092</u>
Public safety:					
Sheriff	\$ 2,929,170	\$ 361,799	\$ (430,636)	\$ 50,679	\$ 2,911,012
Emergency operations	4,149,368	839,030	(857,907)	-	4,130,491
Fire department	6,064,256	763,761	(33,100)	-	6,794,917
Emergency services	38,371	-	-	-	38,371
Juvenile detention and probation	44,833	18,235	(12,520)	-	50,548
Building inspections	147,997	55,519	(48,812)	(47,643)	107,061
Animal control	110,386	32,852	(23,262)	(23,264)	96,712
Drug enforcement	71,284	-	-	(50,682)	20,602
Total public safety	<u>\$ 13,555,665</u>	<u>\$ 2,071,196</u>	<u>\$ (1,406,237)</u>	<u>\$ (70,910)</u>	<u>\$ 14,149,714</u>
Public works:					
Sanitation and waste removal	\$ 257,835	\$ 32,606	\$ -	\$ -	\$ 290,441
Maintenance of buildings and grounds	760,476	344,064	(18,509)	(25,725)	1,060,306
Total public works	<u>\$ 1,018,311</u>	<u>\$ 376,670</u>	<u>\$ (18,509)</u>	<u>\$ (25,725)</u>	<u>\$ 1,350,747</u>
Education:					
Schools	\$ 39,204,078	\$ -	\$ -	\$ 36,399,293	\$ 75,603,371
Total education	<u>\$ 39,204,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,399,293</u>	<u>\$ 75,603,371</u>
Health and welfare:					
Social services	\$ 408,315	\$ 99,500	\$ (25,497)	\$ -	\$ 482,318
Total health and welfare	<u>\$ 408,315</u>	<u>\$ 99,500</u>	<u>\$ (25,497)</u>	<u>\$ -</u>	<u>\$ 482,318</u>
Parks, recreation, and cultural:					
Parks and recreation	\$ 2,503,111	\$ 234,063	\$ (243,548)	\$ 23,265	\$ 2,516,891
Library	360,216	-	-	1	360,217
Total parks, recreation, and cultural	<u>\$ 2,863,327</u>	<u>\$ 234,063</u>	<u>\$ (243,548)</u>	<u>\$ 23,266</u>	<u>\$ 2,877,108</u>
Community development:					
Community development	\$ 177,659	\$ -	\$ -	\$ (23,085)	\$ 154,574
Economic development	49,030	-	-	-	49,030
Total community development	<u>\$ 226,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,085)</u>	<u>\$ 203,604</u>
Total governmental capital assets	<u>\$ 97,611,098</u>	<u>\$ 3,819,906</u>	<u>\$ (1,990,589)</u>	<u>\$ 36,350,482</u>	<u>\$ 135,790,897</u>

**DISCRETELY PRESENTED COMPONENT UNIT –  
SCHOOL BOARD**

Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2018

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 2,386,470	\$ 458,821	\$ 2,845,291
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	167,196	560	-	167,756
Due from primary government	4,126,803	-	-	4,126,803
Due from other governmental units	1,913,513	113	357,219	2,270,845
Total assets	<u>\$ 6,210,512</u>	<u>\$ 2,387,143</u>	<u>\$ 816,040</u>	<u>\$ 9,413,695</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 118,186	\$ 118,186
Accounts payable	3,295,341	67,420	111,251	3,474,012
Accrued liabilities	2,849,765	67,591	110,011	3,027,367
Due to primary government	-	-	476,592	476,592
Unearned revenue	65,406	53,939	-	119,345
Total liabilities	<u>\$ 6,210,512</u>	<u>\$ 188,950</u>	<u>\$ 816,040</u>	<u>\$ 7,215,502</u>
Fund balances:				
Assigned	\$ -	\$ 2,198,193	\$ -	\$ 2,198,193
Total fund balances	<u>\$ -</u>	<u>\$ 2,198,193</u>	<u>\$ -</u>	<u>\$ 2,198,193</u>
Total liabilities and fund balances	<u>\$ 6,210,512</u>	<u>\$ 2,387,143</u>	<u>\$ 816,040</u>	<u>\$ 9,413,695</u>

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

Total fund balances per above	\$ 2,198,193
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	78,473,778
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(122,954,893)
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.	
Pension	\$ 11,643,932
Other postemployment benefits	<u>1,818,665</u>
	13,462,597
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.	
Pension	\$ (12,185,366)
Other postemployment benefits	<u>(669,000)</u>
	(12,854,366)
Long-term due from other government - pension plan & other post employment benefits	<u>4,186,988</u>
Net position of governmental activities	<u>\$ (37,487,703)</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, 2018

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 34,016	\$ 12,758	\$ 97,045	\$ 143,819
Charges for services	594,598	1,540,771	892,070	3,027,439
Miscellaneous	1,359,942	-	31,803	1,391,745
Intergovernmental revenues:				
Local government	41,721,019	-	-	41,721,019
Commonwealth	56,182,353	158,698	633,206	56,974,257
Federal	4,203,421	3,199,079	2,878,410	10,280,910
Total revenues	<u>\$ 104,095,349</u>	<u>\$ 4,911,306</u>	<u>\$ 4,532,534</u>	<u>\$ 113,539,189</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 104,095,349	\$ 4,712,632	\$ 4,372,954	\$ 113,180,935
Contribution to primary government	-	-	159,580	159,580
Total expenditures	<u>\$ 104,095,349</u>	<u>\$ 4,712,632</u>	<u>\$ 4,532,534</u>	<u>\$ 113,340,515</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 198,674</u>	<u>\$ -</u>	<u>\$ 198,674</u>
Net change in fund balances	\$ -	\$ 198,674	\$ -	\$ 198,674
Fund balances - beginning	-	1,999,519	-	1,999,519
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,198,193</u>	<u>\$ -</u>	<u>\$ 2,198,193</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	\$ 198,674
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.	36,260,482
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(75,846,833)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(8,252,359)
Deferred outflows of resources - subsequent to measurement date:	
Pension	\$ 8,767,932
Other postemployment benefits	<u>1,640,665</u>
	10,408,597
Due from other government - pension and other post employment benefit plans	(839,286)
Change in net position of governmental activities	<u>\$ (38,070,725)</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, 2018

	<b>School Operating Fund</b>			<b>Variance with Final Budget Over (Under)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 28,220	\$ 30,220	\$ 34,016	\$ 3,796
Charges for services	596,703	595,841	594,598	(1,243)
Miscellaneous	1,190,710	1,971,753	1,359,942	(611,811)
Intergovernmental revenues:				
Local government	40,932,841	40,932,841	41,721,019	788,178
Commonwealth	56,397,185	56,940,870	56,182,353	(758,517)
Federal	4,488,686	4,213,667	4,203,421	(10,246)
Total revenues	<u>\$ 103,634,345</u>	<u>\$ 104,685,192</u>	<u>\$ 104,095,349</u>	<u>\$ (589,843)</u>
<b>EXPENDITURES</b>				
Current:				
Education	<u>\$ 103,634,345</u>	<u>\$ 104,685,192</u>	<u>\$ 104,095,349</u>	<u>\$ (589,843)</u>
Total expenditures	<u>\$ 103,634,345</u>	<u>\$ 104,685,192</u>	<u>\$ 104,095,349</u>	<u>\$ (589,843)</u>
Excess (Deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 36

<b>School Cafeteria Fund</b>			
<b>Budgeted Amounts</b>			<b>Variance with</b>
<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
			<b>Over</b>
			<b>(Under)</b>
\$ 5,200	\$ 8,000	\$ 12,758	\$ 4,758
1,739,592	1,590,199	1,540,771	(49,428)
-	-	-	-
-	-	-	-
74,500	106,255	158,698	52,443
<u>2,534,000</u>	<u>2,538,374</u>	<u>3,199,079</u>	<u>660,705</u>
\$ <u>4,353,292</u>	\$ <u>4,242,828</u>	\$ <u>4,911,306</u>	\$ <u>668,478</u>
\$ <u>4,353,292</u>	\$ <u>4,272,828</u>	\$ <u>4,712,632</u>	\$ <u>439,804</u>
\$ <u>4,353,292</u>	\$ <u>4,272,828</u>	\$ <u>4,712,632</u>	\$ <u>439,804</u>
\$ -	\$ (30,000)	\$ 198,674	\$ 228,674
\$ -	\$ (30,000)	\$ 198,674	\$ 228,674
-	-	1,999,519	1,999,519
\$ -	\$ (30,000)	\$ <u>2,198,193</u>	\$ <u>2,228,193</u>



Statement of Net Position  
 Fiduciary Fund - Discretely Presented Component Unit School Board  
 June 30, 2018

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	<u>School Endowments</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 171,096
Total assets	<u>\$ 171,096</u>
<b>NET POSITION</b>	
Restricted for:	
JW Riley Endowment Fund	\$ 78,932
Unrestricted	<u>92,164</u>
Total net position	<u>\$ 171,096</u>

Statement of Changes in Net Position  
 Fiduciary Funds - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2018

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	<u>School Endowments</u>
<b>ADDITIONS</b>	
Contributions:	
Private donations	\$ <u>2,850</u>
Total contributions	2,850
Investment earnings:	
Interest	<u>928</u>
Total additions	\$ <u>3,778</u>
Change in net position	\$ 3,778
Net position - beginning	167,318
Net position - ending	\$ <u><u>171,096</u></u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 June 30, 2018

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	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 458,821	\$ 458,821
Due from other governmental units	357,219	-	357,219
Total assets	<u>\$ 357,219</u>	<u>\$ 458,821</u>	<u>\$ 816,040</u>
<b>LIABILITIES</b>			
Liabilities:			
Reconciled overdraft	\$ 118,186	\$ -	\$ 118,186
Accounts payable	76,465	34,786	111,251
Accrued liabilities	65,538	44,473	110,011
Due to primary government	97,030	379,562	476,592
Total liabilities	<u>\$ 357,219</u>	<u>\$ 458,821</u>	<u>\$ 816,040</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, 2018

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 97,045	\$ -	\$ 97,045
Charges for services	-	892,070	892,070
Miscellaneous	14,375	17,428	31,803
Intergovernmental revenues:			
Commonwealth	-	633,206	633,206
Federal	2,878,410	-	2,878,410
Total revenues	<u>\$ 2,989,830</u>	<u>\$ 1,542,704</u>	<u>\$ 4,532,534</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 2,892,785	\$ 1,480,169	\$ 4,372,954
Contribution to primary government	97,045	62,535	159,580
Total expenditures	<u>\$ 2,989,830</u>	<u>\$ 1,542,704</u>	<u>\$ 4,532,534</u>
Deficiency of revenues under expenditures	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**County of Augusta, Virginia**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2018

	<b>Head Start Fund</b>			<b>Variance with Final Budget Over (Under)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 97,045	\$ 97,045
Charges for services	-	-	-	-
Miscellaneous	-	-	14,375	14,375
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	2,734,042	3,115,399	2,878,410	(236,989)
Total revenues	<u>\$ 2,734,042</u>	<u>\$ 3,115,399</u>	<u>\$ 2,989,830</u>	<u>\$ (125,569)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 2,734,042	\$ 3,115,399	\$ 2,892,785	\$ (222,614)
Contribution to primary government	-	-	97,045	97,045
Total expenditures	<u>\$ 2,734,042</u>	<u>\$ 3,115,399</u>	<u>\$ 2,989,830</u>	<u>\$ (125,569)</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 41

<b>Governor's School Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ -	\$ -
948,532	947,681	892,070	(55,611)
2,800	2,800	17,428	14,628
643,535	635,114	633,206	(1,908)
-	-	-	-
<u>\$ 1,594,867</u>	<u>\$ 1,585,595</u>	<u>\$ 1,542,704</u>	<u>\$ (42,891)</u>
\$ 1,594,867	\$ 1,644,218	\$ 1,480,169	\$ (164,049)
-	-	62,535	62,535
<u>\$ 1,594,867</u>	<u>\$ 1,644,218</u>	<u>\$ 1,542,704</u>	<u>\$ (101,514)</u>
<u>\$ -</u>	<u>\$ (58,623)</u>	<u>\$ -</u>	<u>\$ 58,623</u>
\$ -	\$ (58,623)	\$ -	\$ 58,623
-	-	-	-
<u>\$ -</u>	<u>\$ (58,623)</u>	<u>\$ -</u>	<u>\$ 58,623</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Comparative Schedules by Source  
 June 30, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
Governmental funds capital assets:		
Land	\$ 1,551,430	\$ 1,573,501
Buildings	149,174,313	146,715,096
Machinery and equipment	24,100,545	24,861,481
Construction in progress	84,702	38,412,850
Total governmental funds capital assets	<u>\$ 174,910,990</u>	<u>\$ 211,562,928</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	<u>\$ 174,910,990</u>	<u>\$ 211,562,928</u>
Total governmental funds capital assets	<u>\$ 174,910,990</u>	<u>\$ 211,562,928</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board  
 Schedule by Function and Activity  
 June 30, 2018

<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	\$ 1,551,430	\$ 149,174,313	\$ 24,100,545	\$ 84,702	\$ 174,910,990
Total governmental funds capital assets	\$ 1,551,430	\$ 149,174,313	\$ 24,100,545	\$ 84,702	\$ 174,910,990



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, 2018

Function and Activity	Governmental Funds Capital Assets June 30, 2017	Additions	Deductions	Transfers	Governmental Funds Capital Assets June 30, 2018
Education:					
Schools	\$ 211,562,928	\$ 43,133,230	\$ (43,385,875)	\$ (36,399,293)	\$ 174,910,990
Total governmental funds capital assets	<u>\$ 211,562,928</u>	<u>\$ 43,133,230</u>	<u>\$ (43,385,875)</u>	<u>\$ (36,399,293)</u>	<u>\$ 174,910,990</u>

Statement of Changes in Net Position - Agency Fund  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b><u>School Activity Funds</u></b>				
Assets:				
Cash and temporary investments	\$ 1,717,219	\$ 4,032,652	\$ 3,955,625	\$ 1,794,246
Total assets	<u>\$ 1,717,219</u>	<u>\$ 4,032,652</u>	<u>\$ 3,955,625</u>	<u>\$ 1,794,246</u>
Liabilities:				
Collections held in trust	\$ 1,717,219	\$ 4,032,652	\$ 3,955,625	\$ 1,794,246
Total liabilities	<u>\$ 1,717,219</u>	<u>\$ 4,032,652</u>	<u>\$ 3,955,625</u>	<u>\$ 1,794,246</u>

# **SUPPORTING SCHEDULES**

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property tax	\$ 39,096,000	\$ 40,783,000	\$ 41,558,971	\$ 775,971
Real and personal public service corporation tax	2,270,000	2,635,708	2,738,137	102,429
Personal property tax	11,416,000	11,554,000	11,733,569	179,569
Mobile home tax	174,000	182,000	183,430	1,430
Machinery and tools tax	3,791,000	3,941,000	4,035,553	94,553
Penalties	345,000	365,000	420,414	55,414
Interest	320,000	365,000	439,155	74,155
Total general property taxes	<u>\$ 57,412,000</u>	<u>\$ 59,825,708</u>	<u>\$ 61,109,229</u>	<u>\$ 1,283,521</u>
Other local taxes:				
Local sales and use tax	\$ 5,450,000	\$ 5,500,000	\$ 5,673,129	\$ 173,129
Consumers' utility tax	1,775,000	1,775,000	1,791,413	16,413
Business license tax	3,450,000	3,500,000	3,813,142	313,142
Utility license tax	280,000	280,000	283,448	3,448
Bank stock tax	265,000	265,000	323,455	58,455
Tax on recordation and wills	730,000	770,000	781,082	11,082
Hotel and motel room tax	660,000	660,000	655,493	(4,507)
Restaurant food tax	2,473,716	2,523,716	2,504,972	(18,744)
Interest on local tax	55,000	60,000	64,307	4,307
Total other local taxes	<u>\$ 15,138,716</u>	<u>\$ 15,333,716</u>	<u>\$ 15,890,441</u>	<u>\$ 556,725</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 57,000	\$ 57,000	\$ 55,806	\$ (1,194)
Land use application fees	29,000	34,000	33,202	(798)
Transfer fees	2,000	2,000	2,198	198
Cellular tower fees	10,650	10,650	6,500	(4,150)
Permits and other licenses	517,600	541,600	539,668	(1,932)
Total permits, privilege fees, and regulatory licenses	<u>\$ 616,250</u>	<u>\$ 645,250</u>	<u>\$ 637,374</u>	<u>\$ (7,876)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 201,000	\$ 250,500	\$ 294,453	\$ 43,953
Dog violation fines	23,000	20,000	16,973	(3,027)
Total fines and forfeitures	<u>\$ 224,000</u>	<u>\$ 270,500</u>	<u>\$ 311,426</u>	<u>\$ 40,926</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 277,600	\$ 352,800	\$ 420,001	\$ 67,201
Revenue from use of property	370,000	378,000	375,316	(2,684)
Total revenue from use of money and property	<u>\$ 647,600</u>	<u>\$ 730,800</u>	<u>\$ 795,317</u>	<u>\$ 64,517</u>
Charges for services:				
Excess fees of clerk	\$ 22,000	\$ 31,000	\$ 31,021	\$ 21
Charges for law enforcement and traffic control	6,600	7,100	7,653	553
Charges for courthouse maintenance	65,000	65,000	65,211	211
Treasurer's collection fees	88,000	88,000	101,187	13,187
Concealed weapons permits	40,000	45,000	48,996	3,996
Courthouse fees	160,000	165,000	164,440	(560)
Charges for Commonwealth's Attorney	7,000	7,000	6,585	(415)
Miscellaneous jail and inmate fees	9,000	9,000	7,824	(1,176)
Charges for sanitation and waste removal	1,200,000	1,250,000	1,490,663	240,663
Charges for parks and recreation	402,250	401,250	350,297	(50,953)
Charges for after school programs	365,000	345,000	342,842	(2,158)
Charges for day care	96,500	101,500	114,867	13,367
Charges for library	13,300	12,000	9,252	(2,748)
EMS transport service	1,350,000	1,300,000	1,538,176	238,176
Total charges for services	<u>\$ 3,824,650</u>	<u>\$ 3,826,850</u>	<u>\$ 4,279,014</u>	<u>\$ 452,164</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 308,000	\$ 183,000	\$ 292,205	\$ 109,205
Repayment of loans from fire companies	150,000	269,350	269,360	10
Seized funds	-	800	1,458	658
Contribution	-	500	500	-
Total miscellaneous revenue	<u>\$ 458,000</u>	<u>\$ 453,650</u>	<u>\$ 563,523</u>	<u>\$ 109,873</u>
Recovered costs:				
Fiscal agent fees-MRRJA	\$ 102,200	\$ 102,200	\$ 102,147	\$ (53)
Juvenile and domestic relations court costs	12,675	12,100	12,073	(27)
Other	102,390	100,200	78,893	(21,307)
Total recovered costs	<u>\$ 217,265</u>	<u>\$ 214,500</u>	<u>\$ 193,113</u>	<u>\$ (21,387)</u>
Total revenue from local sources	<u>\$ 78,538,481</u>	<u>\$ 81,300,974</u>	<u>\$ 83,779,437</u>	<u>\$ 2,478,463</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 90,000	\$ 88,000	\$ 10,396	\$ (77,604)
Mobile home titling tax	84,000	107,000	126,804	19,804
Communications sales and use tax	2,380,000	2,320,000	2,285,539	(34,461)
Timber sales	1,200	2,900	15,045	12,145
Motor vehicle rental tax	70,000	70,000	63,629	(6,371)
State recordation tax	185,000	200,000	191,779	(8,221)
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Total noncategorical aid	<u>\$ 7,106,200</u>	<u>\$ 7,083,900</u>	<u>\$ 6,989,185</u>	<u>\$ (94,715)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 576,900	\$ 581,300	\$ 585,820	\$ 4,520
Sheriff	2,820,500	2,828,900	2,853,664	24,764
Commissioner of revenue	218,800	211,700	213,020	1,320
Treasurer	165,500	165,100	164,142	(958)
Registrar/electoral board	47,300	47,500	47,458	(42)
Clerk of the Circuit Court	450,300	474,800	473,169	(1,631)
Total shared expenses	<u>\$ 4,279,300</u>	<u>\$ 4,309,300</u>	<u>\$ 4,337,273</u>	<u>\$ 27,973</u>
Other categorical aid:				
Emergency medical services	\$ 80,000	\$ 80,000	\$ 83,132	\$ 3,132
Department of behavioral health-transfer detention order	41,400	48,000	35,908	(12,092)
Litter control grant	18,000	17,455	18,410	955
Library grant	160,200	160,200	160,725	525
Grant for restoration of records	33,000	2,000	1,708	(292)
Victim-witness grant	27,125	27,125	26,431	(694)
Performing arts grant	5,000	4,800	4,800	-
Firemans' insurance fund	236,000	243,000	243,471	471
Technology trust fund	40,000	30,000	30,000	-
Seized funds	10,000	39,000	49,392	10,392
E-911 wireless funding	152,000	160,000	167,753	7,753
Spay and neuter funds	2,000	2,000	2,037	37
Drug Free Communities OOO-GAAP	-	4,636	4,636	-
Total other categorical aid	<u>\$ 804,725</u>	<u>\$ 818,216</u>	<u>\$ 828,403</u>	<u>\$ 10,187</u>
Total categorical aid	<u>\$ 5,084,025</u>	<u>\$ 5,127,516</u>	<u>\$ 5,165,676</u>	<u>\$ 38,160</u>
Total revenue from the Commonwealth	<u>\$ 12,190,225</u>	<u>\$ 12,211,416</u>	<u>\$ 12,154,861</u>	<u>\$ (56,555)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Intergovernmental Revenues: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 343,000	\$ 353,000	\$ 393,632	\$ 40,632
Categorical aid:				
DMV ground transportation safety grant	\$ 33,000	\$ 46,700	\$ 45,966	\$ (734)
Domestic violence grant	31,020	31,020	13,016	(18,004)
Sane grant	15,200	15,200	8,235	(6,965)
Seized funds	-	3,000	-	(3,000)
DEQ royalty grant	1,000	500	-	(500)
Justice assistance grant	5,000	5,000	150	(4,850)
Bulletproof vest partnership grant	11,650	4,700	4,687	(13)
Homeland security grant	731,000	1,034,000	998,574	(35,426)
Victim-witness grant	81,375	81,375	80,972	(403)
Total categorical aid	\$ 909,245	\$ 1,221,495	\$ 1,151,600	\$ (69,895)
Total revenue from the federal government	\$ 1,252,245	\$ 1,574,495	\$ 1,545,232	\$ (29,263)
Total intergovernmental revenues	\$ 13,442,470	\$ 13,785,911	\$ 13,700,093	\$ (85,818)
Total General Fund	\$ 91,980,951	\$ 95,086,885	\$ 97,479,530	\$ 2,392,645
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 199,676	\$ 199,677	\$ 190,817	\$ (8,860)
Recovered costs:				
City of Staunton, Virginia	\$ 748,935	\$ 748,935	\$ 748,935	\$ -
City of Waynesboro, Virginia	654,289	654,289	654,289	-
Total recovered costs	\$ 1,403,224	\$ 1,403,224	\$ 1,403,224	\$ -
Total revenue from local sources	\$ 1,602,900	\$ 1,602,901	\$ 1,594,041	\$ (8,860)
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 3,158,504	\$ 3,158,504	\$ 3,053,519	\$ (104,985)
Children's Services Act program	3,165,000	3,323,250	3,020,574	(302,676)
Total categorical aid	\$ 6,323,504	\$ 6,481,754	\$ 6,074,093	\$ (407,661)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 6,852,111	\$ 6,852,111	\$ 6,548,053	\$ (304,058)
Children's Services Act program	-	-	118,221	118,221
Total categorical aid	\$ 6,852,111	\$ 6,852,111	\$ 6,666,274	\$ (185,837)
Total revenue from the federal government	\$ 6,852,111	\$ 6,852,111	\$ 6,666,274	\$ (185,837)
Total intergovernmental revenues	\$ 13,175,615	\$ 13,333,865	\$ 12,740,367	\$ (593,498)
Total Virginia Public Assistance Fund	\$ 14,778,515	\$ 14,936,766	\$ 14,334,408	\$ (602,358)
<b>Debt Service Fund:</b>				
<b>County Debt Service Fund:</b>				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 40,000	\$ 41,000	\$ 37,567	\$ (3,433)
Total charges for services	\$ 40,000	\$ 41,000	\$ 37,567	\$ (3,433)
Total revenue from local sources	\$ 40,000	\$ 41,000	\$ 37,567	\$ (3,433)
Total Debt Service Fund	\$ 40,000	\$ 41,000	\$ 37,567	\$ (3,433)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 13,500	\$ 13,500	\$ 13,500	\$ -
Revenue from the use of property	2,000	2,000	-	(2,000)
Total revenue from use of money and property	<u>\$ 15,500</u>	<u>\$ 15,500</u>	<u>\$ 13,500</u>	<u>\$ (2,000)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 20,000	\$ 38,544	\$ 18,544
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 38,544</u>	<u>\$ 18,544</u>
Recovered costs:				
Other recovered costs	\$ 973,186	\$ 1,121,186	\$ 1,116,537	\$ (4,649)
Total recovered costs	<u>\$ 973,186</u>	<u>\$ 1,121,186</u>	<u>\$ 1,116,537</u>	<u>\$ (4,649)</u>
Total revenue from local sources	<u>\$ 988,686</u>	<u>\$ 1,156,686</u>	<u>\$ 1,168,581</u>	<u>\$ 11,895</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Economic Development Grant	\$ -	\$ 440,000	\$ 36,988	\$ (403,012)
Hazardous Material Grant	10,000	10,000	19,213	9,213
Rescue squad assistance fund grant	-	37,304	32,040	(5,264)
Reimbursement Department of Transportation	500,000	2,473,000	2,262,677	(210,323)
Dept of Housing and Community Development (Broadband)	-	278,880	237,748	(41,132)
Bldg collaborative communities grant	-	30,000	50,000	20,000
Burn building grant	-	14,214	14,214	-
Total categorical aid	<u>\$ 510,000</u>	<u>\$ 3,283,398</u>	<u>\$ 2,652,880</u>	<u>\$ (630,518)</u>
Revenue from the federal government:				
Categorical aid:				
Hazardous material grant	\$ -	\$ 29,200	\$ 19,732	\$ (9,468)
Emergency planning grant	-	-	14,882	14,882
Watershed grant	-	411,280	451,554	40,274
Transportation enhancement	200,000	50,000	157,827	107,827
Smoke alarm grant	-	25,200	25,177	(23)
Total categorical aid	<u>\$ 200,000</u>	<u>\$ 515,680</u>	<u>\$ 669,172</u>	<u>\$ 153,492</u>
Total intergovernmental revenues	<u>\$ 710,000</u>	<u>\$ 3,799,078</u>	<u>\$ 3,322,052</u>	<u>\$ (477,026)</u>
Total County Capital Improvements Fund	<u>\$ 1,698,686</u>	<u>\$ 4,955,764</u>	<u>\$ 4,490,633</u>	<u>\$ (465,131)</u>
<b>School Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 33,500	\$ 34,279	\$ 779
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 33,500</u>	<u>\$ 34,279</u>	<u>\$ 779</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 15,421	\$ 14,795	\$ 14,772	\$ (23)
Other miscellaneous	-	72,000	-	(72,000)
Total miscellaneous revenue	<u>\$ 15,421</u>	<u>\$ 86,795</u>	<u>\$ 14,772</u>	<u>\$ (72,023)</u>
Total revenue from local sources	<u>\$ 15,421</u>	<u>\$ 120,295</u>	<u>\$ 49,051</u>	<u>\$ (71,244)</u>
<b>School Capital Improvements Fund:</b>				
Total School Capital Improvements Fund	<u>\$ 15,421</u>	<u>\$ 120,295</u>	<u>\$ 49,051</u>	<u>\$ (71,244)</u>
Total Primary Government	<u>\$ 108,513,573</u>	<u>\$ 115,140,710</u>	<u>\$ 116,391,189</u>	<u>\$ 1,250,479</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 28,220	\$ 30,220	\$ 34,016	\$ 3,796
Total revenue from use of money and property	<u>\$ 28,220</u>	<u>\$ 30,220</u>	<u>\$ 34,016</u>	<u>\$ 3,796</u>
Charges for services:				
Charges for education	\$ 318,480	\$ 317,303	\$ 286,895	\$ (30,408)
Tuition and payments from other divisions	278,223	278,538	307,703	29,165
Total charges for services	<u>\$ 596,703</u>	<u>\$ 595,841</u>	<u>\$ 594,598</u>	<u>\$ (1,243)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 1,190,710	\$ 1,971,753	\$ 1,359,942	\$ (611,811)
Total revenue from local sources	<u>\$ 1,815,633</u>	<u>\$ 2,597,814</u>	<u>\$ 1,988,556</u>	<u>\$ (609,258)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 40,932,841	\$ 40,932,841	\$ 41,721,019	\$ 788,178
Total revenues from local governments	<u>\$ 40,932,841</u>	<u>\$ 40,932,841</u>	<u>\$ 41,721,019</u>	<u>\$ 788,178</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 11,897,797	\$ 11,794,135	\$ 10,924,220	\$ (869,915)
Basic school aid	28,342,377	28,765,280	28,870,036	104,756
Regular foster children	103,472	90,916	95,679	4,763
Adult secondary education	90,132	70,558	90,427	19,869
Gifted and talented	306,568	309,590	309,732	142
Remedial education	969,407	896,522	896,933	411
Special education	996,345	1,006,169	1,006,630	461
Textbook payment	701,146	708,059	708,384	325
Standards of learning-project graduation	10,752	10,751	10,751	-
Vocational standards of quality payments	1,002,732	1,012,619	1,013,083	464
Vocational adult education	20,342	19,859	16,587	(3,272)
Social security instructional	1,603,094	1,618,900	1,619,642	742
Retirement instructional	3,678,814	3,715,086	3,716,787	1,701
Group life insurance instructional	108,576	109,647	109,697	50
Compensation supplement	266,616	269,321	269,444	123
Early reading intervention	156,863	180,180	180,180	-
Supplemental Lottery	1,750,758	1,769,446	1,770,443	997
Homebound education	15,616	19,464	19,463	(1)
Regional tuition program	982,918	1,082,601	1,051,908	(30,693)
Vocational education - equipment	28,853	36,196	44,377	8,181
Vocational occupational preparedness	174,980	154,269	162,427	8,158
Mentor teacher program	7,161	4,757	4,757	-
Special education - foster children	38,488	54,371	47,653	(6,718)
At risk payments	568,019	573,487	580,331	6,844
Virtual Virginia administrative	-	-	4,555	4,555
Primary class size	1,071,497	1,061,583	1,061,583	-
Technology	518,000	518,000	518,000	-
Standards of learning algebra readiness	107,301	107,186	107,186	-
At risk four-year olds	644,169	644,169	644,169	-
English as a second language	90,620	102,533	102,533	-
Other state funds	143,772	235,216	224,756	(10,460)
Total categorical aid	<u>\$ 56,397,185</u>	<u>\$ 56,940,870</u>	<u>\$ 56,182,353</u>	<u>\$ (758,517)</u>
Total revenue from the Commonwealth	<u>\$ 56,397,185</u>	<u>\$ 56,940,870</u>	<u>\$ 56,182,353</u>	<u>\$ (758,517)</u>



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental revenues: (continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 146,173	\$ 34,054	\$ 149,230	\$ 115,176
Title I	1,477,857	1,330,075	1,300,291	(29,784)
Title VI-B, special education flow-through	2,286,599	2,279,005	2,208,927	(70,078)
Vocational education	127,541	127,924	127,924	-
Title VI-B, special education pre-school	70,475	71,716	73,973	2,257
VBPD grant special education flow-through	-	-	1,999	1,999
Title III Part A	34,129	32,852	29,224	(3,628)
Title II Part A	269,120	271,495	246,371	(25,124)
Advanced placement	1,064	1,064	-	(1,064)
ITCV grant	75,728	65,482	65,482	-
Total categorical aid	<u>\$ 4,488,686</u>	<u>\$ 4,213,667</u>	<u>\$ 4,203,421</u>	<u>\$ (10,246)</u>
Total intergovernmental revenue	<u>\$ 101,818,712</u>	<u>\$ 102,087,378</u>	<u>\$ 102,106,793</u>	<u>\$ 19,415</u>
Total School Operating Fund	<u>\$ 103,634,345</u>	<u>\$ 104,685,192</u>	<u>\$ 104,095,349</u>	<u>\$ (589,843)</u>
<b>School Cafeteria Fund:</b>				
Revenue from use of money and property:				
Revenue from the use of money	\$ 5,200	\$ 8,000	\$ 12,758	\$ 4,758
Total revenue from use of money and property	<u>\$ 5,200</u>	<u>\$ 8,000</u>	<u>\$ 12,758</u>	<u>\$ 4,758</u>
Charges for services:				
Cafeteria sales	\$ 1,739,592	\$ 1,590,199	\$ 1,540,771	\$ (49,428)
Total charges for services	<u>\$ 1,739,592</u>	<u>\$ 1,590,199</u>	<u>\$ 1,540,771</u>	<u>\$ (49,428)</u>
Total revenue from local sources	<u>\$ 1,744,792</u>	<u>\$ 1,598,199</u>	<u>\$ 1,553,529</u>	<u>\$ (44,670)</u>
Categorical aid:				
School food program grant	<u>\$ 74,500</u>	<u>\$ 106,255</u>	<u>\$ 158,698</u>	<u>\$ 52,443</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,534,000	\$ 2,538,374	\$ 2,857,140	\$ 318,766
USDA donated food	-	-	341,939	341,939
Total categorical aid	<u>\$ 2,534,000</u>	<u>\$ 2,538,374</u>	<u>\$ 3,199,079</u>	<u>\$ 660,705</u>
Total revenue from the federal government	<u>\$ 2,534,000</u>	<u>\$ 2,538,374</u>	<u>\$ 3,199,079</u>	<u>\$ 660,705</u>
Total intergovernmental revenue	<u>\$ 2,608,500</u>	<u>\$ 2,644,629</u>	<u>\$ 3,357,777</u>	<u>\$ 713,148</u>
Total School Cafeteria Fund	<u>\$ 4,353,292</u>	<u>\$ 4,242,828</u>	<u>\$ 4,911,306</u>	<u>\$ 668,478</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Entity, Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Head Start Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 97,045	\$ 97,045
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,045</u>	<u>\$ 97,045</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 14,375	\$ 14,375
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,375</u>	<u>\$ 14,375</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,420</u>	<u>\$ 111,420</u>
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 2,734,042	\$ 3,115,399	\$ 2,878,410	\$ (236,989)
Total categorical aid	<u>\$ 2,734,042</u>	<u>\$ 3,115,399</u>	<u>\$ 2,878,410</u>	<u>\$ (236,989)</u>
Total revenue from the federal government	<u>\$ 2,734,042</u>	<u>\$ 3,115,399</u>	<u>\$ 2,878,410</u>	<u>\$ (236,989)</u>
Total intergovernmental revenue	<u>\$ 2,734,042</u>	<u>\$ 3,115,399</u>	<u>\$ 2,989,830</u>	<u>\$ (236,989)</u>
Total Head Start Fund	<u>\$ 2,734,042</u>	<u>\$ 3,115,399</u>	<u>\$ 2,989,830</u>	<u>\$ (125,569)</u>
<b>Governor's School Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 948,532	\$ 947,681	\$ 892,070	\$ (55,611)
Total charges for services	<u>\$ 948,532</u>	<u>\$ 947,681</u>	<u>\$ 892,070</u>	<u>\$ (55,611)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 2,800	\$ 2,800	\$ 17,428	\$ 14,628
Total miscellaneous revenue	<u>\$ 2,800</u>	<u>\$ 2,800</u>	<u>\$ 17,428</u>	<u>\$ 14,628</u>
Total revenue from local sources	<u>\$ 951,332</u>	<u>\$ 950,481</u>	<u>\$ 909,498</u>	<u>\$ (40,983)</u>
Intergovernmental revenues:				
Categorical aid:				
Governor's school grant	\$ 617,535	\$ 609,114	\$ 607,206	\$ (1,908)
Technology funds	26,000	26,000	26,000	-
Total categorical aid	<u>\$ 643,535</u>	<u>\$ 635,114</u>	<u>\$ 633,206</u>	<u>\$ (1,908)</u>
Total revenue from the Commonwealth	<u>\$ 643,535</u>	<u>\$ 635,114</u>	<u>\$ 633,206</u>	<u>\$ (1,908)</u>
Total intergovernmental revenue	<u>\$ 643,535</u>	<u>\$ 635,114</u>	<u>\$ 633,206</u>	<u>\$ (1,908)</u>
Total Governor's School Fund	<u>\$ 1,594,867</u>	<u>\$ 1,585,595</u>	<u>\$ 1,542,704</u>	<u>\$ (42,891)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 112,316,546</u>	<u>\$ 113,629,014</u>	<u>\$ 113,539,189</u>	<u>\$ (89,825)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 160,490	\$ 166,324	\$ 146,161	\$ (20,163)
General and financial administration:				
County administrator	\$ 729,560	\$ 735,309	\$ 727,943	\$ (7,366)
Human resources	271,795	269,516	261,921	(7,595)
Legal services	342,360	554,490	500,418	(54,072)
Commissioner of revenue	893,765	881,837	835,859	(45,978)
Reassessment	526,000	426,000	570,396	144,396
Treasurer	534,940	530,560	529,607	(953)
Finance	401,950	402,697	402,778	81
Information technology	726,145	753,924	721,923	(32,001)
Other general and financial administration	899,850	878,400	864,669	(13,731)
Total general and financial administration	<u>\$ 5,326,365</u>	<u>\$ 5,432,733</u>	<u>\$ 5,415,514</u>	<u>\$ (17,219)</u>
Board of elections:				
Electoral board and officials	\$ 296,525	\$ 318,471	\$ 295,269	\$ (23,202)
Total board of elections	<u>\$ 296,525</u>	<u>\$ 318,471</u>	<u>\$ 295,269</u>	<u>\$ (23,202)</u>
Total general government administration	<u>\$ 5,783,380</u>	<u>\$ 5,917,528</u>	<u>\$ 5,856,944</u>	<u>\$ (60,584)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 190,940	\$ 180,095	\$ 177,565	\$ (2,530)
General district court	7,700	10,300	10,496	196
Special magistrates	4,300	5,330	4,139	(1,191)
Clerk of the circuit court	924,145	874,264	877,944	3,680
Total courts	<u>\$ 1,127,085</u>	<u>\$ 1,069,989</u>	<u>\$ 1,070,144</u>	<u>\$ 155</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,053,360	\$ 1,084,803	\$ 1,067,275	\$ (17,528)
Total commonwealth's attorney	<u>\$ 1,053,360</u>	<u>\$ 1,084,803</u>	<u>\$ 1,067,275</u>	<u>\$ (17,528)</u>
Total judicial administration	<u>\$ 2,180,445</u>	<u>\$ 2,154,792</u>	<u>\$ 2,137,419</u>	<u>\$ (17,373)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,388,885	\$ 6,596,072	\$ 6,477,055	\$ (119,017)
Emergency operations center	1,817,140	1,787,260	1,700,255	(87,005)
Total law enforcement and traffic control	<u>\$ 8,206,025</u>	<u>\$ 8,383,332</u>	<u>\$ 8,177,310</u>	<u>\$ (206,022)</u>
Fire and rescue services:				
Fire department	\$ 7,357,401	\$ 7,438,866	\$ 7,264,052	\$ (174,814)
Volunteer emergency operations	2,062,262	2,073,762	1,877,239	(196,523)
Fire training center	386,726	363,916	307,656	(56,260)
Fire revolving fund disbursements	605,000	605,000	566,700	(38,300)
EMS transport service	634,200	625,700	553,897	(71,803)
Total fire and rescue services	<u>\$ 11,045,589</u>	<u>\$ 11,107,244</u>	<u>\$ 10,569,544</u>	<u>\$ (537,700)</u>
Correction and detention:				
Probation and detention	\$ 1,937,663	\$ 2,155,510	\$ 2,143,130	\$ (12,380)
Total correction and detention	<u>\$ 1,937,663</u>	<u>\$ 2,155,510</u>	<u>\$ 2,143,130</u>	<u>\$ (12,380)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Inspections:				
Building	\$ 400,225	\$ 390,519	\$ 387,758	\$ (2,761)
Total inspections	<u>\$ 400,225</u>	<u>\$ 390,519</u>	<u>\$ 387,758</u>	<u>\$ (2,761)</u>
Other protection:				
Animal control	\$ 436,825	\$ 445,613	\$ 432,245	\$ (13,368)
Drug enforcement funds	48,000	50,500	29,814	(20,686)
Total other protection	<u>\$ 484,825</u>	<u>\$ 496,113</u>	<u>\$ 462,059</u>	<u>\$ (34,054)</u>
Total public safety	<u>\$ 22,074,327</u>	<u>\$ 22,532,718</u>	<u>\$ 21,739,801</u>	<u>\$ (792,917)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 16,000	\$ 16,000	\$ 15,777	\$ (223)
Streetlights	118,000	118,000	116,594	(1,406)
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 134,000</u>	<u>\$ 134,000</u>	<u>\$ 132,371</u>	<u>\$ (1,629)</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,100,663	\$ 2,116,473	\$ 2,183,949	\$ 67,476
Recycling program	149,500	150,500	152,202	1,702
Total sanitation and waste removal	<u>\$ 2,250,163</u>	<u>\$ 2,266,973</u>	<u>\$ 2,336,151</u>	<u>\$ 69,178</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,411,285	\$ 1,428,479	\$ 1,342,266	\$ (86,213)
Total maintenance of general buildings and grounds	<u>\$ 1,411,285</u>	<u>\$ 1,428,479</u>	<u>\$ 1,342,266</u>	<u>\$ (86,213)</u>
Total public works	<u>\$ 3,795,448</u>	<u>\$ 3,829,452</u>	<u>\$ 3,810,788</u>	<u>\$ (18,664)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 535,372	\$ 535,372	\$ 515,307	\$ (20,065)
Total health	<u>\$ 535,372</u>	<u>\$ 535,372</u>	<u>\$ 515,307</u>	<u>\$ (20,065)</u>
Mental health and mental retardation:				
Community services board	\$ 184,185	\$ 184,185	\$ 184,185	\$ -
Total mental health and mental retardation	<u>\$ 184,185</u>	<u>\$ 184,185</u>	<u>\$ 184,185</u>	<u>\$ -</u>
Welfare:				
Valley Education Alliance	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Valley Program for the Aging	31,250	31,250	31,250	-
BRITE Transit Services	41,000	41,000	41,000	-
Community Centers	10,000	10,000	10,000	-
Verona Food Pantry	39,540	39,450	39,540	90
Lions Sight and Hearing/Oak Grove Theatre	3,295	3,295	3,295	-
CAPSAW	52,100	52,100	52,100	-
Craigsville personal property	30,960	32,606	32,606	-
Miscellaneous	6,629	4,656	1,016	(3,640)
Tax relief for the elderly	322,000	322,000	334,609	12,609
Total welfare	<u>\$ 537,774</u>	<u>\$ 537,357</u>	<u>\$ 546,416</u>	<u>\$ 9,059</u>
Total health and welfare	<u>\$ 1,257,331</u>	<u>\$ 1,256,914</u>	<u>\$ 1,245,908</u>	<u>\$ (11,006)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contribution to County School Board	<u>40,932,841</u>	<u>40,932,841</u>	<u>41,561,439</u>	<u>628,598</u>
Total education	<u>\$ 40,937,841</u>	<u>\$ 40,937,841</u>	<u>\$ 41,566,439</u>	<u>\$ 628,598</u>
Parks, recreation and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,635,705	\$ 1,638,596	\$ 1,496,195	\$ (142,401)
Total parks and recreation	<u>\$ 1,635,705</u>	<u>\$ 1,638,596</u>	<u>\$ 1,496,195</u>	<u>\$ (142,401)</u>
Cultural enrichment:				
Fine Arts Grant	\$ 10,000	\$ 9,500	\$ 9,500	\$ -
Total cultural enrichment	<u>\$ 10,000</u>	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ -</u>
Library:				
Contribution to county library	\$ 1,246,200	\$ 1,230,531	\$ 1,223,764	\$ (6,767)
Churchville library	<u>112,815</u>	<u>112,830</u>	<u>109,020</u>	<u>(3,810)</u>
Total library	<u>\$ 1,359,015</u>	<u>\$ 1,343,361</u>	<u>\$ 1,332,784</u>	<u>\$ (10,577)</u>
Total parks, recreation and cultural	<u>\$ 3,004,720</u>	<u>\$ 2,991,457</u>	<u>\$ 2,838,479</u>	<u>\$ (152,978)</u>
Community development:				
Planning and community development:				
Community development	\$ 955,751	\$ 956,550	\$ 920,054	\$ (36,496)
Tourism development	126,115	129,983	129,922	(61)
Economic development	305,930	307,030	298,995	(8,035)
Contribution to Economic Development Authority	<u>303,000</u>	<u>178,000</u>	<u>286,906</u>	<u>108,906</u>
Total planning and community development	<u>\$ 1,690,796</u>	<u>\$ 1,571,563</u>	<u>\$ 1,635,877</u>	<u>\$ 64,314</u>
Environmental management:				
Contribution to soil and water district	\$ 82,323	\$ 82,323	\$ 86,006	\$ 3,683
Total environmental management	<u>\$ 82,323</u>	<u>\$ 82,323</u>	<u>\$ 86,006</u>	<u>\$ 3,683</u>
Cooperative extension program:				
Extension office	\$ 128,710	\$ 128,710	\$ 117,112	\$ (11,598)
Agricultural development	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Total cooperative extension program	<u>\$ 131,710</u>	<u>\$ 131,710</u>	<u>\$ 117,112</u>	<u>\$ (14,598)</u>
Total community development	<u>\$ 1,904,829</u>	<u>\$ 1,785,596</u>	<u>\$ 1,838,995</u>	<u>\$ 53,399</u>
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 134,080	\$ 134,080	\$ 134,080	\$ -
Contingencies	<u>23,649</u>	<u>50,000</u>	<u>9,114</u>	<u>(40,886)</u>
Total nondepartmental	<u>\$ 157,729</u>	<u>\$ 184,080</u>	<u>\$ 143,194</u>	<u>\$ (40,886)</u>
Total General Fund	<u>\$ 81,096,050</u>	<u>\$ 81,590,378</u>	<u>\$ 81,177,967</u>	<u>\$ (412,411)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Primary Government: (Continued)</b>				
<b>Special Revenue Fund:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 9,531,047	\$ 9,531,047	\$ 9,215,860	\$ (315,187)
Public assistance	3,213,000	3,213,000	3,055,900	(157,100)
Children's services	4,950,000	5,197,500	4,585,399	(612,101)
Total welfare and social services	<u>\$ 17,694,047</u>	<u>\$ 17,941,547</u>	<u>\$ 16,857,159</u>	<u>\$ (1,084,388)</u>
Total health and welfare	<u>\$ 17,694,047</u>	<u>\$ 17,941,547</u>	<u>\$ 16,857,159</u>	<u>\$ (1,084,388)</u>
Total Virginia Public Assistance Fund	<u>\$ 17,694,047</u>	<u>\$ 17,941,547</u>	<u>\$ 16,857,159</u>	<u>\$ (1,084,388)</u>
<b>Debt Service Funds:</b>				
<b>County Debt Service:</b>				
Debt service:				
Principal retirement	\$ 497,676	\$ 497,676	\$ 497,677	\$ 1
Interest and other fiscal charges	234,347	234,347	234,347	-
Total County Debt Service	<u>\$ 732,023</u>	<u>\$ 732,023</u>	<u>\$ 732,024</u>	<u>\$ 1</u>
<b>School Debt Service:</b>				
Debt service:				
Principal retirement	\$ 5,710,707	\$ 5,710,707	\$ 5,710,707	-
Interest and other fiscal charges	3,150,204	3,149,555	3,145,415	(4,140)
Total School Debt Service	<u>\$ 8,860,911</u>	<u>\$ 8,860,262</u>	<u>\$ 8,856,122</u>	<u>\$ (4,140)</u>
Total Debt Service Funds	<u>\$ 9,592,934</u>	<u>\$ 9,592,285</u>	<u>\$ 9,588,146</u>	<u>\$ (4,139)</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects expenditures:				
County schools	\$ -	\$ 363,977	\$ -	\$ (363,977)
Road construction	700,000	2,476,000	2,980,932	504,932
Programs	973,709	2,173,845	590,204	(1,583,641)
Equipment replacement	299,062	3,510,566	3,525,876	15,310
Building renovations and construction	406,460	1,005,502	638,133	(367,369)
Economic development	366,850	1,655,730	295,101	(1,360,629)
Community contributions	455,000	455,000	402,404	(52,596)
Total capital projects	<u>\$ 3,201,081</u>	<u>\$ 11,640,620</u>	<u>\$ 8,432,650</u>	<u>\$ (3,207,970)</u>
Total Capital Improvements Fund	<u>\$ 3,201,081</u>	<u>\$ 11,640,620</u>	<u>\$ 8,432,650</u>	<u>\$ (3,207,970)</u>
<b>School Capital Improvements Fund:</b>				
Capital projects expenditures:				
Transportation	\$ 258,910	\$ 252,885	\$ 252,885	-
Equipment/Technology	-	638	34,040	33,402
Other school projects	210,400	210,400	139,862	(70,538)
Building renovations	3,683,608	8,282,036	4,307,156	(3,974,880)
Total capital projects	<u>\$ 4,152,918</u>	<u>\$ 8,745,959</u>	<u>\$ 4,733,943</u>	<u>\$ (4,012,016)</u>
Total School Capital Improvements Fund	<u>\$ 4,152,918</u>	<u>\$ 8,745,959</u>	<u>\$ 4,733,943</u>	<u>\$ (4,012,016)</u>
Total Primary Government	<u>\$ 115,737,030</u>	<u>\$ 129,510,789</u>	<u>\$ 120,789,865</u>	<u>\$ (8,720,924)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
School board	\$ 240,032	\$ 232,785	\$ 243,762	\$ 10,977
Executive administration services	674,803	678,069	718,977	40,908
Personnel	336,225	340,480	314,240	(26,240)
Fiscal services	617,556	623,815	644,615	20,800
Data processing services	504,067	508,161	503,394	(4,767)
Total administration of schools	<u>\$ 2,372,683</u>	<u>\$ 2,383,310</u>	<u>\$ 2,424,988</u>	<u>\$ 41,678</u>
Instruction costs:				
Elementary and secondary schools	\$ 67,741,378	\$ 68,084,088	\$ 67,995,754	\$ (88,334)
Guidance services	2,991,769	2,913,160	2,902,235	(10,925)
Social worker services	571,337	574,533	562,723	(11,810)
Other instructional costs	1,946,748	2,016,398	1,983,195	(33,203)
Media services	2,012,750	1,947,300	1,968,168	20,868
Technology services	3,049,572	3,083,013	2,933,798	(149,215)
Office of the principal	6,527,414	6,667,691	6,609,802	(57,889)
Total instruction costs	<u>\$ 84,840,968</u>	<u>\$ 85,286,183</u>	<u>\$ 84,955,675</u>	<u>\$ (330,508)</u>
Operating costs:				
Attendance and health services	\$ 1,490,292	\$ 1,521,498	\$ 1,458,677	\$ (62,821)
Pupil transportation	5,899,274	6,381,971	6,467,260	85,289
Operation and maintenance of school plant	9,031,128	9,112,230	8,788,749	(323,481)
Total operating costs	<u>\$ 16,420,694</u>	<u>\$ 17,015,699</u>	<u>\$ 16,714,686</u>	<u>\$ (301,013)</u>
Total education	<u>\$ 103,634,345</u>	<u>\$ 104,685,192</u>	<u>\$ 104,095,349</u>	<u>\$ (589,843)</u>
Total School Operating Fund	<u>\$ 103,634,345</u>	<u>\$ 104,685,192</u>	<u>\$ 104,095,349</u>	<u>\$ (589,843)</u>
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 4,353,292	\$ 4,272,828	\$ 4,712,632	\$ 439,804
Total Cafeteria Fund	<u>\$ 4,353,292</u>	<u>\$ 4,272,828</u>	<u>\$ 4,712,632</u>	<u>\$ 439,804</u>
<b>Head Start Fund:</b>				
Education:				
Instruction	\$ 2,140,974	\$ 2,515,918	\$ 2,328,161	\$ (187,757)
Administration, attendance, and health	496,439	491,503	458,144	(33,359)
Transportation services	81,329	81,119	74,523	(6,596)
Operations and maintenance services	15,300	26,859	31,957	5,098
Contribution to primary government	-	-	97,045	97,045
Total education	<u>\$ 2,734,042</u>	<u>\$ 3,115,399</u>	<u>\$ 2,989,830</u>	<u>\$ (125,569)</u>
Total Head Start Fund	<u>\$ 2,734,042</u>	<u>\$ 3,115,399</u>	<u>\$ 2,989,830</u>	<u>\$ (125,569)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2018

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Over (Under)
<b>Governor's School Fund:</b>				
Education:				
Instruction	\$ 1,511,166	\$ 1,533,012	\$ 1,448,940	\$ (84,072)
Operations and maintenance services	83,701	111,206	31,229	(79,977)
Contribution to primary government	-	-	62,535	62,535
Total education	<u>\$ 1,594,867</u>	<u>\$ 1,644,218</u>	<u>\$ 1,542,704</u>	<u>\$ (101,514)</u>
Total Governor's School Fund	<u>\$ 1,594,867</u>	<u>\$ 1,644,218</u>	<u>\$ 1,542,704</u>	<u>\$ (101,514)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 112,316,546</u>	<u>\$ 113,717,637</u>	<u>\$ 113,340,515</u>	<u>\$ (377,122)</u>



# **STATISTICAL SECTION**

# COUNTY OF AUGUSTA, VIRGINIA

## Statistical Section Table of Contents

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

Contents	Tables
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	15 - 17

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

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary government										
Governmental activities										
Net investment in capital assets	\$ 11,284,834	\$ 13,116,731	\$ 6,505,638	\$ 14,050,950	\$ 6,243,063	\$ 14,785,963	\$ 16,731,529	\$ 14,697,452	\$ (28,355,363)	\$ 14,587,191
Restricted	1,135,867	1,496,794	1,442,518	1,700,541	1,803,491	4,534,029	3,933,728	26,675,632	8,456,531	3,800,220
Unrestricted	54,560,726	52,255,565	58,132,662	46,866,214	43,862,461	41,015,719	25,271,482	4,559,615	39,611,252	36,958,335
Total primary government, governmental activities net assets	\$ 66,981,427	\$ 66,869,090	\$ 66,080,818	\$ 62,617,705	\$ 51,909,015	\$ 60,335,711	\$ 45,936,739	\$ 45,932,699	\$ 19,712,420	\$ 55,345,746
Total primary government, governmental activities net position					\$ 51,909,015	\$ 60,335,711	\$ 45,936,739	\$ 45,932,699	\$ 19,712,420	\$ 55,345,746
Component unit <sup>(2)</sup>										
Component unit - school board										
Net investment in capital assets	\$ 65,374,681	\$ 67,937,017	\$ 70,147,502	\$ 73,689,709	\$ 79,495,252	\$ 73,843,782	\$ 75,857,589	\$ 88,522,897	\$ 118,060,129	\$ 78,473,778
Unrestricted (deficit)	(1,220,695)	(1,329,711)	(1,930,375)	(1,771,091)	(2,760,786)	(3,294,961)	(98,567,183)	(96,659,726)	(96,428,666)	(115,961,481)
Total component unit net assets	\$ 64,153,986	\$ 66,607,306	\$ 68,217,127	\$ 71,918,618	\$ 76,734,466	\$ 70,548,821	\$ (22,709,594)	\$ (8,136,829)	\$ 21,631,463	\$ (37,487,703)
Total component unit net position					\$ 76,734,466	\$ 70,548,821	\$ (22,709,594)	\$ (8,136,829)	\$ 21,631,463	\$ (37,487,703)
Total Reporting entity										
Net investment in capital assets	\$ 76,659,515	\$ 81,053,748	\$ 76,653,140	\$ 87,740,659	\$ 85,738,315	\$ 88,629,745	\$ 92,589,118	\$ 103,220,349	\$ 89,704,766	\$ 93,060,969
Restricted	1,135,867	1,496,794	1,442,518	1,700,541	1,803,491	4,534,029	3,933,728	26,675,632	8,456,531	3,800,220
Unrestricted	53,340,031	50,925,854	56,202,287	45,095,123	41,101,675	37,720,758	(73,295,701)	(92,100,111)	(56,817,414)	(79,003,146)
Total reporting entity net assets	\$ 131,135,413	\$ 133,476,396	\$ 134,297,945	\$ 134,536,323	\$ 128,643,481	\$ 130,884,532	\$ 23,227,145	\$ 37,795,870	\$ 41,343,883	\$ 17,858,043
Total reporting entity net position					\$ 128,643,481	\$ 130,884,532	\$ 23,227,145	\$ 37,795,870	\$ 41,343,883	\$ 17,858,043
						(3)			(4)	

Notes:

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

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

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

<sup>(4)</sup> At June 30, 2017, net position was restated for the implementation of GASB Statement No. 75, which reduced net position by \$2,777,000 for the primary government and \$21,048,441 for the component unit - School Board

Changes in Net Position/Assets <sup>(2)</sup>

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Primary government:</b>										
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 5,065,770	\$ 4,184,974	\$ 4,692,239	\$ 5,596,300	\$ 6,214,685	\$ 5,826,866	\$ 5,872,140	\$ 5,499,180	\$ 6,377,127	\$ 6,503,063
Judicial administration	1,842,573	1,757,348	1,708,402	1,679,718	1,763,311	1,772,021	1,716,540	1,865,010	1,995,424	2,017,262
Public safety	15,832,972	15,364,669	15,980,626	16,383,625	20,223,736	19,778,068	18,716,024	12,567,986	21,392,046	23,846,222
Public works	7,711,226	4,314,949	3,612,340	4,913,232	9,779,172	11,849,900	6,880,503	7,230,620	5,305,146	7,281,618
Health and welfare	11,340,693	13,092,468	12,853,535	13,531,460	13,600,850	14,576,794	14,725,715	14,668,197	16,469,416	16,186,578
Education	39,022,157	37,563,872	39,017,924	39,414,225	44,657,620	36,151,010	45,818,355	57,310,966	75,383,817	10,657,884
Parks, recreation and cultural	3,604,760	3,029,700	3,488,980	3,686,421	2,908,027	2,613,593	2,771,476	2,821,846	2,858,721	3,316,542
Community development	1,944,793	1,777,548	1,575,691	1,987,718	3,607,318	2,703,540	2,878,735	1,750,061	1,797,866	2,184,255
Interest on long-term debt	3,445,502	3,058,358	2,771,393	2,506,373	2,575,695	2,314,911	2,137,087	1,869,342	3,246,063	2,710,519
Total primary government expenses	<u>\$ 89,810,446</u>	<u>\$ 84,143,886</u>	<u>\$ 85,701,130</u>	<u>\$ 89,699,072</u>	<u>\$ 105,330,414</u>	<u>\$ 97,586,703</u>	<u>\$ 101,516,575</u>	<u>\$ 105,583,208</u>	<u>\$ 134,825,626</u>	<u>\$ 74,703,943</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 662,395	\$ 570,568	\$ 666,334	\$ 566,517	\$ 612,266	\$ 621,178	\$ 854,701	\$ 647,440	\$ 740,688	\$ 738,561
Judicial administration	371,909	299,426	298,686	238,266	238,047	218,470	222,118	207,767	232,593	267,257
Public safety	237,223	405,743	879,276	831,899	1,180,338	1,497,982	1,502,939	1,430,692	1,631,946	1,914,075
Public works	1,111,324	1,149,190	987,779	947,668	947,251	1,092,513	1,065,703	1,093,681	1,281,673	1,528,230
Health and welfare	361,690	382,719	352,321	388,108	329,763	153,074	142,772	181,556	158,177	190,817
Parks, recreation and cultural	722,807	749,885	722,413	791,546	816,405	752,909	772,613	843,530	824,567	817,258
Community development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	15,777,283	15,052,450	15,042,625	15,109,815	16,026,250	17,285,378	16,701,623	16,661,521	18,706,733	19,057,643
Capital grants and contributions	3,241,550	197,886	432,880	1,319,142	5,723,148	7,429,523	3,084,267	3,994,031	2,296,245	3,423,147
Total primary government program revenues	<u>\$ 22,486,181</u>	<u>\$ 18,807,867</u>	<u>\$ 19,382,314</u>	<u>\$ 20,192,961</u>	<u>\$ 25,873,468</u>	<u>\$ 29,051,027</u>	<u>\$ 24,346,736</u>	<u>\$ 25,060,218</u>	<u>\$ 25,872,622</u>	<u>\$ 27,936,988</u>
Total primary government net expense <sup>(1)</sup>	<u>\$ (67,324,265)</u>	<u>\$ (65,336,019)</u>	<u>\$ (66,318,816)</u>	<u>\$ (69,506,111)</u>	<u>\$ (79,456,946)</u>	<u>\$ (68,535,676)</u>	<u>\$ (77,169,839)</u>	<u>\$ (80,522,990)</u>	<u>\$ (108,953,004)</u>	<u>\$ (46,766,955)</u>
<b>General Revenues and Other Changes in Net Position/Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 43,396,769	\$ 42,723,198	\$ 44,520,421	\$ 44,920,894	\$ 46,893,968	\$ 51,900,224	\$ 53,585,755	\$ 56,937,887	\$ 58,296,837	\$ 60,545,183
Local sales and use taxes	4,477,956	4,384,864	4,493,294	4,532,643	4,823,327	4,803,575	4,984,203	5,422,965	5,542,113	5,673,129
Motor vehicle licenses taxes	55,167	-	-	-	-	-	-	-	-	-
Consumer utility taxes	4,278,675	1,678,592	1,693,984	1,684,948	1,714,242	1,724,037	1,749,332	1,781,431	1,786,347	1,791,413
Business licenses taxes	3,141,510	2,655,872	3,034,935	3,241,549	3,183,170	3,488,169	3,734,050	3,526,206	3,625,435	3,813,142
Restaurant food taxes	2,250,640	2,169,738	2,169,324	2,193,920	2,246,096	2,081,118	2,320,903	2,419,683	2,544,440	2,504,972
Other local taxes	1,656,024	1,638,634	1,594,562	1,557,871	1,629,127	1,853,526	1,856,653	1,964,970	2,106,591	2,107,785
Unrestricted grants and contributions	4,905,684	7,256,687	7,218,860	7,152,277	7,373,603	7,578,602	7,446,327	7,510,753	7,497,164	7,382,817
Unrestricted revenues from use of money and property	1,822,584	883,653	773,458	594,536	509,635	537,628	567,927	634,230	592,384	795,317
Gain (loss) on disposal of capital assets	-	-	-	-	375,088	-	-	-	285,000	-
Miscellaneous	493,157	1,832,444	31,706	164,360	-	818,655	270,000	320,825	456,414	563,523
Total primary government	<u>\$ 66,478,166</u>	<u>\$ 65,223,682</u>	<u>\$ 65,530,544</u>	<u>\$ 66,042,998</u>	<u>\$ 68,748,256</u>	<u>\$ 74,785,534</u>	<u>\$ 76,515,150</u>	<u>\$ 80,518,950</u>	<u>\$ 82,732,725</u>	<u>\$ 85,177,281</u>
<b>Change in Net Assets</b>										
Total primary government	<u>\$ (846,099)</u>	<u>\$ (112,337)</u>	<u>\$ (788,272)</u>	<u>\$ (3,463,113)</u>						
<b>Change in Net Position</b>										
Total primary government					<u>\$ (10,708,690)</u>	<u>\$ 6,249,858</u>	<u>\$ (654,689)</u>	<u>\$ (4,040)</u>	<u>\$ (26,220,279)</u>	<u>\$ 38,410,326</u>

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Component unit <sup>(3)</sup>:</b>										
<b>Expenses:</b>										
School board	\$ 111,389,217	\$ 106,765,743	\$ 101,812,342	\$ 99,494,039	\$ 101,705,922	\$ 110,663,364	\$ 106,500,888	\$ 96,031,665	\$ 83,895,486	\$ 156,045,549
Total component unit expenses	\$ 111,389,217	\$ 106,765,743	\$ 101,812,342	\$ 99,494,039	\$ 101,705,922	\$ 110,663,364	\$ 106,500,888	\$ 96,031,665	\$ 83,895,486	\$ 156,045,549
<b>Program Revenues:</b>										
Charges for services	\$ 4,309,758	\$ 3,969,259	\$ 3,903,726	\$ 3,625,413	\$ 4,216,248	\$ 3,272,742	\$ 3,257,108	\$ 3,367,635	\$ 3,116,679	\$ 3,027,439
Operating grants and contributions	70,181,095	67,489,090	62,292,979	62,352,796	63,796,761	60,559,006	63,399,705	64,139,916	66,074,497	67,255,166
Capital grants and contributions	578,532	813,450	-	-	-	-	449,479	46,509	-	-
Total component unit program revenues	\$ 75,069,385	\$ 72,271,799	\$ 66,196,705	\$ 65,978,209	\$ 68,013,009	\$ 63,831,748	\$ 67,106,292	\$ 67,554,060	\$ 69,191,176	\$ 70,282,605
Total component unit net expense <sup>(1)</sup>	\$ (36,319,832)	\$ (34,493,944)	\$ (35,615,637)	\$ (33,515,830)	\$ (33,692,913)	\$ (46,831,616)	\$ (39,394,596)	\$ (28,477,605)	\$ (14,704,310)	\$ (85,762,944)
<b>General Revenues and Other Changes in Net Position/Assets</b>										
Unrestricted grants and contributions	\$ 36,381,838	\$ 35,963,285	\$ 36,461,858	\$ 36,339,862	\$ 38,164,900	\$ 40,795,739	\$ 41,844,914	\$ 42,430,723	\$ 43,347,751	\$ 46,156,655
Unrestricted revenues from use of money and property	77,666	50,872	52,957	45,453	43,931	35,294	34,841	54,183	55,715	143,819
Miscellaneous	947,958	933,107	710,643	832,006	299,927	607,376	999,891	565,464	1,069,136	1,391,745
Total component unit	\$ 37,407,462	\$ 36,947,264	\$ 37,225,458	\$ 37,217,321	\$ 38,508,758	\$ 41,438,409	\$ 42,879,646	\$ 43,050,370	\$ 44,472,602	\$ 47,692,219
<b>Change in Net Assets</b>										
Total component unit	\$ 1,087,630	\$ 2,453,320	\$ 1,609,821	\$ 3,701,491	\$ 4,815,845	\$ (5,393,207)	\$ 3,485,050	\$ 14,572,765	\$ 29,768,292	\$ (38,070,725)
<b>Change in Net Position</b>										
Total component unit	\$ 1,087,630	\$ 2,453,320	\$ 1,609,821	\$ 3,701,491	\$ 4,815,845	\$ (5,393,207)	\$ 3,485,050	\$ 14,572,765	\$ 29,768,292	\$ (38,070,725)
<b>Total reporting entity change in Net Assets</b>	\$ 241,531	\$ 2,340,983	\$ 821,549	\$ 238,378	\$ (5,892,845)	\$ 856,651	\$ 2,830,361	\$ 14,568,725	\$ 3,548,013	\$ 339,601
<b>Total Reporting entity change in Net Position</b>										

Notes:

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

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

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

Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax <sup>(1)</sup>	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
2018	\$ 60,545,183	\$ 5,673,129	\$ 1,791,413	\$ -	\$ 3,813,142	\$ 2,504,972	\$ 2,107,785	\$ 76,435,624
2017	58,296,837	5,542,113	1,786,347	-	3,625,435	2,544,440	2,106,591	73,901,763
2016	56,937,887	5,422,965	1,781,431	-	3,526,206	2,419,683	1,964,970	72,053,142
2015	53,585,755	4,984,203	1,749,332	-	3,734,050	2,320,903	1,856,653	68,230,896
2014	51,900,224	4,803,575	1,724,037	-	3,488,169	2,081,118	1,853,526	65,850,649
2013	46,893,968	4,823,327	1,714,242	-	3,183,170	2,246,096	1,629,127	60,489,930
2012	44,920,894	4,532,643	1,684,948	-	3,241,549	2,193,920	1,557,871	58,131,825
2011	44,520,421	4,493,294	1,693,984	-	3,034,935	2,169,324	1,594,562	57,506,520
2010	42,723,198	4,384,864	1,678,592	-	2,655,872	2,169,738	1,638,634	55,250,898
2009	43,396,769	4,477,956	4,278,675	55,167	3,141,510	2,250,640	1,656,024	59,256,741

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

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

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

	Fiscal Year June 30,									
	2009	2010	2011 <sup>(1)</sup>	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,135,867	\$ 1,631,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,363,450	12,201,976	-	-	-	-	-	-	-	-
Nonspendable			5,000	143,157	91,255	41,721	154,477	106,493	93,961	1,203,806
Restricted	-	-	1,442,518	1,700,541	1,803,492	2,006,339	2,352,414	2,659,784	2,966,538	2,932,086
Committed	-	-	645,660	407,722	747,920	691,504	1,116,221	1,249,070	1,171,649	1,498,042
Assigned	-	-	631,426	199,905	203,579	206,303	221,784	234,072	253,977	257,332
Unassigned	-	-	13,416,628	11,940,495	12,319,579	11,986,399	12,001,256	12,439,272	13,658,436	11,798,202
<b>Total General Fund</b>	<b>\$ 14,499,317</b>	<b>\$ 13,833,055</b>	<b>\$ 16,141,232</b>	<b>\$ 14,391,820</b>	<b>\$ 15,165,825</b>	<b>\$ 14,932,266</b>	<b>\$ 15,846,152</b>	<b>\$ 16,688,691</b>	<b>\$ 18,144,561</b>	<b>\$ 17,689,468</b>
All other governmental funds										
Reserved	\$ 35,887,286	\$ 35,477,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital projects funds	650,341	644,894	-	-	-	-	-	-	-	-
Debt services funds	(500)	-	-	-	-	-	-	-	-	-
Restricted	-	-	6,572,262	5,374,308	4,929,034	2,244,271	455,329	19,457,305	5,489,993	868,135
Committed	-	-	10,250,894	8,134,044	5,294,761	3,304,648	1,148,900	2,645,897	-	-
Assigned	-	-	20,820,221	22,294,342	21,750,133	24,831,423	25,357,733	25,219,223	27,326,844	27,607,372
Unassigned	-	-	-	-	-	-	(318,771)	(757,966)	(397,747)	-
<b>Total all other governmental funds</b>	<b>\$ 36,537,127</b>	<b>\$ 36,122,133</b>	<b>\$ 37,643,377</b>	<b>\$ 35,802,694</b>	<b>\$ 31,973,928</b>	<b>\$ 30,380,342</b>	<b>\$ 26,643,191</b>	<b>\$ 46,564,459</b>	<b>\$ 32,419,090</b>	<b>\$ 28,475,507</b>
<b>Total Fund Balances</b>	<b>\$ 51,036,444</b>	<b>\$ 49,955,188</b>	<b>\$ 53,784,609</b>	<b>\$ 50,194,514</b>	<b>\$ 47,139,753</b>	<b>\$ 45,312,608</b>	<b>\$ 42,489,343</b>	<b>\$ 63,253,150</b>	<b>\$ 50,563,651</b>	<b>\$ 46,164,975</b>

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

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

	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
General property taxes	\$ 42,760,266	\$ 42,548,270	\$ 43,846,031	\$ 44,460,692	\$ 47,584,001	\$ 51,399,020	\$ 52,963,125	\$ 56,207,747	\$ 58,114,396	\$ 61,109,229
Other local taxes	15,859,972	15,144,841	15,590,286	15,787,363	16,174,522	13,976,359	14,671,097	15,140,297	15,613,974	15,890,441
Permits, privilege fees and regulatory licenses	590,168	503,698	570,514	487,988	526,622	524,896	764,794	568,023	645,578	637,374
Fines and forfeitures	206,887	237,312	268,311	209,963	239,453	208,086	206,125	149,052	214,784	311,426
Revenue from use of money and property	1,792,056	876,207	771,283	609,792	544,808	549,465	594,562	677,776	719,415	843,096
Charges for services	2,670,293	2,816,521	3,067,984	3,066,053	3,357,995	3,603,144	3,589,927	3,644,104	4,009,282	4,507,398
Miscellaneous	437,853	346,108	418,728	322,129	542,617	756,329	432,789	813,309	1,624,932	616,839
Recovered costs	841,161	952,433	1,138,069	1,267,077	1,476,825	1,489,783	2,430,905	2,493,669	2,433,649	2,712,874
Intergovernmental:										
Commonwealth	17,557,521	12,703,348	14,269,074	15,076,076	18,182,170	23,726,548	19,888,254	18,484,319	19,110,574	20,881,834
Federal	6,366,997	7,186,534	5,665,700	5,870,864	8,265,021	8,035,610	7,128,583	9,164,401	8,084,971	8,880,678
Total revenues	\$ 89,083,174	\$ 83,315,272	\$ 85,605,980	\$ 87,157,997	\$ 96,894,034	\$ 104,269,240	\$ 102,670,161	\$ 107,342,697	\$ 110,571,555	\$ 116,391,189
<b>Expenditures</b>										
General government administration	\$ 4,036,220	\$ 3,343,925	\$ 3,616,106	\$ 4,075,387	\$ 4,625,805	\$ 4,342,595	\$ 4,673,312	\$ 4,638,398	\$ 5,075,701	\$ 5,856,944
Judicial administration	1,789,570	1,699,758	1,684,155	1,685,862	1,782,776	1,762,176	1,839,987	1,910,072	2,030,508	2,137,419
Public safety	14,791,170	14,011,363	14,505,659	15,098,509	17,314,645	18,043,770	18,173,128	19,178,655	20,393,454	21,739,801
Public works	3,624,473	3,070,550	3,172,573	3,159,713	3,301,565	3,356,040	3,465,517	3,467,975	3,686,463	3,810,788
Health and welfare	14,605,119	13,843,889	13,822,278	14,531,194	14,728,109	15,703,648	16,389,266	16,378,953	17,863,715	18,103,067
Education	31,884,595	31,615,617	32,297,967	31,821,633	33,822,914	36,443,632	37,852,654	38,511,372	40,078,627	41,566,439
Parks, recreation and cultural	2,718,695	2,534,024	2,527,128	2,684,847	2,637,783	2,585,384	2,685,441	2,798,340	2,834,341	2,838,479
Community development	1,568,318	1,425,210	1,371,828	1,374,221	1,428,431	1,446,741	1,447,545	1,555,969	1,808,146	1,838,995
Nondepartmental	152,874	127,533	164,005	222,620	204,272	137,489	144,535	169,899	209,231	143,194
Capital projects	7,868,417	4,092,663	7,853,227	15,232,499	18,408,583	14,236,573	13,012,823	19,974,595	37,433,314	13,166,593
Debt service										
Principal	5,400,528	5,332,496	5,327,893	5,802,775	5,739,880	5,874,929	5,554,182	5,766,351	4,909,556	6,208,384
Interest and other fiscal charges	3,704,367	3,299,500	3,019,293	2,740,438	2,573,576	2,671,273	2,440,691	2,232,757	2,755,287	3,379,762
Total expenditures	\$ 92,144,346	\$ 84,396,528	\$ 89,362,112	\$ 98,429,698	\$ 106,568,339	\$ 106,604,250	\$ 107,679,081	\$ 116,583,336	\$ 139,078,343	\$ 120,789,865
Excess (deficiency) of revenues over (under) expenditures	\$ (3,061,172)	\$ (1,081,256)	\$ (3,756,132)	\$ (11,271,701)	\$ (9,674,305)	\$ (2,335,010)	\$ (5,008,920)	\$ (9,240,639)	\$ (28,506,788)	\$ (4,398,676)
<b>Other financing sources (uses)</b>										
Sale of Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,000	\$ -
Transfers in	16,999,833	15,170,842	13,694,038	16,250,701	13,458,170	16,621,651	17,538,558	20,160,743	15,898,012	19,450,584
Transfers out	(16,999,833)	(15,170,842)	(13,608,485)	(16,250,701)	(13,458,170)	(16,621,651)	(17,538,558)	(20,160,743)	(15,898,012)	(19,450,584)
Bonds issued	-	-	7,500,000	6,600,000	5,526,185	691,882	2,185,655	27,622,785	14,285,000	-
Premium on bonds issued	-	-	-	966,694	718,271	-	-	2,381,661	1,247,289	-
Sale of capital assets	-	-	-	-	375,088	-	-	-	-	-
Total other financing sources, net	\$ -	\$ -	\$ 7,585,553	\$ 7,566,694	\$ 6,619,544	\$ 691,882	\$ 2,185,655	\$ 30,004,446	\$ 15,817,289	\$ -
Net change in fund balances	\$ (3,061,172)	\$ (1,081,256)	\$ 3,829,421	\$ (3,705,007)	\$ (3,054,761)	\$ (1,643,128)	\$ (2,823,265)	\$ 20,763,807	\$ (12,689,499)	\$ (4,398,676)
Debt service as a percentage of noncapital expenditures	10.16%	10.83%	9.73%	9.70%	8.00%	8.24%	7.68%	6.99%	5.69%	8.10%
				debt service	8,313,456	8,546,202	7,994,873	7,999,108	7,664,843	9,588,146
				total exp	106,568,339	106,604,250	107,679,081	116,583,336	139,078,343	120,789,865
				note 2, capital outlay	(2,607,897)	(2,844,421)	(3,557,670)	(2,075,464)	(2,268,123)	(2,398,271)
					103,960,442	103,759,829	104,121,411	114,507,872	136,810,220	118,391,594
					8.00%	8.24%	7.68%	6.99%	5.603%	8.099%



General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax <sup>(2)</sup>	Motor Vehicle License Tax <sup>(1)</sup>	Business License Tax	Restaurant Food Tax	Other Local Tax	Total
2018 \$	61,109,229	\$ 5,673,129	\$ 1,791,413	\$ -	\$ 3,813,142	\$ 2,504,972	\$ 2,107,785	\$ 76,999,670
2017	58,114,396	5,542,113	1,786,347	-	3,625,435	2,544,440	2,106,591	73,719,322
2016	56,207,747	5,422,965	1,781,431	-	3,526,206	2,444,725	1,964,970	71,348,044
2015	52,963,125	4,984,203	1,749,332	-	3,734,050	2,320,903	1,856,653	67,608,266
2014	51,399,030	4,803,575	1,724,037	-	3,488,169	2,081,118	1,853,526	65,349,455
2013	47,584,001	4,823,327	1,714,242	-	3,183,170	2,246,096	1,629,127	61,179,963
2012	44,460,692	4,532,643	1,684,948	-	3,241,549	2,193,920	1,557,871	57,671,623
2011	43,846,031	4,493,294	1,693,984	-	3,034,935	2,169,324	1,594,562	56,832,130
2010	42,548,270	4,384,864	1,678,592	-	2,655,872	2,169,738	1,638,634	55,075,970
2009	42,760,266	4,477,956	4,278,675	55,167	3,141,510	2,250,640	1,656,024	58,620,238

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

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

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

Fiscal Year	Real Estate <sup>(1)</sup>	Personal Property <sup>(2)</sup>	Machinery and Tools	Public Service <sup>(3)</sup>	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	State Sales Assessment Ratio <sup>(4)</sup>
2018 \$	6,596,809,781 \$	694,028,820 \$	210,101,090 \$	452,830,444 \$	7,953,770,135 \$	0.81 \$	8,654,809,723	91.90%
2017	6,809,979,950	685,423,223	199,672,770	459,153,026	8,154,228,969	0.76	8,647,114,495	94.30% <sup>(5)</sup>
2016	6,749,732,645	664,734,844	190,814,950	394,852,593	8,000,135,032	0.76	8,483,706,291	94.30%
2015	6,664,333,605	634,007,910	182,405,510	304,068,097	7,784,815,122	0.74	7,792,607,730	99.90%
2014	6,720,763,659	630,856,230	174,573,180	302,295,345	7,828,488,414	0.70	7,955,780,909	98.40%
2013	6,627,699,412	610,670,920	169,345,780	306,388,610	7,714,104,722	0.67	7,714,104,722	100.00%
2012	6,605,841,389	587,378,990	163,603,880	270,112,744	7,626,937,003	0.63	7,626,937,003	100.00%
2011	6,574,353,920	571,552,370	160,112,380	271,260,646	7,577,279,316	0.63	7,860,248,253	96.40%
2010	6,523,317,700	545,724,160	157,441,730	221,103,702	7,447,587,292	0.63	8,016,778,571	92.90%
2009	5,877,675,585	623,193,070	156,511,140	168,363,142	6,825,742,937	0.70	8,426,843,132	81.00%

Source: Commissioner of Revenue

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

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

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

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

<sup>(5)</sup> 2017 Information is unavailable; used 2016 ratio

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

Property Tax Rates								
Calendar Years	Real Estate	Personal Property <sup>(2)</sup>		Mobile Homes	Machinery and Tools	Total Direct Rate		
		Vehicle	Other					
2018	\$ 0.63	\$ 2.50	\$ 2.00	\$ 0.63	\$ 2.00	\$		0.81
2017	0.58	2.50	2.00	0.58	2.00			0.76
2016	0.58	2.50	2.00	0.58	2.00			0.76
2015	0.58	2.50	2.00	0.58	2.00			0.74
2014	0.56	2.50	1.90	0.56	1.90			0.70
2013	0.51	2.50	1.90	0.51	1.90			0.67
2012	0.48	2.25	1.90	0.48	1.90			0.63
2011	0.48	2.25	1.90	0.48	1.90			0.63
2010	0.48	2.25	1.90	0.48	1.90			0.63
2009	0.48	2.25	1.90	0.48	1.90			0.70

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

<sup>(2)</sup> Personal Property includes:

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

Other - business personal property, large trucks and trailers

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Business Type	Fiscal Year 2018			Fiscal Year 2009		
		2017 Assessed Valuation	Rank	% of Total Assessed Valuation	2008 Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 310,985,940	1	3.91%	\$ 88,384,450	3	1.29%
Hershey Foods Corporation	Food Manufacturer	113,095,040	2	1.42%	86,288,560	1	1.26%
McKee Baking Company	Food Manufacturer	72,452,660	3	0.91%	63,707,760	2	0.93%
Shenandoah Valley Electric	Public Utility	58,680,931	4	0.74%	33,215,870	6	0.49%
Target Corporation	Distribution Center	45,070,690	5	0.57%	42,495,800	4	0.62%
Hollister, Inc	Medical Supplies Mfg.	29,387,470	6	0.37%	13,615,119	8	0.20%
MeadWestvaco <sup>(1)</sup>	Paper Mfg. Warehouse	26,485,300	7	0.33%	-		0.00%
Daikin (formerly McQuay International)	Industrial Air Cond. Equip.	25,693,650	8	0.32%	13,219,880	10	0.19%
Shamrock Foods Company <sup>(2)</sup>	Food Manufacturer	23,933,470	9	0.30%	-		0.00%
Nibco, Inc.	Copper Pipe Fittings	22,110,480	10	0.28%	12,959,481	7	0.19%
Pactiv (formerly Reynolds Metals)	Flexible Packaging	-		0.00%	15,765,570	5	0.23%
The Stolle Corporation (Alcoa)	Building Supply Manufact.	-		0.00%	10,521,880	9	0.15%
		<u>\$ 727,895,630</u>		<u>9.15%</u>	<u>\$ 380,174,370</u>		<u>5.17%</u>

Source: Commissioner of Revenue

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

<sup>(2)</sup> New principal taxpayer in Fiscal Year 2016

Property Tax Levies and Collections  
Last Ten Calendar Years

Calendar Year	Total Tax Levy for the Calendar Year	Collected within the Calendar Year of the Levy <sup>(1)</sup>		Collections in Subsequent Calendar Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018 <sup>(2)</sup>	\$ 43,362,902	\$ 20,976,872	48.38%	\$ -	\$ 20,976,872	48.38%
2017	39,566,310	19,149,256	48.40%	-	19,149,256	48.40%
2016	39,237,356	18,855,700	48.06%	- <sup>(3)</sup>	18,855,700	48.06%
2015	54,137,817	52,062,743	96.17%	591,885	52,654,628	97.26%
2014	50,824,584	49,510,805	97.42%	885,930	50,396,735	99.16%
2013	47,830,373	46,083,456	96.35%	948,794	47,032,250	98.33%
2012	44,774,638	43,464,667	97.07%	998,433	44,463,100	99.30%
2011	43,112,259	41,527,999	96.33%	1,062,945	42,590,944	98.79%
2010	42,384,976	41,069,985	96.90%	1,056,059	42,126,044	99.39%
2009	42,508,211	41,069,985	96.62%	1,001,622	42,071,607	98.97%

Source: Commissioner of Revenue, County Treasurer's office

Notes:

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

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Other Notes/ Bonds			
2018	\$ 80,768,982	\$ 7,020,530	\$ 87,789,512	2.93%	\$ 1,168
2017	86,828,357	7,597,052	94,425,409	3.16%	1,259
2016	75,885,169	8,163,572	84,048,741	2.84%	1,131
2015	51,139,403	8,715,094	59,854,497	2.04%	805
2014	56,548,128	6,890,001	63,438,129	2.25%	859
2013	62,543,941	6,244,457	68,788,398	2.53%	931
2012	68,402,704	-	68,402,704	2.51%	929
2011	66,757,671	-	66,757,671	2.59%	908
2010	64,704,450	-	64,704,450	2.63%	877
2009	70,155,832	-	70,155,832	2.93%	974

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

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

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

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<b>Fiscal Year</b>	<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value <sup>(2)</sup></b>	<b>Net Bonded Debt per Capita <sup>(1)</sup></b>
2018	\$ 80,768,982	1.02%	\$ 1,075
2017	86,828,357	1.06%	1,158
2016	75,885,169	0.95%	1,021
2015	51,139,403	0.66%	688
2014	56,548,128	0.72%	766
2013	62,543,941	0.81%	846
2012	68,402,704	0.90%	929
2011	66,757,671	0.88%	908
2010	64,704,450	0.87%	877
2009	70,155,832	1.03%	974

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

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

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

Demographic and Economic Statistics  
Last Ten Fiscal Years

<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>
2018	75,144	\$ 39,856	53.04%	45-49	9,939	3.00%
2017	74,997	39,856	53.14%	45-49	9,968	3.60%
2016	74,314	39,856	53.63%	50-54	10,106	3.50%
2015	74,314	39,479	53.12%	50-54	10,162	4.70%
2014	73,862	38,255	51.79%	50-54	10,325	4.70%
2013	73,912	36,764	49.74%	50-54	10,415	5.30%
2012	73,658	37,053	50.30%	50-54	10,405	5.90%
2011	73,549	35,021	47.62%	50-54	10,457	6.20%
2010	73,750	33,380	45.26%	45-49	10,515	6.60%
2009	72,020	33,271	46.20%	45-49	10,688	6.60%

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.



Principal Employers  
Current Year and Nine Years Ago

Employer	Fiscal Year 2018			Fiscal Year 2009		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	4.07%	1000+	1	3.90%
Augusta Medical Center	1000+	2	4.07%	1000+	2	3.90%
Hershey Chocolate of Virginia	500-999	3	2.04%	500-999	4	1.95%
McKee Foods Corporation	500-999	4	2.04%	500-999	3	1.95%
Target Corp.	500-999	5	2.04%	500-999	5	1.95%
Hollister, Inc.	500-999	6	2.04%	250-499	6	0.98%
AAF McQuay, Inc.	500-999	7	2.04%	250-499	7	0.98%
J.B. Hunt Transport	500-999	8	2.04%	-	-	-
County of Augusta	250-499	9	1.02%	-	-	-
Blue Ridge Community College	250-499	10	1.02%	250-499	9	0.98%
Augusta Correctional Center	-	-	-	250-499	8	0.98%
Alcoa Building Products	-	-	-	250-499	10	0.98%
Totals-average	<u>8,250</u>		<u>22.42%</u>	<u>7,125</u>		<u>18.55%</u>
Total County Employment	<u>36,841</u>			<u>38,435</u>		

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

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

Function	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	50	46	46	46	47	46	47	50	50	50
Judicial administration	26	26	26	26	23	23	23	26	27	27
Public safety										
Sheriffs department	76	74	74	74	74	76	80	76	78	80
Emergency communication center	19	18	19	19	18	18	18	18	18	18
Fire & rescue	48	47	51	59	80	80	86	105	105	105
Building inspections	7	7	6	6	6	6	6	6	6	6
Animal control	3	3	3	3	3	3	3	3	3	3
Public works										
Facilities Management	18	17	17	17	17	17	19	27	31	31
Health and welfare										
Department of social services	121	129	129	129	121	123	132	134	144	145
Culture and recreation										
Parks and recreation	10	11	11	10	10	10	11	10	10	10
Library	17	15	15	15	15	15	15	16	16	16
Community development	12	12	12	12	10	10	10	11	11	11
Economic development	-	1	1	1	1	2	2	2	2	2
Totals	<u>407</u>	<u>406</u>	<u>410</u>	<u>417</u>	<u>425</u>	<u>429</u>	<u>452</u>	<u>484</u>	<u>501</u>	<u>504</u>

Source: Human Resources

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Sheriffs department:										
Number of police personnel and officers	76	76	74	74	74	76	80	73	80	80
Physical arrests	3,421	2,203	1,935	1,608	1,642	1,865	1,876	1,907	2,383	2,469
Traffic violations	6,656	6,124	5,608	4,079	3,367	3,928	3,444	2,419	5,045	5,695
Parking violations	-	-	-	-	-	28	9	6	6	-
Fire and rescue:										
Number of calls answered	17,508	18,065	17,800	18,093	18,884	17,949	17,645	17,866	18,338	18,811
Number of volunteers (1)	1,003	1,006	802	884	890	964	921	858	813	785
Number of paid fire personnel and officers	48	47	51	59	80	81	86	86	105	105
Building inspections:										
Permits issued	868	791	763	780	728	801	812	826	907	N/A
Animal control:										
Number of calls answered	3,948	3,218	2,858	2,884	3,272	2,940	2,961	2,781	2,510	N/A
Public works										
Facilities Management:										
Trucks/vehicles (3)	7	7	7	7	7	7	7	7	7	15
Health and welfare										
Department of Social Services:										
Caseload	9,889	11,053	12,148	12,153	12,389	12,050	11,555	11,420	11,514	11,708
Culture and recreation										
Parks and recreation:										
After-school program participants	349	324	300	291	304	289	284	285	279	272
Community development										
Planning:										
Zoning permits issued	565	494	565	525	487	471	509	521	517	N/A
Component Unit - School Board										
Education:										
Number of teachers:										
Instruction	1,147	1,155	1,136	1,111	1,105	1,088	1,079	1,071	1,079	1,079
Other	483	485	481	467	474	478	476	485	513	513
Total	1,630	1,640	1,617	1,578	1,579	1,566	1,555	1,555	1,592	1,592
Average Daily Membership	10,688	10,515	10,457	10,405	10,415	10,325	10,162	10,106	9,968	9,939
Local expenditures per pupil (2)	\$ 3,835	\$ 3,828	\$ 3,887	\$ 3,879	\$ 4,046	\$ 4,357	\$ 4,459	\$ 4,530	\$ 4,640	\$ 5,090

Source: Individual county departments

(1) All County funded stations

(2) Includes debt service

(3) In FY18 Maintenance and Parks & Recreation grounds was merged to create Facilities Management. Vehicles were moved from Parks and Recreation.

Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Administration buildings	17	17	17	17	17	17	17	17	17	17
Vehicles	5	5	5	5	5	5	5	5	5	5
Public safety										
Sheriffs department:										
Number of stations	3	1	1	1	1	1	1	1	1	1
Patrol units	71	71	71	71	72	75	75	74	75	81
Other vehicles	10	9	11	11	17	14	13	15	10	19
Fire and rescue:										
Number of fire & rescue stations	16	16	17	17	17	17	17	17	17	17
Number of apparatus	172	177	166	155	159	169	169	170	176	179
Building inspections:										
Vehicles	6	5	5	4	3	4	4	4	4	4
Animal control:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Mobile Command Units	1	1	1	1	1	1	1	1	1	1
Public works										
General maintenance:										
Trucks/vehicles (2)	7	7	7	7	7	7	7	7	7	15
Compactor sites	10	10	10	10	10	10	10	10	10	10
Health and welfare										
Department of Social Services:										
Vehicles	26	27	27	27	28	28	28	29	28	29
Culture and recreation										
Parks and recreation:										
Community centers	6	6	6	6	6	6	6	6	6	6
Vehicles	8	13	13	14	15	15	14	12	12	12
Parks	4	5	5	5	5	5	5	5	5	5
Parks acreage	115	210	210	210	210	210	210	210	210	210
Swimming pools	1	2	2	2	2	2	2	2	2	2
Tennis courts (1)	18	18	18	18	18	18	18	18	18	18
Library:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Community development										
Planning:										
Vehicles	7	4	4	4	4	4	4	4	4	4
Economic development:										
Vehicles	-	-	-	-	-	1	1	1	1	1
Component Unit - School Board										
Education:										
Number of schools:										
Elementary	12	12	12	12	12	11	11	11	11	11
Middle	4	4	4	4	4	4	4	4	4	4
High	5	5	5	5	5	5	5	5	5	5

Source: Individual county departments

(1) At high and middle schools.

(2) Maintenance and Parks and Recreation grounds were combined to create facilities management that moved vehicles between departments

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# **COMPLIANCE SECTION**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Department of Agriculture:				
Pass-Through Payments:				
Department of Agriculture:				
Watershed Rehabilitation Program	10.916	Upper North River #10	\$ -	\$ 451,554
Child Nutrition Cluster:				
Commodity Distributions	10.555	Not Provided	-	341,239
Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	Not Provided	-	950,095
National School Lunch Program	10.555	Not Provided	-	1,907,045
Total Child Nutrition Cluster				<u>3,198,379</u>
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	Not Provided	-	149,230
Total Forest Service Schools and Roads Cluster				<u>149,230</u>
Department of Social Services:				
SNAP Cluster:				
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Provided	-	1,351,108
Total SNAP Cluster				<u>1,351,108</u>
Total Department of Agriculture - pass-through payments				<u>5,150,271</u>
Total Department of Agriculture				<u>5,150,271</u>
Department of the Interior:				
Direct payments:				
Bureau of Land Management:				
Payments in Lieu of Taxes	15.226	N/A	-	393,632
Total Department of the Interior - direct payments				<u>393,632</u>
Department of Justice:				
Direct payments:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0501	-	150
Bulletproof Vest Partnership Program	16.607	2103 Regular Fund	-	4,687
Total Department of Justice - direct payments				<u>4,837</u>
Department of Justice:				
Pass-Through Payments:				
Department of Criminal Justice Services:				
Violence Against Women Formula Grants	16.588	18-T3161VA17	-	13,016
Violence Against Women Formula Grants	16.588	17-W8564VW15	-	40,378
Violence Against Women Formula Grants	16.588	18-X8564VW16	-	80,972
Violence Against Women Formula Grants	16.588	17-M4704VA16	-	4,555
Violence Against Women Formula Grants	16.588	18-N4704VA17	-	3,680
Total Department of Justice - pass-through payments				<u>142,601</u>
Total Department of Justice				<u>147,438</u>
Department of Transportation:				
Pass-Through Payments:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154L-2017-57080-6729	-	7,691
Alcohol Open Container Requirements	20.607	154L-2018-58139-	-	23,414
National Priority Safety Programs: Selective Enforcement - Alcohol	20.616	FDL*AL-2018-58427-8451	-	3,288
Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	FSC 18 58156	-	8,500
Highway Planning and Construction	20.205	106053	-	157,827
Total Highway Planning and Construction Cluster				<u>166,327</u>
Total Department of Transportation - pass-through payments				<u>200,720</u>

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Federal Grantor/ Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number) / Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Department of Education:				
Pass-Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	Not Provided	\$ -	\$ 1,300,291
Special Education Cluster:				
Special Education - Grants to States	84.027	Not Provided	-	2,210,926
Special Education - Preschool Grants	84.173	Not Provided	-	73,973
Total Special Education Cluster				<u>2,284,899</u>
Career and Technology Education: Basic Grants to States	84.048	Not Provided	-	127,924
English Language Acquisition State Grants	84.365	Not Provided	-	29,224
Special Education - Grants for Infants and Families	84.181	Not Provided	-	65,482
Supporting Effective Instruction State Grant	84.367	Not Provided	-	246,371
Total Department of Education pass-through payments				<u>4,054,191</u>
Department of Health and Human Services:				
Direct Payments:				
Head Start	93.600	N/A	-	2,878,410
Total Dept. Health & Human Services - direct payments				<u>2,878,410</u>
Pass-Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	Not Provided	-	32,528
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	Not Provided	-	1,164,293
TANF Cluster Total				<u>1,164,293</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	Not Provided	-	1,549
Low Income Home Energy Assistance	93.568	Not Provided	-	122,523
Child Care and Development Cluster:				
Child Care and Development Block Grant	93.575	Not Provided	-	(1,251)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not Provided	-	137,725
Child Care and Development Cluster Total				<u>136,474</u>
Chafee Education and Training Vouchers Program (ETV)	93.599	Not Provided	-	11,347
Adoption and Legal Guardianship Incentive Payments	93.603	Not Provided	-	3,685
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Provided	-	2,826
Foster Care - Title IV-E	93.658	Not Provided	-	849,020
Adoption Assistance	93.659	Not Provided	-	712,701
Social Services Block Grant	93.667	Not Provided	-	808,085
Chafee Foster Care Independence Program	93.674	Not Provided	-	11,797
Children's Health Insurance Program	93.767	Not Provided	-	58,044
Medicaid Cluster:				
Medical Assistance Program (Title XIX)	93.778	Not Provided	-	1,419,495
Medicaid Cluster Total				<u>1,419,495</u>
Total Dept. Health & Human Services - pass-through payments				<u>5,334,367</u>
Total Department Health and Human Services				<u>8,212,777</u>
U.S. Department of Homeland Security:				
Pass-Through Payments:				
Department of Emergency Management:				
State Domestic Preparedness Equipment Support Program	97.004	EMW-2015-FP-00258	-	25,177
Homeland Security Grant Program	97.067	Not provided	-	26,667
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2014-FH-00225	-	998,574
Emergency Management Performance Grant	97.042	2017 EMPG	-	14,882
Total Department of Homeland Security - pass-through payments				<u>1,065,300</u>
Total Expenditures of Federal Awards				<u>\$ 19,224,329</u>



COUNTY OF AUGUSTA, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018

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**Note 1—Basis of Presentation:**

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The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Augusta, Virginia and Component Unit School Board (County) under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

**Note 2—Summary of Significant Accounting Policies:**

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

Pass-through entity identifying numbers are presented where available.

**Note 3—Indirect Cost Rate:**

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

**Note 4—Food Distribution:**

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

**Note 5—Relationship to the Basic Financial Statements:**

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For fiscal year 2018, the County recognized amounts in the Schedule of Expenditures of Federal Awards (SEFA) associated with prior year expenditures. Expenditures should be recognized in the fiscal year spent for reporting purposes. In the current fiscal year, \$40,378 of prior year expenditures related to the Violence Against Women Formula Grants (CFDA #16.588) and \$6,935 related to the Homeland Security Grant Program (CFDA #97.067) were included in the SEFA. The expenditures had been incurred and reported in the County's financial statements in the prior year, but were not reflected in the SEFA. As a result of this omission, the County included the expenditures in the current year SEFA.



**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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 6, 2018.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*YBmares, LLP*

Harrisonburg, Virginia  
December 6, 2018



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the County of Augusta, Virginia's (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## **Report on Internal Control over Compliance**

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

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

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

## **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
December 6, 2018

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2018**

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

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?        Yes   √   No  
 Significant deficiencies identified?        Yes   √   None Reported

Noncompliance material to financial statements noted?        Yes   √   No

*Federal Awards*

Internal control over major programs:

Material weakness identified?        Yes   √   No  
 Significant deficiencies identified?        Yes   √   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

       Yes   √   No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.916	Watershed Rehabilitation Program
84.010	Title I: Grants to Local Educations Agencies
93.658	Foster Care – Title IV-E

Child Nutrition Cluster:

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

Special Education Cluster:

84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants

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

Auditee qualified as low-risk auditee?        Yes   √   No

**COUNTY OF AUGUSTA, VA.**

**BOARD OF SUPERVISORS**

MARSHALL W. PATTIE  
North River

GERALD W. GARBER  
Middle River

PAM L. CARTER  
Pastures

TERRY L. KELLEY, JR.  
Beverly Manor

WENDELL L. COLEMAN  
Wayne

MICHAEL L. SHULL  
Riverheads

CAROLYN S. BRAGG  
South River



**TIMOTHY K. FITZGERALD – COUNTY ADMINISTRATOR**

**AUGUSTA COUNTY GOVERNMENT CENTER**

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

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

coadmin@co.augusta.va.us

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2018**

**Identifying Number: 2017-001: Material Weakness Due to Material Audit Adjustments**

**Audit Finding:**

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

Condition/Context: Upon auditing the School Board's year end balances, one instance of a material adjustment was identified in the Schools Capital Improvements Fund due to improper deferral of revenue that should have been recognized. Unearned revenue remained on the School Board's records for a grant in which the expenditures were incurred prior to year-end.

Cause: Lack of review of unearned revenue and revenue balances for proper recognition at year-end.

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

Recommendation: Unearned revenue and revenue balances at year-end should be evaluated to determine the proper fiscal year in which the revenue should be recognized, in order to ensure more accurate financial reporting.

**Corrective Action Taken:**

The school division will review revenue balances at year-end to ensure the receipt of revenues is recognized in the proper fiscal year.

**Identifying Number: 2017-002: Allowable Costs**

**Audit Finding:**

Information on the Federal Program: Special Education Cluster – CFDA Numbers 84.027 and 84.173; Award period: Year Ended June 30, 2017; Pass-through entity name: Virginia Department of Education.

Criteria and Condition: Code of Federal Regulations 2 CFR 200.430-8(i) – Standards for Documentation of Personnel Expenses – “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity’s written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity
- (vi) Support the distribution of the employee’s salary or wages amount specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award, an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity;
- (vii) Budget estimates (i.e. estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards.”

The program has not complied with this requirement. Documentation of salaries and wages was not sufficient to support the percentage of employees’ time charged to the grant, although other documentation was in place to support the employees’ total salaries and wages.

Context: Semi-annual time certifications were not properly prepared for all teachers charged to the grant. Emails were sent to the teachers’ supervisor asking him or her to confirm that the teacher provided services to students with disabilities during the first semester of the FY 2016-2017 school year. However, confirmations were only received for 4 of the 5 teachers tested. Furthermore, the confirmations were not received for the second semester of the FY 2016-2017 school year. The time certification method is an allowable method of documentation for employees working on a single Federal cost objective, however formal time certifications were not prepared.

Cause: Due diligence was not performed in documenting salaries and wages charged to the grant.

Effect: Noncompliance with regulations may result in reduced funding for these programs.

Questioned Costs: Undetermined

Recommendation: The Special Education Department 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 program regulations.

**Corrective Action Taken:**

The Special Education Department has developed regularly scheduled time certification procedures to validate charging the grant for employees’ salaries and fringe benefit costs.