



County of Augusta, Virginia

**Annual Comprehensive Financial Report
For the Fiscal Year Ended: June 30, 2022**

COUNTY OF AUGUSTA, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2022



Prepared by

Misty Cook, Director of Finance

Lora Swartzel, Accountant

Augusta County, Virginia

COUNTY OF AUGUSTA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1 - 6
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Elected and Appointed Officials	9

FINANCIAL SECTION

Independent Auditor’s Report	10 - 12
Management’s Discussion and Analysis	13 - 22

Basic Financial Statements

Government-wide Financial Statements:

Exhibit 1	Statement of Net Position	23 - 24
Exhibit 2	Statement of Activities	25

Fund Financial Statements:

Exhibit 3	Balance Sheet – Governmental Funds	26
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	27
Exhibit 5	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	28
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Exhibit 7	Statement of Net Position – Internal Service Fund	30
Exhibit 8	Statement of Revenues, Expenses and Changes in Net Position – Internal Service Fund	31
Exhibit 9	Statement of Cash Flows – Internal Service Fund	32
Exhibit 10	Statement of Fiduciary Net Position – Fiduciary Funds	33
Exhibit 11	Statement of Changes in Fiduciary Net Position – Fiduciary Funds	34

Notes to the Financial Statements	35 - 121
-----------------------------------	----------

Required Supplementary Information

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:

Exhibit 12	General Fund	122
Exhibit 13	Special Revenue Fund – Virginia Public Assistance Fund	123

Virginia Retirement System:

Exhibit 14	Schedule of Changes in the County Net Pension Liability and Related Ratios	124
Exhibit 15	Schedule of Changes in the School Board Non-Professional Net Pension Liability and Related Ratios	125
Exhibit 16	Schedule of School Board Share of Net Pension Liability – VRS Teacher Retirement Plan (Cost-Sharing)	126
Exhibit 17	Schedule of County Contributions	127
Exhibit 18	Schedule of School Board Non-Professional Contributions	128
Exhibit 19	Schedule of School Board Professional Contributions	129

Notes to Required Supplementary Information	130 - 131
---	-----------

COUNTY OF AUGUSTA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

Required Supplementary Information (Continued)

Other Postemployment Benefits:

Medical Insurance Program:

Exhibit 20	Schedule of Changes in the County’s Total OPEB Liability and Related Ratios	132
Exhibit 21	Schedule of Changes in the School Board’s Total OPEB Liability and Related Ratios	133
Exhibit 22	Schedule of County Contributions	134
Exhibit 23	Schedule of School Board Contributions	135

Group Life Insurance Program:

Exhibit 24	Schedule of Employer’s Share of Net OPEB Liability	136
Exhibit 25	Schedule of Employer Contributions – OPEB	137

Health Insurance Credit Program:

Exhibit 26	Schedule of Changes in the School Board Non-Professional Plan’s Net OPEB Liability and Related Ratios	138
Exhibit 27	Schedule of School Board Non-Professional Plan Contributions	139
Exhibit 28	Schedule of Changes in the School Board Professional Plan’s Net OPEB Liability and Related Ratios	140
Exhibit 29	Schedule of School Board Professional Plan Contributions	141

Virginia Local Disability Program:

Exhibit 30	Schedule of School Board Professional Plan’s Share of Net OPEB Liability	142
Exhibit 31	Schedule of School Board Professional Plan Contributions – OPEB	143

Notes to Required Supplementary Information	144 – 146
---	-----------

Other Supplementary Information

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

Exhibit 32	Debt Service Fund	147
Exhibit 33	County Capital Improvements Fund	148
Exhibit 34	School Capital Improvements Fund	149

Capital Assets Used in the Operation of Governmental Funds:

Exhibit 35	Comparative Schedules by Source	150
Exhibit 36	Schedule by Function and Activity	151
Exhibit 37	Schedule of Changes by Function and Activity	152

Discretely Presented Component Unit – School Board:

Exhibit 38	Combining Balance Sheet	153
Exhibit 39	Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	154
Exhibit 40	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	155

Nonmajor Special Revenue Funds:

Exhibit 41	Combining Balance Sheet	156
Exhibit 42	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	157
Exhibit 43	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	158

COUNTY OF AUGUSTA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

Other Supplementary Information (Continued)

Capital Assets Used in the Operation of Governmental Funds:

Exhibit 44	Comparative Schedules by Source	159
Exhibit 45	Schedule by Function and Activity	160
Exhibit 46	Schedule of Changes by Function and Activity	161

Supporting Schedules

Schedule 1	Schedule of Revenues – Budget and Actual – Governmental Funds	162 - 171
Schedule 2	Schedule of Expenditures – Budget and Actual – Governmental Funds	172 - 178

STATISTICAL SECTION

Table 1	Net Position by Component	179
Table 2	Changes in Net Position	180 - 181
Table 3	Governmental Activities Tax Revenues by Source	182
Table 4	Fund Balances of Governmental Funds	183
Table 5	Changes in Fund Balances of Governmental Funds	184
Table 6	General Governmental Tax Revenues by Source	185
Table 7	Assessed Value and Estimated Actual Value of Taxable Property	186
Table 8	Property Tax Rates	187
Table 9	Principal Property Taxpayers	188
Table 10	Property Tax Levies and Collections	189
Table 11	Ratios of Outstanding Debt by Type	190
Table 12	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	191
Table 13	Demographic and Economic Statistics	192
Table 14	Principal Employers	193
Table 15	Full-time Equivalent County Government Employees by Function	194
Table 16	Operating Indicators by Function	195
Table 17	Capital Asset Statistics by Function	196

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	197 - 198
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	199 - 201
Schedule of Expenditures of Federal Awards	202 - 204
Notes to Schedule of Expenditures of Federal Awards	205
Schedule of Findings and Questioned Costs	206 - 207
Summary Schedule of Prior Audit Findings	208

INTRODUCTORY SECTION



COUNTY OF AUGUSTA

Finance Department

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Verona, VA 24482-0590

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

December 7, 2022

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

The annual comprehensive financial report of the County of Augusta for the year ended June 30, 2022, 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 unmodified ("clean") opinions that the County's financial statements for the fiscal year ended June 30, 2022, 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 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 2022 population is estimated at 77,583. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 24.5% of the jobs in the County. Manufacturing employs approximately 6,500 of 35,200 workers in the County's labor force and makes up approximately 3.96% of the total local property taxes. Agriculture is a large portion of the overall economy of the County. According to the 2017 U.S. Census of Agriculture, Augusta County is ranked 2nd in the state and 265th in the U.S. for total value of agricultural products sold (\$292 Million) with 1,665 farms totaling 290,911 acres. Also, from the census, Augusta County is ranked 2nd in the state for the following two commodity group sales: Livestock, poultry, and products as well as poultry and eggs. These commodities produced 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 3.5% in 2021 to 2.7% in 2022. The County's rate remains lower than that of the State's unemployment rate of 3.0% and compares favorably to the national unemployment rate of 3.8%.

The economy in the region remains strong, and includes a diverse local economy. In September 2021, the County welcomed CAVA foods to the Mill Place Commerce Park where they will establish a production and packaging operation in the County. Amazon also announced in February 2022, the construction of a new 1 million square foot fulfillment center in Fishersville, once complete this facility will create 500 new jobs in the area.

In fiscal year 2022, local revenues increased by 8.5%. The main contributor to this increase were meals and lodging taxes. Lodging taxes increased by approximately 164% or \$809,557 over last year, this increase can be directly linked to an increase in the lodging tax from 4% to 6%, the addition of two new hotels in the County as well as the continued rebound of the tourism industry from the 2020 pandemic. Meals taxes also increased due to an increase from 4% to 6%, the increase amounted to 59.6% when compared to last fiscal year, or \$1,899,237. Both of these tax increases were based on changes made by the General Assembly, which was an effort to create equal taxation between the cities and counties. Prior to this action by the General Assembly counties were not able to tax these items at this rate. Also contributing to the increase for local revenues was sales and use tax, which were up by approximately 13.85% over the prior year and Business License Taxes which were up 15.84% over the prior year. All of these increases can be linked as least partially to the economic rebound from the COVID19 pandemic in 2020 and increased inflation nationwide which has resulted in higher gross receipts for businesses and larger sales tax amounts collected.

The total taxable sales for Augusta County as reported by the Virginia Department of Taxation, increased by approximately 10.39% over the prior year. Taxes on recordation and wills decreased, with a decrease of 4.7%, or \$67,661 over last year.

Personal property taxes are due in December 2022 and business license tax is due in March 2023, both of which are important to the overall tax base. Personal property taxes are expected to increase due to national macroeconomic factors, including supply chain issues and pent-up demand, that have led to unprecedented increases in vehicle values. These vehicle values are the basis for the assessments of taxpayers' vehicles and thus the basis for personal property tax paid for their vehicles. Many vehicle assessments are increasing by double-digit percentages from calendar year 2021 to calendar year 2022.

□ **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 2022, the County has joined the Regional All Points Broadband Project. This projects goal is to provide fiber-to-the home internet access to underserved areas of the County. The total grant award is \$95.3 million through the Virginia Telecommunications Initiative (VATI) program. This grant will enable the construction of a fiber-to-the-home broadband network that will provide internet access to approximately 40,000 underserved locations across the eight counties who are participating in the partnership. The VATI grant will be leveraged with a combined \$59.3 million in matching funds from participating counties, which will be sourced primarily from the local share of American Rescue Plan Act (ARPA) infrastructure funding. Augusta's project consists of over 6,000 serviceable units to be passed and over 700 miles of fiber (including utility middle mile). The County will contribute \$8.4 million dollars to this project-dedicated from ARPA Funds.

Beginning January 1, 2022, the County implemented a cigarette tax at a rate of \$.15 per pack. This new tax was the result of action by the General Assembly which approved counties being able to tax items that the cities normally tax including meals, lodging and cigarettes. Staunton and Waynesboro cities have taxed these for decades. This new tax has brought in \$96,439 in revenue in fiscal year 2022 and it is estimated that the County will collect approximately \$267,000 in fiscal year 2023.

The County invested in the Natural Chimney's camp store in fiscal Year 2022 through the Board of Supervisors infrastructure account (North River). This initial investment of \$11,000 allowed Parks and Recreation to utilize the newly renovated Visitor Center at the park as a camp store during the regular camp season and a year-round functioning park management office. The store now sells much needed retail items such as firewood, ice and most importantly ice cream to campers at the park. The store was open and functional for the entire 2022 camp season and has been well received.

The County approved in fiscal year 2022, an expansion project at the Government Center, this expansion will move Parks & Recreation to a new space on the current dock. This new space will restore programming rooms for Parks & Recreation previously renovated for other uses. ECC will also receive a much-needed expansion of their space which will expand into the current County Attorney space. The County Attorney will move with Human Resources upstairs to the current Parks and Recreation space. ARPA funds will be used to complete this project. Total cost is estimated at \$4,500,000.

During fiscal year 2022, the County announced the completion of the Dooms Crossing-South River Access project. This project was completely funded through grants. This construction included construction of a parking lot with eight spaces and one ADA compliant space and a gravel trail from the parking area to the river access point and boat launch ramp. Total investment for this project was \$451,961, all grant funded.

The County continues to work towards replacing its aging accounting software. The current software was implemented in 1986 and upgrades have not kept up with changing technologies. In fiscal year 2022, a position was created to manage this project and an RFP was issued and proposals were submitted. A core users group evaluated those proposals and demos will take place in early fiscal year 2023 with a selection possibly by the beginning of the calendar year 2023. Funding for this project will come from capital.

Augusta County Fire-Rescue maintains a fleet of ambulances to respond to emergency medical calls. The ambulance purchased in fiscal year 2022 is part of a strategic replacement plan to keep the fleet in the County current and rotate fleet within the County agencies to ensure optimal use of each unit. This new unit is estimated to be delivered in early fiscal year 2023 but the exact date is unknown due to continued supply chain issues nationwide.

□ **Financial Information** □

Financial Planning

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. The County has established a fund balance policy to maintain an unassigned General Fund balance of no less than two months of General Fund expenditures. Unassigned General Fund balance would provide the County with financial resources to address unforeseen revenue fluctuations, unanticipated expenditures and emergencies, which result in unanticipated budgetary shortfalls. As of June 30, 2022, the County had more than the required two months of General Fund operating expenditures by \$5,073,161. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements the County has less than the required two months of General Fund operating expenditures by \$153,414. The County will consider this requirement as it reviews the fund balance policy and prepares for the fiscal year 2023 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, 2022, the County had a number of debt issues outstanding related to school construction. These issues totaled \$54,339,113 in general obligation bonds. At June 30, 2022, 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 \$4,081,371.

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 .170% to 2.79%. LGIP interest rates have risen since last year with a range of rates of 0.058% to 1.148% ending in June 2022. The County continues to carry a balance in a money market account and checking account with interest rates starting at a rate of .50% and finishing stronger in June at 1.50%. LGIP funds daily rates have risen slowly throughout the year offering an average yield sometimes higher 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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This is the twenty-fourth 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 annual comprehensive 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 annual comprehensive 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 GFOA awarded a Certificate of Achievement for Excellence in Budget Presentation to the County of Augusta, Virginia for its Budget preparation document for the 2022 Fiscal Year Budget. This was the fifth year the government has achieved this prestigious award. The County has applied for this award with its 2023 budget but has not yet received the results of the review. 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.

We would like to express our appreciation to all members of the staff who assisted and contributed to the preparation of this report. The preparation of this report would not have been accomplished without their efficient and dedicated services.

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

**Augusta County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

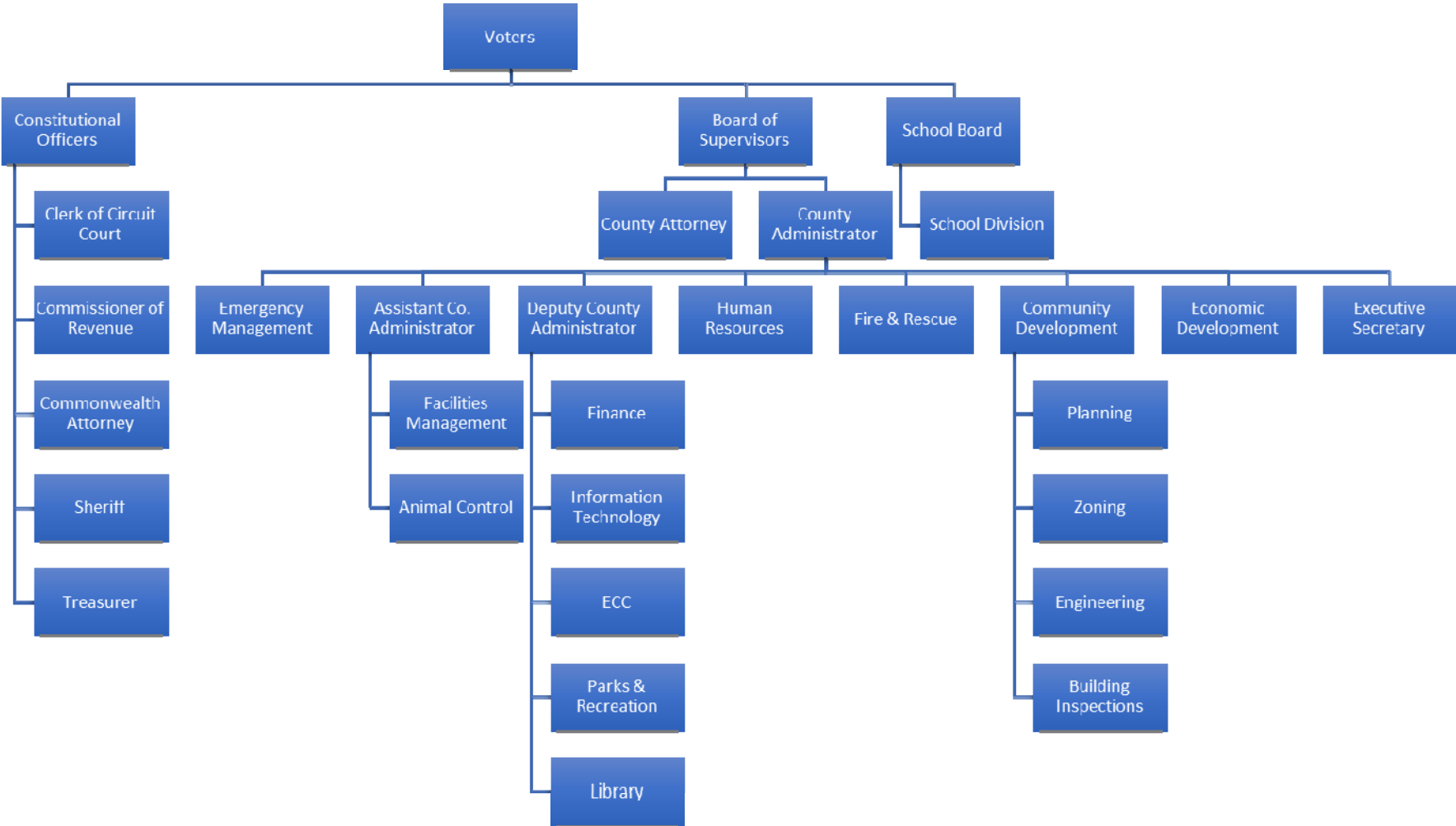
June 30, 2021

Christopher P. Morill

Executive Director/CEO

COUNTY OF AUGUSTA, VIRGINIA

ORGANIZATIONAL CHART



COUNTY OF AUGUSTA, VIRGINIA

LIST OF ELECTED AND APPOINTED OFFICIALS

Board of Supervisors

Gerald W. Garber, Chairman
G.L. "Butch" Wells, Vice-Chairman

Scott Seaton
Pamela L. Carter
Jeffrey A. Slaven

Steve Morelli
Michael L. Shull
Timothy K. Fitzgerald, Clerk

County School Board

David R. Shiflett, Chairman
Donna H. Wells, Vice-Chairman

Nicholas T. Collins
Timothy M. Simmons
John M. Ward

Timothy Z. Swortzel
Stephen P. Troxell
Miranda Ball, Clerk

Other Officials

Judges of the Circuit Court	Hon. W. Chapman Goodwin, Hon. Paul A. Dryer, Hon. Christopher B Russell, Hon. Joel R. Branscom, Hon. Anne M. Reed, and Hon. Edward K. Stein
Judges of the General District Court	Hon. William H. Cleaveland (Chief Judge), Hon. Christopher M. Billias, Hon. Robin J. Mayer, and Hon. Rupen Shah
Judges of the Juvenile & Domestic Court	Hon. Correy R. Smith (Chief Judge), Hon. Robert C. Hagan Jr., Hon. Susan B. Read, Hon Linda S. Jones., Hon. Paul A. Tucker
Clerk of the General District Court	Amy Helmick
Clerk of the Juvenile & Domestic Court	Teresa L. Smith
Clerk of the Circuit Court	R. Steven Landes
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 & Marketing	Rebekah Castle
Director of Information Technology	Jacquelyn A. Zetwick
Director of Parks and Recreation	Andy Wells
Director of Emergency Operation Center	Anthony Ramsey
Chief of Fire and Rescue	Gregory Schacht
Facilities Management	Rusty Sprouse
Library Director	Jennifer Brown
Human Resources Director	Faith H. Duncan
County Attorney	James R. Benkahla
County Administrator	Timothy K. Fitzgerald
Deputy County Administrator	Jennifer M. Whetzel
Assistant County Administrator	Candy Hensley
Director of Finance	Misty D. Cook

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 of Augusta, Virginia, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 13-22 and 122-146, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 other supplementary information, supporting schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information, supporting schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 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 the effectiveness of the County's 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 County's internal control over financial reporting and compliance.

PBmares, LLP

Harrisonburg, Virginia
December 7, 2022

COUNTY OF AUGUSTA, VIRGINIA

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, 2022. 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 \$92,992,330 (net position). Of this amount, \$74,888,315 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$(9,619,874) of which \$(95,631,257) is unrestricted. (See Exhibit 1.)
- The County's total net position increased by \$9,841,041. The School Board's total net position increased by \$17,764,752. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$137,045,610 and \$132,895,195, respectively, for fiscal year 2022. (See Exhibit 2.)
- Expenses were \$127,204,569 for governmental activities and \$115,130,443 for the School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,295,207, or 18.3 percent, of the total General Fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2022 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 \$78,398,997, an increase of \$7,343,883 in comparison with the prior year. Approximately 22 percent of this total amount, or \$17,295,207, 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 considered 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 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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$92,992,330 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, Virginia
Summary Statement of Net Position
June 30, 2022 and 2021

	Governmental Activities	
	2022	2021
Current and other assets	\$ 142,945,523	\$ 137,463,082
Capital assets, net	81,690,559	88,712,945
Total assets	\$ 224,636,082	\$ 226,176,027
 Deferred outflows of resources	\$ 8,205,209	\$ 8,922,074
 Long-term liabilities	\$ 79,428,415	\$ 103,158,683
Other liabilities	17,728,516	22,678,581
Total liabilities	\$ 97,156,931	\$ 125,837,264
 Deferred inflows of resources	\$ 42,692,030	\$ 26,109,548
 Net position:		
Net investment in capital assets	\$ 15,301,355	\$ 17,804,738
Restricted	2,802,660	2,872,983
Unrestricted	74,888,315	62,473,568
Total net position	\$ 92,992,330	\$ 83,151,289

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 3 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 \$74,888,315, or 80.5 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 \$9,841,041.

Legislation requires debt issued for projects by the School Board to be assumed by the Primary Government. Therefore, the School Board is not recognizing the debt for these renovations and only recognizes a portion of the building renovations in its current capital assets.

Governmental Activities

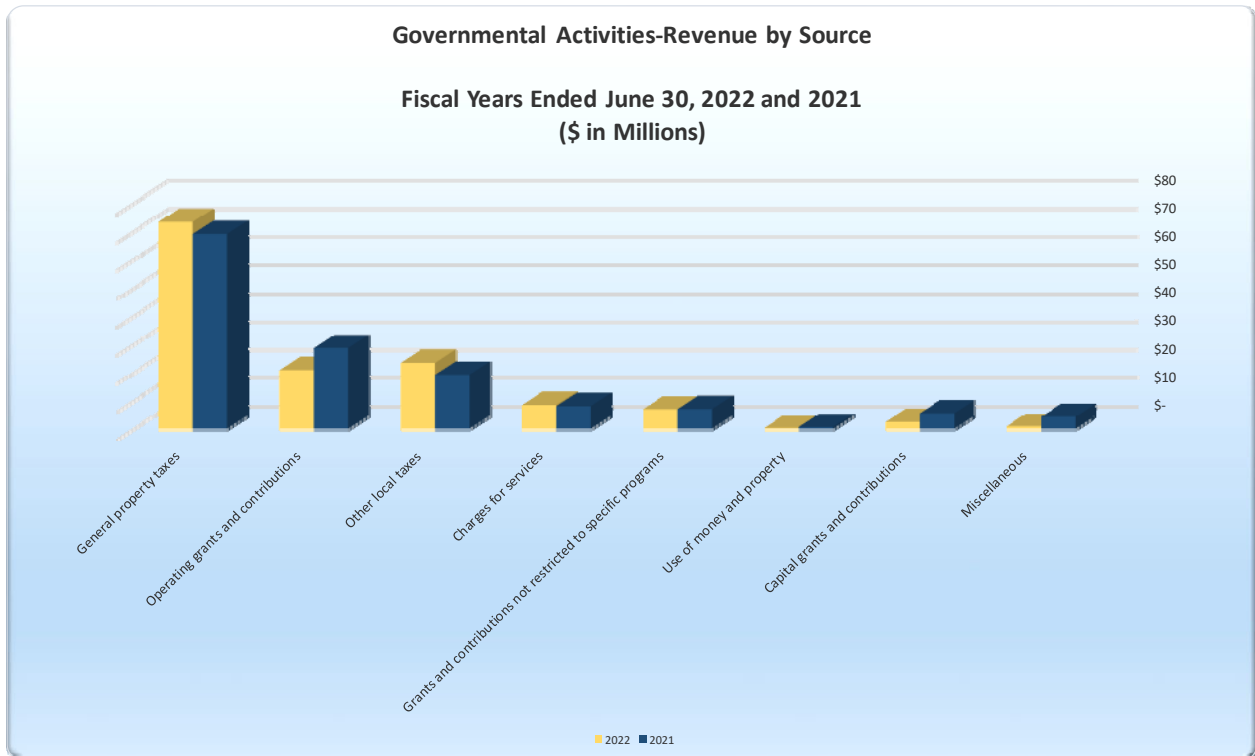
Governmental activities increased the County's net position by \$ 9,841,041. Key elements of this increase are as follows:

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 8,554,559	\$ 8,142,624
Operating grants and contributions	20,931,240	28,670,410
Capital grants and contributions	2,481,367	5,639,809
General revenues:		
General property taxes	73,313,552	69,028,670
Other local taxes	23,453,827	19,297,764
Use of money and property	327,657	685,333
Miscellaneous	921,236	4,357,975
Grants and contributions not restricted to specific programs	7,062,172	7,116,508
Total revenues	137,045,610	142,939,093
Expenses:		
General government	8,286,735	10,368,248
Judicial administration	2,691,584	3,201,680
Public safety	30,002,649	30,145,981
Public works	6,626,020	5,660,252
Health and welfare	18,754,703	19,449,540
Education	53,851,688	51,977,469
Parks, recreation and cultural	2,333,408	2,713,834
Community development	2,856,493	2,498,072
Interest on long-term debt	1,801,289	1,992,140
Total expenses	127,204,569	128,007,216
Increase in net position	9,841,041	14,931,877
Net position, beginning	83,151,289	68,219,412
Net position, ending	\$ 92,992,330	\$ 83,151,289

Governmental Activities – Revenues

- General property taxes increased by approximately \$4,284,882. This increase is due to growth in real estate taxes. The largest part of this increase is due to personal property tax revenue which is assessed based on the NADA book values for personal property. These book values have increased drastically from 2021 to 2022 due to nationwide shortages for vehicles and increased demand.
- Operating grants and contributions had a decrease of \$7,739,170 over the prior year or 26.9 percent. This decrease was due to additional federal Coronavirus Aid, Relief, and Economic Security Act (CARES) funding that was received in fiscal year 2021 and not received in fiscal year 2022. The County has received American Rescue Plan Act (ARPA) funding but these funds have not yet been spent.
- Miscellaneous decreased \$ 3,436,739 primarily due to the sale of property in fiscal year 2021.
- Sales tax revenue increased \$1,083,984 which accounts for much of the increase in other local taxes. This increase can be attributed to inflation that has increased costs for consumers on which the tax is assessed.

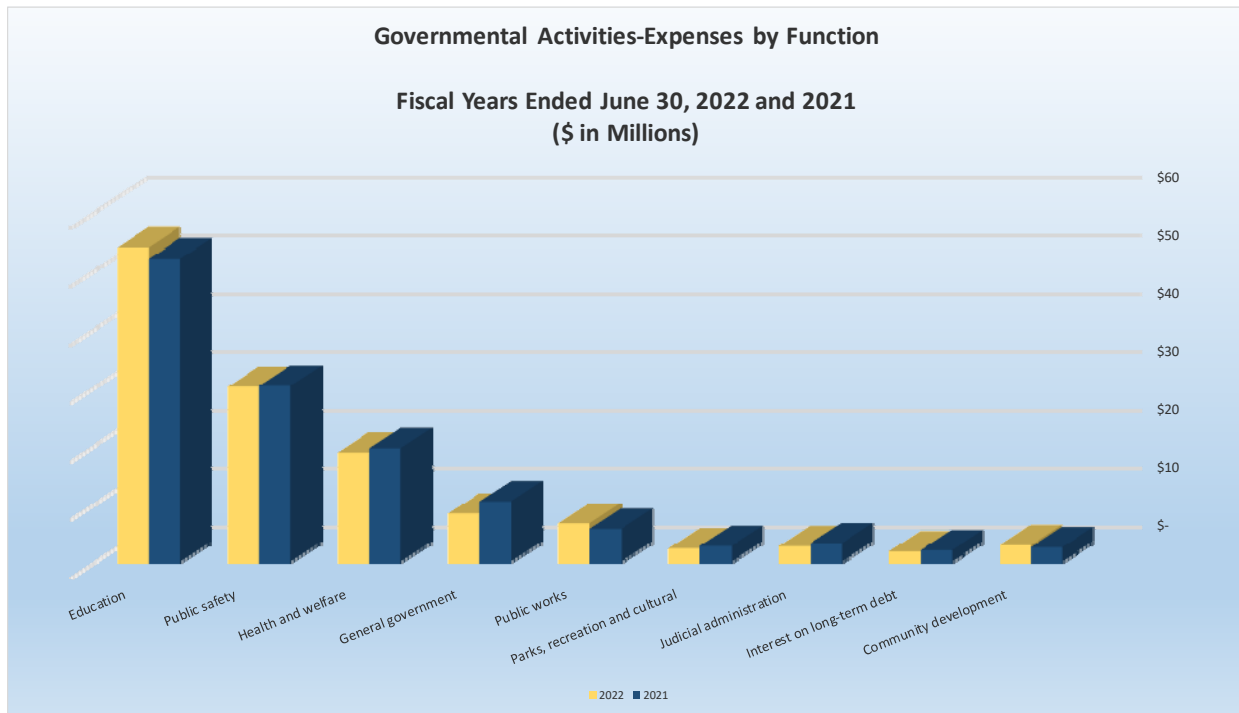
**Governmental Activities – Revenues by Source
Years Ended June 30, 2022 and 2021**



Governmental Activities – Expenses

- Expenses allocated to education were 3.6 percent higher than the prior year due to an increase in allocations for capital outlays.
- Expenses allocated to general government were 20.1 percent lower than the prior year due to a decrease in pension liability.
- Expenses allocated to judicial administration were 16.0 percent lower than the prior year due to an decrease in pension liability.
- Expenses allocated to Parks & Recreation and Cultural were 14.0 percent lower than the prior year due to an decrease in capital outlay and depreciation expense.
- Expenses allocated to Community Development were 14.4 percent higher than the prior year due to an increase in allocations for capital outlays.

**Governmental Activities – Expenses by Function
Years Ended June 30, 2022 and 2021**



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 \$78,398,947. Approximately 22 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 \$132,077, 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. 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, 2022, total fund balance of the General Fund was \$23,725,106, of which \$17,295,207 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 18.3 percent of total General Fund expenditures, which includes transfers to the School Board component unit of \$44,008,179.

The fund balance of the County's General Fund increased by \$1,612,754 during the current fiscal year due to an increase in transfers out to the Capital Projects Fund. It has been the County's practice to transfer prior year-end fund balance to the County Capital Projects Fund to assist in funding the County's Capital Improvement Program, which is a mostly a pay-go model. The County continues to save for upcoming capital projects that include a regional radio system for public safety, the new Augusta County Courthouse and the replacement of the current financial software. The School Board also follows this plan and year-end fund balances, once approved by the Board, are transferred to their account in the County's Capital Improvement Fund.

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, 2022, total fund balances of these funds were \$0, \$0, \$55,768,439, and \$(1,094,598), 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. In fiscal year 2022, the School Board incurred expenses in the School Capital Improvements Fund for the design of two new middle schools that will be built in 2023.

General Fund Budgetary Highlights

Differences between the original budgeted expenditure appropriations and the final amended budgeted expenditure appropriations were a \$5,486,067 increase. Budgeted revenues increased by \$12,289,255. The increase in budgeted revenues can be attributed to increases in real property taxes, sales tax revenue and business license tax. Sales tax revenue can be attributed to increased inflation that has affected prices of consumer goods on which the tax is assessed. Business license tax is based on the gross receipts of the business entity and this increased inflation has also affected this tax. Final budget appropriations and revenues closely reflected actual results, as the final budget is prepared in March of the fiscal year.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2022 is \$81,690,559 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, land improvements, right-to-use leased assets and construction in progress.

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

- The County announced completion of the Doods Crossing-South River Access Project. This project included the construction of a parking lot with eight spaces and one ADA compliant space, gravel trail from the parking area to the new river access point and boat launch ramp. This project was completely grant funded through the Dupont Settlement grant (\$451,961).
- Construction in progress includes the Courts Complex design and the Jennings Branch Stream restoration construction and the Verona Pedestrian project construction design and engineering.

County of Augusta, Virginia
Capital Assets for Governmental Activities (net of depreciation)
June 30, 2022 and 2021

	Governmental Activities	
	2022	2021
Land	\$ 5,449,063	\$ 5,449,063
Buildings and system	53,670,638	59,484,739
Machinery and equipment	12,129,166	12,821,994
Land improvements	3,915,509	4,276,246
Right-to-use lease assets	4,986,460	5,308,818
Construction in progress	1,539,723	1,372,085
Total assets	\$ 81,690,559	\$ 88,712,945

Additional information on the County’s capital assets can be found in Note 18 to the financial statements.

Long-Term Debt

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

	Governmental Activities	
	2022	2021
General obligation bonds	\$ 54,339,113	\$ 59,396,894
Premium on general obligation bonds	3,770,939	4,119,607
Revenue bonds	4,081,371	4,664,048
premium on revenue bonds	428,072	506,917
Private placement notes	1,428,063	1,750,669
Leases	5,091,839	5,308,818
Compensated absences	2,571,147	2,346,633
Total assets	\$ 71,710,544	\$ 78,093,586

Legislation enacted in the 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 2022 was 2.7 percent. The County’s rate is slightly better than the state’s unemployment rate of 3.0 percent and still compares favorably to the national average rate of 3.8 percent. The unemployment rate has rebounded to levels pre-pandemic.
- 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 10.74 percent, 43.59 percent, and 53.58 percent of total revenues for the General Fund, Virginia Public Assistance Fund, and the School Operating Fund, respectively. Revenues from the Federal government represent 1.75 percent, 46.05 percent, and 8.14 percent of total revenues for the General Fund, Virginia Public Assistance Fund, 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 2022 are \$.63 per \$100 of assessed value. Personal property tax rates for autos and motorcycles are \$2.60 per \$100 of assessed value. Other personal property tax rates are \$2.00 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 2023 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, 2022, the County had more than the required two months of General Fund operating expenditures by \$5,073,161. 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 \$153,414. The County will consider this requirement as it reviews its fund balance policy and prepares for the fiscal year 2023 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 2023 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.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

STATEMENT OF NET POSITION
June 30, 2022

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Cash and cash equivalents	\$ 66,958,063	\$ 13,573,073
Restricted cash and cash equivalents	7,378,225	-
Cash in custody of others	191,246	5,000
Investments	22,610,574	-
Investments - land held for sale	685,866	-
Receivables, net:		
Taxes receivable	28,496,109	-
Accounts receivable	1,924,271	225,076
Notes receivable	3,443,515	-
Leases receivable	279,308	-
Due from primary government	-	2,496,221
Due from component unit	576,618	-
Due from other governmental units	4,149,213	5,124,931
Inventories	2,695	-
Prepaid expenses	169,382	-
Net pension asset	471,930	858,393
Net OPEB asset	-	17,307
Equity interest in joint venture	5,608,508	-
Capital assets, net of accumulated depreciation and amortization:		
Right to use asset	4,986,460	706,078
Land	5,449,063	1,551,430
Buildings and system	53,670,638	74,665,080
Machinery and equipment	12,129,166	6,776,438
Land improvement	3,915,509	-
Construction in progress	1,539,723	3,015,537
Total assets	224,636,082	109,014,564
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	6,053,680	20,150,374
Other postemployment benefits	2,151,529	5,458,901
Total deferred outflows of resources	8,205,209	25,609,275

STATEMENT OF NET POSITION (Continued)
June 30, 2022

	Primary Government	Component Unit
	Governmental Activities	School Board
LIABILITIES		
Reconciled overdraft	\$ -	\$ 240,725
Accounts payable	2,643,706	4,581,740
Accrued liabilities	2,150,809	4,193,657
Accrued interest payable	974,949	93
Due to primary government	-	576,618
Due to component unit	2,496,221	-
Unearned revenue	7,050,477	87,000
Deposits held in escrow	2,412,354	-
Long-term liabilities:		
Due within one year	7,222,735	786,191
Due in more than one year	64,487,809	2,347,039
Net pension liability	-	53,455,912
Other postemployment benefits	7,717,871	26,840,105
Total liabilities	97,156,931	93,109,080
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	24,192,220	-
Deferred revenue - other	1,638,160	-
Leases	283,447	-
Pension plan	14,041,724	42,858,756
Other postemployment benefits	2,536,479	8,275,877
Total deferred inflows of resources	42,692,030	51,134,633
NET POSITION		
Net investment in capital assets	15,301,355	86,011,383
Restricted:		
Fire revolving loans	2,634,955	-
Drug enforcement	123,389	-
ARPA	44,316	-
Unrestricted (deficit)	74,888,315	(95,631,257)
Total net position	\$ 92,992,330	\$ (9,619,874)

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

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
Primary Government:						
Governmental activities:						
General government administration	\$ 8,286,735	\$ 90,905	\$ 508,753	\$ -	\$ (7,687,077)	\$ -
Judicial administration	2,691,584	273,339	1,874,510	-	(543,735)	-
Public safety	30,002,649	3,587,731	5,140,509	151,349	(21,123,060)	-
Public works	6,626,020	2,648,132	-	116,491	(3,861,397)	-
Health and welfare	18,754,703	1,533,206	13,211,471	-	(4,010,026)	-
Education	53,851,688	-	-	1,978,351	(51,873,337)	-
Parks, recreation and cultural	2,333,408	421,246	195,997	-	(1,716,165)	-
Community development	2,856,493	-	-	235,176	(2,621,317)	-
Interest on long-term debt	1,801,289	-	-	-	(1,801,289)	-
Total governmental activities	127,204,569	8,554,559	20,931,240	2,481,367	(95,237,403)	-
Total primary government	\$ 127,204,569	\$ 8,554,559	\$ 20,931,240	\$ 2,481,367	(95,237,403)	-
Component Unit:						
School Board	\$ 115,130,443	\$ 2,947,224	\$ 84,982,866	\$ -	-	(27,200,353)
Total component units	\$ 115,130,443	\$ 2,947,224	\$ 84,982,866	\$ -	-	(27,200,353)
General revenues:						
Taxes:						
General property taxes					73,313,552	-
Local sales tax					8,911,976	-
Consumers' utility tax					1,858,499	-
Business license taxes					5,079,478	-
Restaurant food taxes					4,149,877	-
Other local taxes					3,453,997	-
Unrestricted revenues from use of money and property					327,657	22,829
Miscellaneous					921,236	930,402
Grants and contributions not restricted to specific programs					7,062,172	44,011,874
Total general revenues					105,078,444	44,965,105
Change in net position					9,841,041	17,764,752
Net position (deficit), beginning					83,151,289	(27,384,626)
Net position (deficit), ending					\$ 92,992,330	\$ (9,619,874)

Fund Financial Statements

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2022**

	General	Virginia Public Assistance	County Capital Improvements	School Capital Improvements	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,402,715	\$ -	\$ 53,019,645	\$ 1,198,755	\$ 56,621,115
Restricted cash and cash equivalents	7,378,225	-	-	-	7,378,225
Cash in custody of others	186,946	4,300	-	-	191,246
Investments	22,610,574	-	-	-	22,610,574
Receivables, net:					
Taxes receivable	28,496,109	-	-	-	28,496,109
Accounts receivable	1,924,271	-	-	-	1,924,271
Notes receivable	951,272	-	-	-	951,272
Leases receivable	279,308	-	-	-	279,308
Due from other funds	478,257	-	2,264,485	-	2,742,742
Due from component unit	576,618	-	-	-	576,618
Due from other governmental units	2,437,563	887,124	824,526	-	4,149,213
Inventories	2,695	-	-	-	2,695
Prepaid items	129,382	-	-	40,000	169,382
Land held for sale	685,866	-	-	-	685,866
Total assets	\$ 68,539,801	\$ 891,424	\$ 56,108,656	\$ 1,238,755	\$ 126,778,636
LIABILITIES					
Accounts payable	\$ 1,184,143	\$ 82,548	\$ 340,217	\$ 68,868	\$ 1,675,776
Accrued liabilities	686,640	330,619	-	-	1,017,259
Due to other funds	-	478,257	-	2,264,485	2,742,742
Due to component unit	2,496,221	-	-	-	2,496,221
Unearned revenue	7,050,477	-	-	-	7,050,477
Deposits held in escrow	2,412,354	-	-	-	2,412,354
Total liabilities	13,829,835	891,424	340,217	2,333,353	17,394,829
DEFERRED INFLOWS OF RESOURCES					
Property taxes collected in advance	1,300,287	-	-	-	1,300,287
Unavailable revenue - property taxes	27,762,966	-	-	-	27,762,966
Unavailable revenue - other	1,638,160	-	-	-	1,638,160
Leases	283,447	-	-	-	283,447
Total deferred inflows of resources	30,984,860	-	-	-	30,984,860
FUND BALANCES					
Nonspendable	132,077	-	-	-	132,077
Restricted	2,802,660	-	-	-	2,802,660
Committed	3,017,774	-	-	-	3,017,774
Assigned	477,388	-	55,768,439	-	56,245,827
Unassigned	17,295,207	-	-	(1,094,598)	16,200,609
Total fund balances (deficit)	23,725,106	-	55,768,439	(1,094,598)	78,398,947
Total liabilities, deferred inflows of resources and fund balances	\$ 68,539,801	\$ 891,424	\$ 56,108,656	\$ 1,238,755	\$ 126,778,636

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Governmental Funds

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	78,398,947	
Capital assets of \$130,762,528, net of accumulated depreciation of \$49,071,969, used in governmental activities are not financial resources and, therefore, are not reported in the funds.			81,690,559
Net pension asset			471,930
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds			4,871,033
Notes receivable - EDA loan			60,000
Notes receivable - Middle River Regional Jail Buy-In			2,432,243
Equity interest in joint venture not reported in the funds.			5,608,508
Internal Service Funds are used by management to charge the cost of goods provided to other departments or funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.			8,235,468
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds, including unamortized premiums	\$	(62,619,495)	
Private placement notes		(1,428,063)	
Leases		(5,091,839)	
Compensated absences		(2,571,147)	
Interest payable		(974,949)	
Other postemployment benefits		<u>(7,717,871)</u>	
			(80,403,364)
Deferred outflows of resources represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.			
Pension plan		6,053,680	
Other postemployment benefits		<u>2,151,529</u>	
			8,205,209
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.			
Pension plan		(14,041,724)	
Other postemployment benefits		<u>(2,536,479)</u>	
			<u>(16,578,203)</u>
Net position of governmental activities	\$		<u>92,992,330</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	School Capital Improvements	Total Governmental Funds
Revenues:						
General property taxes	\$ 73,302,421	\$ -	\$ -	\$ -	\$ -	\$ 73,302,421
Other local taxes	23,453,827	-	-	-	-	23,453,827
Permits, privilege fees and regulatory licenses	982,968	-	-	-	-	982,968
Fines and forfeitures	213,290	-	-	-	-	213,290
Revenue from the use of money and property	299,243	-	-	18,401	16,625	334,269
Charges for services	4,289,031	180,228	69,738	-	-	4,538,997
Miscellaneous	498,366	-	-	2,324	421,401	922,091
Recovered costs	221,082	1,352,978	-	1,237,776	-	2,811,836
Intergovernmental:						
Commonwealth	12,672,550	6,446,834	-	2,129,700	-	21,249,084
Federal	2,063,102	6,810,926	-	351,667	-	9,225,695
Total revenues	117,995,880	14,790,966	69,738	3,739,868	438,026	137,034,478
Expenditures:						
Current:						
General government administration	6,651,799	-	-	-	-	6,651,799
Judicial administration	3,048,457	-	-	-	-	3,048,457
Public safety	29,046,464	-	-	-	-	29,046,464
Public works	4,874,456	-	-	-	-	4,874,456
Health and welfare	1,358,441	17,417,811	-	-	-	18,776,252
Education	44,013,179	-	-	-	-	44,013,179
Parks, recreation and cultural	2,283,316	-	-	-	-	2,283,316
Community development	2,380,106	-	-	-	-	2,380,106
Nondepartmental	354,216	-	-	-	-	354,216
Capital projects	-	-	-	5,081,482	4,675,649	9,757,131
Debt service:						
Principal retirement	217,250	12,997	5,640,458	-	322,606	6,193,311
Interest and other fiscal charges	75,564	-	2,177,918	-	71,694	2,325,176
Total expenditures	94,303,248	17,430,808	7,818,376	5,081,482	5,069,949	129,703,863
Excess (deficiency) of revenues over (under) expenses	23,692,632	(2,639,842)	(7,748,638)	(1,341,614)	(4,631,923)	7,330,615
Other financing sources (uses):						
Issuance of capital lease	13,268	-	-	-	-	13,268
Transfers in	-	2,639,842	7,748,638	11,287,013	1,080,000	22,755,493
Transfers out	(22,093,146)	-	-	(662,347)	-	(22,755,493)
Other financing sources (uses), net	(22,079,878)	2,639,842	7,748,638	10,624,666	1,080,000	13,268
Net change in fund balances	1,612,754	-	-	9,283,052	(3,551,923)	7,343,883
Fund balances, beginning	22,112,352	-	-	46,485,387	2,457,325	71,055,064
Fund balances (deficit), ending	\$ 23,725,106	\$ -	\$ -	\$ 55,768,439	\$ (1,094,598)	\$ 78,398,947

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$ 7,343,883	
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
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 and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.		
Expenditures for capital assets	\$ 1,591,499	
Less depreciation and amortization expense	<u>(3,397,919)</u>	
Excess of depreciation and amortization over capital outlays		(1,806,420)
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(5,215,966)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		11,131
Notes receivable - EDA loan		(60,000)
Notes receivable - Middle River Regional Jail Buy-In		(776,554)
Revenues related to the equity interest in joint venture not reported as revenues in the funds.		(120,118)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of lease		(13,268)
Principal repayments:		
General obligation debt	5,640,458	
Private placement notes	322,606	
Leases payable	<u>230,247</u>	
		6,193,311
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.		
Accrued interest	96,374	
Compensated absences	(224,514)	
Amortization of premium	427,513	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(515,340)	
Changes in pension liabilities and related deferred outflows and inflows of resources	<u>1,744,522</u>	
		1,528,555
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service fund is reported with governmental activities.		
Total revenues	14,075,591	
Total expenses	<u>(11,319,104)</u>	
		<u>2,756,487</u>
Change in net position of governmental activities		<u>\$ 9,841,041</u>

**STATEMENT OF NET POSITION –
INTERNAL SERVICE FUND
June 30, 2022**

	Self - Insurance
<hr/>	
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 18,794,450
	<hr/>
Total current assets	18,794,450
	<hr/>
Total assets	18,794,450
	<hr/>
LIABILITIES	
Current liabilities:	
Accounts payable	1,759,871
Insurance and benefit claims	2,061,000
	<hr/>
Total liabilities	3,820,871
	<hr/>
NET POSITION	
Unrestricted	14,973,579
	<hr/>
Total net position	\$ 14,973,579
	<hr/> <hr/>

**STATEMENT REVENUES, EXPENSES AND
CHANGES IN NET POSITION –
INTERNAL SERVICE FUND
Year Ended June 30, 2022**

	Self - Insurance
<hr/>	
Operating revenues:	
Charges for services	\$ 25,591,983
	<hr/>
Total operating revenues	25,591,983
	<hr/>
Operating expenses:	
Contractual services	2,625,979
Risk financing and benefit payments	17,605,144
	<hr/>
Total operating expenses	20,231,123
	<hr/>
Operating income	5,360,860
	<hr/>
Change in net position	5,360,860
	<hr/>
Total net position, beginning	9,612,719
	<hr/>
Total net position, ending	\$ 14,973,579
	<hr/> <hr/>

**STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUND
Year Ended June 30, 2022**

	Self - Insurance
<hr/>	
Cash flows from operating activities:	
Receipts from interfund services provided	\$ 25,591,983
Claims and benefits paid	(21,548,663)
Payments to suppliers for goods and services	<u>(2,554,979)</u>
 Net cash provided by operating activities	 <u>1,488,341</u>
 Net change in cash and cash equivalents	 1,488,341
 Cash and cash equivalents:	
Beginning	<u>17,306,109</u>
 Ending	 <u><u>\$ 18,794,450</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 5,360,860
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in liabilities:	
Increase (decrease) in:	
Accounts payable	(1,398,185)
Due to other governments	(2,545,334)
Insurance and benefit claims	<u>71,000</u>
 Net cash provided by operating activities	 <u><u>\$ 1,488,341</u></u>

COUNTY OF AUGUSTA, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
June 30, 2022

EXHIBIT 10

	<u>Custodial Fund</u> <u>Special Welfare</u>
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 131,461
Total assets	<u>131,461</u>
NET POSITION	
Restricted for:	
Individuals	<u>131,461</u>
Total net position	<u><u>\$ 131,461</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
Year Ended June 30, 2022**

	<u>Custodial Fund</u> <u>Special Welfare</u>
<hr/>	
ADDITIONS	
Benefits collected on behalf of others	\$ 314,130
Total additions	<u>314,130</u>
DEDUCTIONS	
Payments to participants or beneficiaries	<u>328,774</u>
Total deductions	<u>328,774</u>
Net decrease in fiduciary net position	(14,644)
Total net position, beginning	<u>146,105</u>
Total net position, ending	<u><u>\$ 131,461</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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, 2022.

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

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Ventures

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of revenues for the Augusta Regional Landfill for the year ended June 30, 2022 is as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Revenues	\$ 2,073,373	\$ 645,478	\$ 763,723
% of total revenues	59.54%	18.53%	21.93%

The County's net investment is recorded on the Statement of Net Position. The County's equity interest as of June 30, 2022 was \$5,608,508.

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, 2022 as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Operations	\$ 3,357,248	\$ 735,707	\$ 676,602
% of total revenues	70.39%	15.43%	14.19%

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 \$197,000 for operations to the Valley Community Services Board, \$134,080 to the Shenandoah Valley Airport, \$149,084 to the Shenandoah Valley Juvenile Detention Home and \$4,624,488 to the Middle River Regional Jail Authority. The School Board contributed \$698,169 to the Shenandoah Valley Regional Program for operations.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities of the Fire Revolving Loan, CARES Act, 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:

Internal Service Fund- the Self-Insurance Fund accounts for costs associated with providing health insurance benefits to employees of the County and School Board.

Fiduciary fund accounts 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. The County's fiduciary fund is a custodial fund, the Special Welfare Fund.

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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Net Position Flow Assumption

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

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance

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 operates in accordance with appropriate state laws and regulations and is reported at amortized cost and classified as cash and cash equivalents.

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.

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 individual inventory items are used.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

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 5. The County bills and collects its own property taxes.

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, 2022, the General Fund had allowances of \$846,908 for property taxes and \$57,581 for EMS transport fees. The allowance for property taxes represents 0.2016 percent of the total levies for the previous six years.

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.

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 (except for intangible right-to-use lease assets, the measurement of which is discussed below) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. There were no impaired capital assets at year end.

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
Right-to-Use Leased Land	2-27
Right-to-Use Leased Building	6
Right-to-Use Leased Equipment	2-5
Right-to-Use Leased Infrastructure	16-26

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

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 non-vesting 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.

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.

Leases

Lessee: The County and School Board are lessees for noncancellable leases of equipment, buildings, infrastructure, and land. The County and School Board recognize lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. The County and School Board recognized lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County and School Board initially measure the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the County and School Board determine (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County and School Board use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County and School Board generally use their estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County and School Board are reasonably certain to exercise.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

Leases (Continued)

The County and School Board monitor changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The County is a lessor for noncancellable leases of buildings, property, and equipment. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

As the commencement of the lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow or resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the County determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Fund Equity

The County reports fund balance in accordance with GASB. 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 determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. 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;

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

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, 2022, the County had more than the required two months of operating expenditures by \$5,073,161. 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 \$153,414. See Note 22 for more information on fund balance designations.

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.

Restricted Assets

The primary government did not have restricted assets.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

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 assets 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 10 through 15 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 assets 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 10 through 15 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 and lease related charges are reported as deferred inflows of resources on the Statement of Net Position. Other deferred revenues and leases are also reported as deferred inflows of resources on the Statement of Net Position.

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 Virginia Retirement System (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. The General Fund has typically been used in prior years to liquidate pension liability.

Other Postemployment Benefits

The General Fund has typically been used in prior years to liquidate other postemployment benefits liabilities.

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 7.42 years for the County plan and 7.76 years for the School plan. Plan amendments are recognized immediately.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Balance (Continued)

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.

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 defined benefit 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 fiduciary net 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.

Line of Duty Act Program

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.

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.

E. Subsequent Events

The County has evaluated subsequent events through December 7, 2022, the date on which the financial statements were available to be issued.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, School Operating Fund, School Cafeteria Fund, School Capital Improvements Fund, Debt Service Fund, Head Start Fund, Governor's School Fund and County Capital Improvements Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Board of Supervisors. During preparation of the revised budget, the County Administrator is authorized to transfer budgeted amounts between general government departments and the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary review is employed as a management control device during the year for all budgeted funds.
6. Appropriations lapse on June 30 for all County units. The County's practice is to appropriate capital projects by project.
7. All budget data presented in the accompanying financial statements is the original and revised budget as of June 30.
8. Encumbrances, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, lapse at year end.
9. Annual budgets are adopted on a basis consistent with GAAP for all governmental funds.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2022, the School Cafeteria Fund had expenditures exceeding appropriations due to a non-cash adjustment for USDA inventories.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments

Deposits

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

Custodial Credit Risk (Deposits)

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

Investments

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

Custodial Credit Risk (Investments)

The County’s investment policy provides that securities purchased for the County shall be held by the County Treasurer or by the Treasurer’s custodian. If held by a custodian, the securities must be in the County’s name or in the custodian’s nominee name and identifiable on the custodian’s books as belonging to the County. Further, if held by a custodian, the custodian must be a third-party, not a counterparty (buyer or seller) to the transaction. At June 30, 2022, all of the County’s investments were held in accordance with this policy.

Credit Risk of Debt Securities

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

The County’s rated debt investments as of June 30, 2022 were rated by Standard & Poor’s and the ratings are presented below using the Standard & Poor’s rating scale.

	Fair Quality			
	AA	AAA	AA+	AAAm
U.S. Agencies	\$ -	\$ -	\$ 15,676,792	\$ -
U.S. Treasury Obligations	-	-	1,133,210	-
Municipal/Public Bonds	-	199,794	5,570,923	-
Local Government Investment Pool	-	-	-	157,197
Total	\$ -	\$ 199,794	\$ 22,380,925	\$ 157,197

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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

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 Type	Investment Maturities (in years)		
	Fair Value	Less than 1 Year	1-5 Years
Municipal/Public Bonds	\$ 1,133,210	\$ -	\$ 1,133,210
U.S. Treasury Obligations	5,770,717	1,896,209	3,874,508
U.S. Agencies	15,676,792	5,121,806	10,554,986
Total	\$ 22,580,719	\$ 7,018,015	\$ 15,562,704

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 \$157,197, 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.

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, 2022:

- U.S. agency securities of \$6,106,680 are valued using quoted market prices (Level 1 inputs) and \$9,570,112 are valued as Level 2 inputs using significant other observable inputs, including quoted prices for similar assets in active markets.
- U.S. Treasury obligations of \$6,504,133 are valued using quoted market prices (Level 1 inputs).
- Municipal/Public bonds of \$399,794 are valued as Level 2 inputs using significant other observable inputs, including quoted prices for similar assets in active markets.
- Money market funds of \$29,855 are valued using quoted market prices (Level 1 inputs).

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Due from Other Governmental Units

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

	Primary Government	Component Unit School Board
Shenandoah Valley Regional Program for Special Education:		
Net pension and other post employment benefits liability	\$ -	\$ 799,519
Commonwealth of Virginia:		
Local sales tax	-	2,491,419
State sales tax	1,646,895	-
Motor vehicle carrier's tax	58,025	-
Peer to Peer vehicle sharing tax	198	-
Reimbursement of shared services	408,452	-
Auto rental tax	18,347	-
Criminal Justice	33,926	-
Broadband Grant	92,596	-
Wireless PSAP	55,102	-
Library	52,557	-
Timber tax	468	-
SLAF Grant	502,739	-
Other	6,876	-
Children's services act	404,824	-
Virginia public assistance	100,091	-
Federal Government:		
Virginia public assistance	382,210	-
Criminal justice	69,790	-
EMPG Grant	14,228	-
CESF COVID Grant	26,714	-
NRDAR-Dupont Grant	229,192	-
Transportation	5,329	-
COSSAP Grant	33,862	-
Other	6,792	-
School grants	-	1,453,857
Head Start	-	380,136
Totals	\$ 4,149,213	\$ 5,124,931

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. Encumbrances

As discussed in Note 2.A.8., budgetary data, encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 630,722
Capital Projects Fund	<u>6,031,448</u>
Total	<u><u>\$ 6,662,170</u></u>

Note 6. Interfund/Entity Obligations

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

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 478,257	\$ -	\$ 2,496,221	\$ 576,618
County Capital Improvements Fund	2,264,485	-	-	-
VPA Fund	-	478,257	-	-
Total	<u><u>\$ 2,742,742</u></u>	<u><u>\$ 478,257</u></u>	<u><u>\$ 2,496,221</u></u>	<u><u>\$ 576,618</u></u>
Component Unit - School Board:				
School Operating Fund	\$ -	\$ -	\$ -	\$ 2,496,221
County Capital Improvements Fund	-	2,264,485	-	-
Head Start Fund	-	-	5,143	-
Governor's School Fund	-	-	571,475	-
Total	<u><u>\$ -</u></u>	<u><u>\$ 2,264,485</u></u>	<u><u>\$ 576,618</u></u>	<u><u>\$ 2,496,221</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Interfund Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 22,093,146
Virginia Public Assistance Fund	2,639,842	-
School Capital Improvements Fund	1,080,000	-
Debt Service Fund	7,748,638	-
County Capital Improvements Fund	11,287,013	662,347
Total	\$ 22,755,493	\$ 22,755,493

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.

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, 2022:

	Balance June 30, 2021*	Issuances	Retirements	Balance June 30, 2022
General obligation bonds	\$ 59,396,894	\$ -	\$ 5,057,781	\$ 54,339,113
Revenue bonds	4,664,048	-	582,677	4,081,371
Premiums on bond issues	4,626,524	-	427,513	4,199,011
Private placement notes	1,750,669	-	322,606	1,428,063
Leases	5,308,818	13,268	230,247	5,091,839
Compensated absences	2,346,633	1,057,351	832,837	2,571,147
Total long-term liabilities	\$ 78,093,586	\$ 1,070,619	\$ 7,453,661	\$ 71,710,544

*The beginning balance for leases was restated with the implementation of GASB 87, with no impact to the overall net position.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

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

Year(s) Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 5,176,611	\$ 1,890,230	\$ 602,676	\$ 130,269
2024	5,291,822	1,662,210	627,677	104,416
2025	5,420,405	1,425,279	657,676	78,141
2026	4,891,862	1,214,522	437,677	57,703
2027	5,026,093	997,191	452,675	42,456
2028-2032	14,547,320	3,268,346	1,228,383	34,991
2033-2037	13,985,000	1,076,264	74,607	-
Total	\$ 54,339,113	\$ 11,534,042	\$ 4,081,371	\$ 447,976

Year(s) Ending June 30,	Private Placement Notes		Leases	
	Principal	Interest	Principal	Interest
2023	335,818	58,483	\$ 215,526	\$ 84,297
2024	349,570	44,730	190,288	81,635
2025	363,886	30,414	195,445	78,930
2026	378,789	15,512	190,988	76,097
2027	-	-	189,258	73,163
2028-2032	-	-	979,266	319,787
2033-2037	-	-	1,148,962	229,467
2038-2042	-	-	846,444	142,374
2043-2047	-	-	998,282	59,077
2048-2050	-	-	137,380	1,685
Total	\$ 1,428,063	\$ 149,139	\$ 5,091,839	\$ 1,146,512

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction):</u>		
\$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.	\$ 870,000	\$ 290,000
\$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.	1,099,260	360,859
\$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.	6,650,000	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.	4,246,103	677,002
\$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.	2,343,750	468,750
\$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.	4,370,000	315,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$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.	\$ 22,885,000	\$ 1,150,000
\$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 \$1,247,289 which will be amortized over the life of the bond.	11,875,000	585,000
Sub-total general obligation bonds payable	54,339,113	5,176,611
Unamortized premium on general obligation bonds	3,770,939	348,668
<u>Revenue bonds:</u>		
\$1,789,123 2012B Series, issued August 23, 2012, Virginia Resources Authority Bonds due in annual installments of \$92,677 through December 1, 2033. The loan is interest free.	1,001,371	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.	2,415,000	300,000
\$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.	665,000	210,000
Sub-total revenue bonds payable	4,081,371	602,676
Unamortized premium on revenue bonds	428,072	78,845
<u>Private placement notes:</u>		
ePlus Group, Inc. note, dated October 16, 2019, due in annual installments from \$454,524 to \$322,606 through November 1, 2025, plus annual interest at 4.095%.	1,428,063	335,818
Compensated absences (payable from the General Fund)	2,571,147	464,591
Total	\$ 66,618,705	\$ 7,007,209

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

Arbitrage Rebate Compliance:

As of June 30, 2022, and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Certain debt agreements contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the County is unable to make payment.

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, 2022:

	Balance June 30, 2021*	Issuances	Retirements	Balance June 30, 2022
Compensated absences	\$ 2,519,365	\$ 1,189,187	\$ 1,278,502	\$ 2,430,050
Leases payable	1,031,670	-	328,490	703,180
Total long-term liabilities	\$ 3,551,035	\$ 1,189,187	\$ 1,606,992	\$ 3,133,230

*The beginning balance for leases payable was restated with the implementation of GASB 87, with no impact to the overall net position.

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Operating Fund)	\$ 2,430,050	\$ 464,605
Total long-term obligations	\$ 2,430,050	\$ 464,605

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

Year Ending June 30,	Leases	
	Principal	Interest
2023	\$ 321,586	\$ 2,742
2024	241,242	1,440
2025	104,177	500
2026	36,175	94
Total	\$ 703,180	\$ 4,776

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Leases

A. Leases Receivable

Primary Government

During the current fiscal year, the County leased land, building and infrastructure to a third party. The building leases range from 13 to 61 months. The County will receive monthly fixed payments ranging from \$1,220 to \$6,013. The land lease is a 48 month lease, and the County will receive annual fixed payments of \$385. The infrastructure lease (radio antenna slot) is a 204 month lease, and the County will receive annual fixed payments of \$1,754. The County recognized \$127,433 in lease revenue and \$2,457 in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the County's receivable for lease payments was \$279,308. Also, the County has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$283,447.

B. Leases Payable

Primary Government

During the current fiscal year, the County had agreements as a lessee for land, buildings, equipment and infrastructure. For the equipment leases, the County is required to make monthly fixed principal and interest payments ranging from \$25 to \$569 over a period ranging from 13 months to 53 months with interest rates ranging from 0.0308% to 0.602%. For the building lease, the County is required to make monthly fixed payments of \$3,697 over 308 months with an interest rate of 1.813%. The County has three extension options on the building, each for 60 months.

For the land leases, the County is required to make monthly fixed principal and interest payments ranging from \$1,950 to \$4,307 and annual fixed payments ranging from \$1,800 to \$12,706. Interest rates with the fixed payments range from 0.411% to 1.824% over 30 months to 326 months. The County also has one land lease with variable principal and interest payments of \$3,604 based on a CPI index. The lease has an interest rate of 1.471%. The County has several extension options associated with the land leases. For certain infrastructure leases, the County is required to make annual fixed payments ranging from \$2,800 to \$10,525 with interest rates ranging from 1.577% to 1.802% over a range of 204 months to 304 months. For other infrastructure leases, the County is required to make monthly fixed principal and interest payments ranging from \$1,000 to \$3,697 over a period ranging from 196 months to 310 months with interest rates ranging from 1.544% to 1.813%. The County has several extension options associated with the infrastructure leases.

In conjunction with the adoption of GASB Statement No. 87, *Leases*, an initial lease liability and initial right-to-use leased assets were recorded in the amount of \$5,308,818 for these leases.

School Board

During the current fiscal year, the School Board had agreements as a lessee for equipment. The School Board is required to make monthly fixed principal and interest payments ranging from \$52 to \$7,763 over a period ranging from 19 months to 58 months with interest rates ranging from 0.308% to 0.687%. In conjunction with the adoption of GASB Statement No. 87, *Leases*, an initial lease liability and initial right-to-use leased assets were recorded in the amount of \$1,031,670 for these leases.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan

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

A. Plan Description

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2 <i>Political subdivision employees:</i> Same as Plan 1. <i>School division employees (teachers):</i> Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members</p> <p><i>Political Subdivision Employees:</i> Members 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><i>School division employees (teachers):</i> Members are in Plan 1 if their membership date is prior to July 1, 2010, they were vested before January 1, 2013, and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> 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>Eligible Members</p> <p><i>Political subdivision employees:</i> Members 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><i>School division employees (teachers):</i> Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> 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>Eligible Members</p> <p>Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees (teachers) • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>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>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Members 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>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit 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>Service Credit Same as Plan 1.</p>	<p>Service Credit <i>Defined Benefit Component</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit 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><i>Defined Contribution Component</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component</i> 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 service credit. 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><i>Defined Contribution Component</i> 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> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except a governed by law.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction factor is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <i>Defined Benefit Component</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier <i>VRS:</i> 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><i>Sheriffs and regional jail superintendents:</i> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p>	<p>Service Retirement Multiplier <i>VRS:</i> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p><i>Sheriffs and regional jail superintendents:</i> Same as Plan 1.</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component</i> <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>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><i>Sheriffs and regional jail superintendents:</i> Not applicable.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier (Continued) <i>Political subdivision hazardous duty employees:</i> 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>Service Retirement Multiplier (Continued) <i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p>Service Retirement Multiplier (Continued) <i>Political subdivision hazardous duty employees:</i> Not applicable. <i>Defined Contribution Component</i> Not applicable.</p>
<p>Normal Retirement Age <i>VRS:</i> Age 65. <i>Political subdivisions hazardous duty employees:</i> Age 60.</p>	<p>Normal Retirement Age <i>VRS:</i> Normal Social Security retirement age. <i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.</p>	<p>Normal Retirement Age <i>Defined Benefit Component</i> <i>VRS:</i> Same as Plan 2. <i>Political subdivisions hazardous duty employees:</i> Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility <i>VRS:</i> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. <i>Political subdivision hazardous duty employees:</i> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility <i>VRS:</i> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90. <i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component</i> <i>VRS:</i> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90. <i>Political subdivision hazardous duty employees:</i> Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><i>Exceptions to COLA Effective Dates</i></p> <p><i>School Division (Teachers) and Political Subdivision Employees:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. <p><u>Exceptions to COLA Effective Dates (Continued)</u></p> <p><i>School Division (Teachers) and Political Subdivision Employees (Continued):</i></p> <ul style="list-style-type: none"> • 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. • <i>Political subdivision employees:</i> The member retires directly from short-term or long-term disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><i>Exceptions to COLA Effective Dates</i></p> <p><i>School Division (Teachers) and Political Subdivision Employees:</i> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</p> <p><i>Exceptions to COLA Effective Dates</i></p> <p><i>School Division (Teachers) and Political Subdivision Employees:</i> Same as Plan 1 and Plan 2.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

County Plan (Agent Plan)

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>352</u>
Inactive members:	
Vested inactive members	82
Non-vested inactive members	152
Inactive members active elsewhere in VRS	<u>338</u>
Total inactive members	<u>572</u>
Active members	<u>502</u>
Total covered employees	<u><u>1,426</u></u>

School Board Non-Professional Plan (Agent Plan)

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>59</u>
Inactive members:	
Vested inactive members	15
Non-vested inactive members	57
Inactive members active elsewhere in VRS	<u>27</u>
Total inactive members	<u>99</u>
Active members	<u>91</u>
Total covered employees	<u><u>249</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Contributions

County Plan (Agent Plan)

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.

The County's contractually required contribution rate for the year ended June 30, 2022 was 10.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, 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 pension plan from the County were \$2,552,839 and \$2,420,992 for the years ended June 30, 2022 and 2021, respectively.

School Board Non-Professional Plan (Agent Plan)

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.

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2022 was 5.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, 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 pension plan from the School Board for the non-professional plan were \$149,749 and \$138,395 for the years ended June 30, 2022 and 2021, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Contributions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

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 five 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, 2022, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, 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 pension plan from the School Board for the professional plan were \$10,194,066 and \$9,746,878 for the years ended June 30, 2022 and 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employee contribution.

D. Net Pension Liability

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

The County and the School Board's non-professional plans' net pension liabilities are calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the County and School Board's non-professional plans, the net pension liability was measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

D. Net Pension Liability (Continued)

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2022, the School Board reported a liability for the professional plan of \$53,455,912 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board’s proportion was 0.68859% as compared to 0.69991% at June 30, 2020.

The School Board’s 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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	\$ 53,381,141
Plan fiduciary net position	45,617,878
Employers' net pension liability	\$ 7,763,263

Plan fiduciary net position as a percentage of the total pension liability	85.46%
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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.

E. Actuarial Assumptions

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

General Employees

The total pension liability for General Employee’s in the County’s retirement plan and the total pension liability for General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2020, 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, 2021.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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

General Employees (Continued)

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality Rates:	15% of deaths are assumed to be service related.
- Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally, 95% of rates for males, 105% of rates for females set forward 2 years.
- Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally, 110% of rates for males, 105% of rates for females set forward 3 years.
- Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally, 95% of rates for males set back 3 years, 90% of rates for females set back 3 years.
- Beneficiaries and survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally, 110% of rates for males and females set forward 2 years.
- Mortality improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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

Public Safety Employees

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality Rates:	45% of deaths are assumed to be service related.
- Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale, 95% of rates for males, 105% of rates for females set forward 2 years.
- Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale, 110% of rates for males, 105% of rates for females set forward 3 years.
- Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale, 95% of rates for males set back 3 years, 90% of rates for females set back 3 years.
- Beneficiaries and survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale, 110% of rates for males and females set forward 2 years.
- Mortality improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality Rates:

- Pre-retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally, 110% of rates for males.
- Post-retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
- Post-disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
- Beneficiaries and survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
- Mortality improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

F. Long-Term Expected Rate of Return

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit strategies	14.00%	4.49%	0.63%
Real assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
	Inflation		2.50%
		*Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

G. Discount Rate

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

The discount rate used to measure the total pension liability was 6.75%. 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue 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 liability.

School Board Professional Plan (Cost-Sharing Plan)

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, school divisions are assumed to continue 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 liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset)

County Plan (Agent Plan)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2020	\$ 106,470,009	\$ 90,086,386	\$ 16,383,623
Changes for the year:			
Service cost	2,694,586	-	2,694,586
Interest	7,019,625	-	7,019,625
Changes of assumptions	4,119,357	-	4,119,357
Differences between expected and actual experience	(2,569,101)	-	(2,569,101)
Contributions - employer	-	2,420,992	(2,420,992)
Contributions - employee	-	1,128,832	(1,128,832)
Net investment income	-	24,628,786	(24,628,786)
Benefit payments, including refunds of employee contributions	(4,951,134)	(4,951,134)	-
Administrative expense	-	(60,915)	60,915
Other changes	-	2,325	(2,325)
Net changes	6,313,333	23,168,886	(16,855,553)
Balances at June 30, 2021	\$ 112,783,342	\$ 113,255,272	\$ (471,930)

School Board Non-Professional Plan (Agent Plan)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2020	\$ 13,396,746	\$ 12,093,795	\$ 1,302,951
Changes for the year:			
Service cost	235,558	-	235,558
Interest	881,006	-	881,006
Changes of assumptions	421,318	-	421,318
Differences between expected and actual experience	(169,667)	-	(169,667)
Contributions - employer	-	138,395	(138,395)
Contributions - employee	-	128,455	(128,455)
Net investment income	-	3,270,732	(3,270,732)
Benefit payments, including refunds of employee contributions	(689,600)	(689,600)	-
Administrative expense	-	(8,329)	8,329
Other changes	-	306	(306)
Net changes	678,615	2,839,959	(2,161,344)
Balances at June 30, 2021	\$ 14,075,361	\$ 14,933,754	\$ (858,393)

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

I. Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

County and School Board Non-Professional Plans (Agent Plans) and the School Board Professional Plan (Cost-Sharing Plan)

The following presents the net pension liabilities (assets) of the County, the School Board non-professional plan, and the School Board professional plan, using the discount rate of 6.75%, as well as what the County, the School Board non-professional plan, and the School Board professional plan’s net pension liabilities (assets) would be if they were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County net pension liability (asset)	\$ 15,117,047	\$ (471,930)	\$ (13,199,454)
School Board non-professional net pension liability (asset)	787,390	(858,393)	(2,224,521)
School Board professional net pension liability	103,167,016	53,455,912	12,561,889

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

County Plan (Agent Plan)

For the year ended June 30, 2022, the County recognized pension expense of \$772,070. The County also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 394,277	\$ (1,778,608)
Changes of assumptions	3,106,564	-
Net difference between projected and actual earnings on pension plan investments	-	(12,263,116)
Employer contributions subsequent to the measurement date	2,552,839	-
	<u>\$ 6,053,680</u>	<u>\$ (14,041,724)</u>

The \$2,552,839 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2023	\$ (1,795,273)
2024	(2,285,443)
2025	(2,740,720)
2026	(3,719,447)
	<u>\$ (10,540,883)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Non-Professional Plan (Agent Plan)

For the year ended June 30, 2022, the School Board recognized pension expense related to its non-professional plan of \$53,286. The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,576	\$ (100,131)
Changes of assumptions	248,647	-
Net difference between projected and actual earnings on pension plan investments	-	(1,618,805)
Employer contributions subsequent to the measurement date	149,749	-
	<u>\$ 472,972</u>	<u>\$ (1,718,936)</u>

The \$149,749 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2023	\$ (201,351)
2024	(323,294)
2025	(377,280)
2026	<u>(493,788)</u>
	<u>\$ (1,395,713)</u>

School Board Professional Plan (Cost-Sharing Plan)

For the year ended June 30, 2022, the School Board recognized pension expense related to the professional plan of \$6,159,838 and the Commonwealth’s special contribution of \$422,411. 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 postemployment 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 \$(8,378) has been allocated and reported as due from the Program.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

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

At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,553,052)
Changes of assumptions	9,365,336	-
Net difference between projected and actual earnings on pension plan investments	-	(33,686,485)
Changes in proportionate share	118,000	(2,900,283)
Employer contributions subsequent to the measurement date	10,194,066	-
	<u>\$ 19,677,402</u>	<u>\$ (41,139,820)</u>

The \$10,194,066 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2023	\$ (7,709,105)
2024	(6,868,610)
2025	(7,284,939)
2026	(9,799,990)
2027	6,160
	<u>\$ (31,656,484)</u>

K. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan and the VRS Teacher Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-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

Note 11. Other Postemployment Benefits – Medical Insurance Program

A. 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

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligibility Conditions</i> 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"> • Is at least age 50 with 10 years of service, and is eligible for immediate retirement benefits under VRS, or • Has at least 10 years of service and is eligible for immediate disability retirement benefits under VRS. <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><i>Covered Employees</i> All full time employees (must be covered by the active plan at time of retirement or disability).</p>
<p><i>Medical Coverage</i> 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><i>Spousal Coverage</i> Offer COBRA insurance after death of retiree.</p>
<p><i>Retiree Cost Sharing</i> 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

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

A. Plan Description (Continued)

School Board

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligibility Conditions</i> 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"> • If the employee is eligible to retire under the Virginia Retirement System (VRS), or • 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. • 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. • If covered by VRS, must have at least 10 years of service and be eligible for VRS disability benefits, or • 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. <p>Coverage ceases at the earlier eligibility for Medicare or for any other health coverage.</p>
<p><i>Covered Employees</i> All full time employees (must be covered by the active plan at time or retirement or disability).</p>
<p><i>Medical Coverage</i> Employee Cost Sharing</p> <ul style="list-style-type: none"> • Employee pays 100% of individual premium. • Spouse – Employee pays 100% of spousal premium. <p>Coverage ceases upon eligibility for any other health coverage, including Medicare.</p>

B. Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

County

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	<u>496</u>
Total	<u><u>506</u></u>

School Board

	<u>Number</u>
Inactive employees or beneficiaries currently receiving benefit payments	38
Active employees	<u>1,353</u>
Total	<u><u>1,391</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

C. Total Medical Insurance Program OPEB Liability

County and School Board

The County's total Medical Insurance OPEB liability of \$6,375,000 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2019. The School Board's total Medical Insurance OPEB liability of \$14,223,000 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2019.

D. Actuarial Assumptions and Other Inputs

County and School Board

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2019, 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	2.45%
Healthcare cost trend rates	6.25% for fiscal year end 2021, 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, 2019.

Mortality Rates

RP-2014 Fully Generational Mortality Table, with base year 2006, projected using two-dimensional improvement scale MP-2020.

E. Changes in the Total Medical Insurance OPEB Liability

County

	<u>Total Medical Insurance OPEB Liability</u>
Balance at July 1, 2021	\$ 6,779,000
Changes for the year:	
Service cost	444,000
Interest	177,000
Difference between expected and actual experience	(1,762,000)
Contributions - employer	11,000
Other changes	726,000
Net changes	<u>(404,000)</u>
Balance at June 30, 2022	<u>\$ 6,375,000</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

E. Changes in the Total Medical Insurance OPEB Liability (Continued)

School Board

	<u>Total Medical Insurance OPEB Liability</u>
Balance at July 1, 2021	\$ 14,111,000
Changes for the year:	
Service cost	777,000
Interest	363,000
Difference between expected and actual experience	(2,221,000)
Contributions - employer	(111,000)
Assumption changes	1,304,000
Net changes	<u>112,000</u>
Balance at June 30, 2022	<u>\$ 14,223,000</u>

F. 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 (0.92%) or 1-percentage-point higher (2.92%) than the current discount rate:

	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
County	\$ 7,225,000	\$ 6,375,000	\$ 5,269,000
School Board	15,619,000	14,223,000	12,929,000

G. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the 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 (5.0%) or 1-percentage-point higher (7.0%) than the current discount rate:

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
County	\$ 5,428,000	\$ 6,375,000	\$ 7,530,000
School Board	12,358,000	14,223,000	16,456,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

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

County

For the year ended June 30, 2022, the County recognized Medical OPEB plan expense of \$552,000. The County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 446,000	\$ (1,863,000)
Changes of assumptions	1,188,000	(159,000)
Employer contributions after measurement date but prior to fiscal year end	91,850	-
	<u>\$ 1,725,850</u>	<u>\$ (2,022,000)</u>

The \$91,850 reported as deferred outflows of resources to the Medical OPEB plan resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to the Medical OPEB plan will be recognized in future reporting periods as follows:

Year Ending June 30,	Amount
2023	\$ (69,000)
2024	(69,000)
2025	(69,000)
2026	55,000
2027	(46,000)
Thereafter	<u>(190,000)</u>
	<u>\$ (388,000)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program (Continued)

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Insurance OPEB (Continued)

School Board

For the year ended June 30, 2022, the School Board recognized Medical OPEB plan expense of \$363,000. The School Board also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 695,000	\$ (5,444,000)
Changes of assumptions	2,171,000	(585,000)
Employer contributions after measurement date but prior to fiscal year end	367,282	-
	<u>\$ 3,233,282</u>	<u>\$ (6,029,000)</u>

The \$367,282 reported as deferred outflows of resources related to the Medical OPEB plan resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to the Medical OPEB plan will be recognized in future reporting periods as follows:

Year Ending June 30,	Amount
2023	\$ (777,000)
2024	(777,000)
2025	(777,000)
2026	(571,000)
2027	(219,000)
Thereafter	<u>(42,000)</u>
	<u>\$ (3,163,000)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the County, 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:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligibility Conditions</i> The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. 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 accumulated retirement member contributions and accrued interest.</p>
<p><i>Benefit Amounts</i> The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u>: The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u>: The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u>: 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"> ○ Accidental dismemberment benefit ○ Seatbelt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p><i>Reduction in Benefit Amounts</i> 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>
<p><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i> For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 COLA calculation. The minimum benefit adjusted for the COLA was \$8,722 effective June 30, 2022.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

B. 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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% 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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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, 2022 and June 30, 2021 were as follows:

	2022	2021
County	\$ 130,314	\$ 124,169
School Board Non-Professional	17,994	16,244
School Board Professional	361,545	343,833

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB

At June 30, 2022, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

County	\$ 1,342,871
School Board Non-Professional	159,389
School Board Professional	3,433,436

The net GLI OPEB liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021, comparisons of the participating employers' proportions to June 30, 2020 are as follows:

	2021	2020
County	0.11539%	0.11400%
School Board Non-Professional	0.01369%	0.01352%
School Board Professional	0.29490%	0.29807%

For the year ended June 30, 2022, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense of \$78,974, \$3,645, and \$106,540, 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB (Continued)

At June 30, 2022, 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	\$ 153,159	\$ (10,232)
Net difference between projected and actual earnings on GLI OPEB investments	-	(320,514)
Changes of assumptions	74,032	(183,733)
Changes in proportionate share	68,174	-
Employer contributions subsequent to the measurement date	130,314	-
	<u>\$ 425,679</u>	<u>\$ (514,479)</u>

The \$130,314 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, 2023. 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
2023	\$ (42,196)
2024	(32,608)
2025	(39,292)
2026	(90,563)
2027	(14,455)
	<u>\$ (219,114)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB (Continued)

School Board Non-Professional Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,179	\$ (1,214)
Net difference between projected and actual earnings on GLI OPEB investments	-	(38,043)
Changes of assumptions	8,787	(21,808)
Changes in proportionate share	3,125	(7,072)
Employer contributions subsequent to the measurement date	17,994	-
	<u>\$ 48,085</u>	<u>\$ (68,137)</u>

The \$17,994 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, 2023. 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
2023	\$ (10,737)
2024	(8,228)
2025	(6,271)
2026	(11,072)
2027	(1,738)
	<u>\$ (38,046)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI OPEB (Continued)

School Board Professional Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 391,595	\$ (26,161)
Net difference between projected and actual earnings on GLI OPEB investments	-	(819,488)
Changes of assumptions	189,284	(469,767)
Changes in proportionate share	23,788	(158,556)
Employer contributions subsequent to the measurement date	361,545	-
	<u>\$ 966,212</u>	<u>\$ (1,473,972)</u>

The \$361,545 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, 2023. 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
2023	\$ (203,266)
2024	(174,182)
2025	(162,702)
2026	(271,463)
2027	(57,692)
	<u>\$ (869,305)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50% – 5.95%
Locality – general employees	3.50% – 5.35%
Locality – hazardous duty employees	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

School Board Professional Plan

Mortality Rates – Teachers

Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement: Pub-2010 amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans

Mortality Rates – General Employees

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement: Pub-2010 amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates – Hazardous Duty Employees

Pre-Retirement: Pub-2010 Amount Weighted Safely Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

E. Net GLI OPEB Liability

School Board Professional Plan

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 the measurement date of June 30, 2021, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,577,346
Plan fiduciary net position	2,413,074
	\$ 1,164,272

Plan fiduciary net position as a percentage of the total GLI OPEB liability 67.45%

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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

F. Long-Term Expected Rate of Return

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

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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit strategies	14.00%	4.49%	0.63%
Real assets	14.00%	4.76%	0.67%
Private equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
	<u>100.00%</u>		<u>4.89%</u>
	Inflation		<u>2.50%</u>
			<u>7.39%</u>

* The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

G. Discount Rate

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

The discount rate used to measure the total GLI OPEB liability was 6.75%. 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 and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, 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 which was 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program (Continued)

H. Sensitivity of the Participating Employers’ Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

The following presents the participating employers’ proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County	\$ 1,961,983	\$ 1,342,871	\$ 842,910
School Board Non-Professional	232,873	159,389	100,047
School Board Professional	5,016,375	3,433,436	2,155,141

I. GLI Fiduciary Net Position

Detailed information about the GLI’s fiduciary net position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 13. Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

School Board Non-Professional and School Board Professional Plans

The County has two types of Health Insurance Credit Program (HIC) OPEB plans. A single-employer plan for political subdivisions (School Board non-professional plan) and a cost-sharing employer plan for VRS teacher employees (School Board professional plan). For the School Board non-professional plan, all full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program (HIC) upon employment. 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. These plans are 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

A. Plan Description (Continued)

School Board Non-Professional Plan

The specific information about the School Board non-professional HIC, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HIC PLAN PROVISIONS
<p><i>Eligible Employees</i> The Political Subdivision Retiree HIC was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and 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"> • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p><i>Benefit Amounts</i> The political subdivision’s Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – for employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • Disability Retirement – for employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p><i>Health Insurance Credit Program Notes</i></p> <ul style="list-style-type: none"> • The monthly HIC benefit cannot exceed the individual premium amount • No HIC for premiums paid and qualified under Line of Duty Act (LODA), however, the employee may receive the credit for premiums paid for other qualified health plans. <p>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.</p>

School Board Professional Plan

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

TEACHER EMPLOYEE HIC PLAN PROVISIONS
<p><i>Eligible Employees</i> 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"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

A. Plan Description (Continued)

School Board Professional Plan (Continued)

TEACHER EMPLOYEE HIC PLAN PROVISIONS (Continued)
<p><i>Benefit Amounts</i> The Teacher Employee Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> – 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. • <u>Disability Retirement</u> – 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"> ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p><i>HIC Program Notes</i></p> <ul style="list-style-type: none"> • The monthly HIC benefit cannot exceed the individual premium amount. • 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.

B. Employees Covered by Benefit Terms

School Board Non-Professional Plan

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC plan.

	<u>Number</u>
Inactive employees or their beneficiaries currently receiving benefit payments	32
Inactive members:	
Vested	<u>1</u>
Total inactive members	<u>33</u>
Active employees	<u>91</u>
Total	<u><u>124</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

C. Contributions

School Board Non-Professional and School Board Professional Plans

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rates for the School Board non-professional and School Board professional plans for the year ended June 30, 2022 was 0.55% and 1.21%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 employers for the years ended June 30, 2022 and June 30, 2021 were as follows:

	2022	2021
School Board Non-Professional	\$ 20,324	\$ 15,242
School Board Professional	789,923	748,499

D. Net HIC OPEB Liability

School Board Non-Professional Plan

The School Board Non-Professional plan’s net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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, 2021, NOL amounts for the Teacher Employee HIC are as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Program
Total HIC OPEB liability	\$ 1,477,874
Plan fiduciary net position	194,305
Employers' net HIC OPEB liability	\$ 1,283,569

Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability 13.15%

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

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions

School Board Non-Professional and School Board Professional Plans

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Teacher employees	3.50% – 5.95%
General employees	3.50%-5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

School Board Non-Professional Plan

Mortality Rates – General Employees

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

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 Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Actuarial Assumptions (Continued)

School Board Professional Plan

Mortality Rates – Teachers

Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-Disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

F. Long-Term Expected Rate of Return

School Board Non-Professional and School Board Professional Plans

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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit strategies	14.00%	4.49%	0.63%
Real assets	14.00%	4.76%	0.67%
Private equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
	Inflation		2.50%
		*Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

G. Discount Rate

School Board Non-Professional and School Board Professional Plans

The discount rate used to measure the total HIC OPEB was 6.75%. 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 and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by School Board non-professional and School Board professional plans for the HIC was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan’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.

H. Changes in the Net HIC OPEB Liability

School Board Non-Professional Plan

	Total HIC OPEB Liability	Plan Fiduciary Net Position	Total HIC OPEB Liability
Balance at July 1, 2020	\$ 196,803	\$ -	\$ 196,803
Changes for the year:			
Service cost	2,747	-	2,747
Interest	13,284	-	13,284
Changes in assumptions	4,127	-	4,127
Contributions - employer	-	15,542	(15,542)
Net investment income	-	2,260	(2,260)
Administrative expense	-	(70)	70
Net changes	20,158	17,732	2,426
Balance at June 30, 2021	\$ 237,119	\$ 17,732	\$ 199,229

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

School Board Non-Professional and School Board Professional Plans

The following presents the net HIC OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board Professional	\$ 9,934,562	\$ 8,825,051	\$ 7,886,141
School Board Non-Professional	220,313	199,229	181,247

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

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

School Board Non-Professional Plan

For the year ended June 30, 2022, the School Board non-professional plan recognized HIC OPEB expense of \$16,075. At June 30, 2022, the School Board non-professional plan reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB investments	\$ -	\$ (1,390)
Changes of assumptions	3,283	-
Employer contributions subsequent to the measurement date	20,324	-
	\$ 23,607	\$ (1,390)

The \$20,324 reported as deferred outflows of resources related to the HIC OPEB resulting from the school Board non-professional plan’s contributions subsequent to the measurement date will be recognized as a reduction of the total HIC OPEB liability in the fiscal year ending June 30, 2023. No other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in future reporting periods as follows:

Year Ending June 30,	Amount
2023	\$ 496
2024	496
2025	496
2026	405
	\$ 1,893

School Board Professional Plan

At June 30, 2022, the School Board professional plan reported a liability of \$8,825,051 for its proportionate share of the Teacher Employee HIC total OPEB liability. The Net Teacher Employee HIC OPEB liability was measured as of June 30, 2021 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board professional plan’s proportion of the Teacher Employee HIC was 0.68754% as compared to 0.69930% at June 30, 2020.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

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

For the year ended June 30, 2022, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$641,531. Since there was a change in proportionate share between measurement dates a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, 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
Differences between expected and actual experience	\$ -	\$ (153,997)
Net difference between projected and actual earnings on HIC OPEB investments	-	(116,253)
Changes of assumptions	238,557	(35,467)
Changes in proportionate share	34,033	(373,044)
Employer contributions subsequent to the measurement date	789,923	-
	<u>\$ 1,062,513</u>	<u>\$ (678,761)</u>

The \$789,923 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, 2023. 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
2023	\$ (87,997)
2024	(89,317)
2025	(90,228)
2026	(81,385)
2027	(30,328)
Thereafter	<u>(26,916)</u>
	<u>\$ (406,171)</u>

K. **HIC Credit Program Plan Data**

Detailed information about the VRS Political Subdivision and Teacher Employee Health Insurance Credit Program is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Virginia Local Disability Program

A. Plan Description

School Board Professional Plan

All full-time, salaried permanent (professional) employees of public school divisions 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 Teacher Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP).

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

TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
<p><i>Eligible Employees</i> The Teacher 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 plan retirement benefits. 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">• Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p><i>Benefit Amounts</i></p> <ul style="list-style-type: none">• The Teacher Employee VLDP provides the following benefits for eligible employees: <u>Short-Term Disability :</u><ul style="list-style-type: none">○ 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.○ 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 of work-related disability.○ Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. <u>Long-Term Disability:</u><ul style="list-style-type: none">○ 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.○ 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

A. Plan Description (Continued)

Virginia Local Disability Program Notes

- 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.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

B. Contributions

School Board Professional Plan

The contribution requirement for active hybrid plan employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 0.47% of covered employee compensation for employees in the VRS Teacher Employee VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 division to the VRS Teacher Employee VLDP were \$107,154 and \$88,417 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

School Board Professional Plan

At June 30, 2022, the school division reported an asset of \$17,307 for its proportionate share of the VRS Teacher Employee VLDP Net OPEB Liability. The Net VRS Teacher Employee VLDP OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee VLDP OPEB liability used to calculate the Net VRS Teacher Employee VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee VLDP OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee VLDP OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee VLDP was 2.45840% as compared to 2.53395% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee VLDP OPEB expense of \$58,142. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

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

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,654	\$ (9,618)
Net difference between projected and actual earnings on VLDP OPEB investments	-	(13,770)
Changes of assumptions	9,394	-
Changes in proportionate share	-	(1,229)
Employer contributions subsequent to the measurement date	107,154	-
	<u>\$ 125,202</u>	<u>\$ (24,617)</u>

The \$107,154 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods.

Year Ending June 30,	Amount
2023	\$ (2,868)
2024	(2,884)
2025	(2,861)
2026	(3,390)
2027	442
Thereafter	4,992
	<u>\$ (6,569)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

D. Actuarial Assumptions

School Board Professional Plan

The total Teacher Employee VLDP OPEB liability for the VRS Teacher Employee VLDP was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Political subdivision employees	3.50% – 5.95%
Investment rate of return	6.75%, including inflation

Mortality Rates – Teachers

Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement: Pub-2010 Amount Weighted Teacher Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females..

Post-Disablement: Pub-2010 Amount Weighted Teachers Disables Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

E. Net Teacher Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee 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, 2021, NOL amounts for the VRS Teacher Employee VLDP is as follows (amounts expressed in thousands):

	Teacher Employee VLDP OPEB Plan
Total Teacher Employee VLDP OPEB Liability	\$ 4,884
Plan fiduciary net position	5,590
Teacher Employee net VLDP OPEB Liability (Asset)	\$ (706)

Plan fiduciary net position as a percentage of the total teacher employee VLDP OPEB liability	114.46%
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The total Teacher Employee 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 Teacher Employee 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

F. Long-Term Expected Rate of Return

School Board Professional Plan

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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit strategies	14.00%	4.49%	0.63%
Real assets	14.00%	4.76%	0.67%
Private equity	14.00%	9.94%	1.39%
MAPS-Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
	Inflation		2.50%
		*Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11% including expected inflation of 2.50%.

G. Discount Rate

School Board Professional Plan

The discount rate used to measure the total Teacher Employee VLDP OPEB was 6.75%. 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, 2021, the rate contributed by the school division for the VRS Teacher Employee VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee 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 was applied to all periods of projected benefit payments to determine the total Teacher Employee VLDP OPEB liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Virginia Local Disability Program (Continued)

H. Sensitivity of the School Division’s proportionate Share of the Teacher Employee VLDP Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the school division’s proportionate share of the VRS Teacher Employee VLDP net VLDP OPEB liability (asset) using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net VLDP OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division’s proportionate share of the VRS Teacher Employee VLDP OPEB Plan Net VLDP OPEB Liability (Asset)	\$ (2,597)	\$ (17,307)	\$ (30,238)

I. VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Virginia Local Disability Program’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15. Pension and Other Postemployment Benefits

Pension and Other Postemployment Benefits (OPEB) are long term liabilities created by a commitment to provide benefits to employee’s postemployment. The net pension liability and net OPEB liability are determined by an actuarial assessment and presented on the face of the financial statements. Amounts for deferred inflows and deferred outflows are also presented on the face of the financial statements. Details about the actuarial assessment and inflows and outflows are presented in the Pension and OPEB note disclosures. Individual plan expenses are also presented in those notes. Aggregate amounts of the recognized pension expense and OPEB expense for the fiscal year ended June 30, 2022 are presented below.

Aggregate pension expense, liabilities, deferred outflows, and deferred inflows recognized for the fiscal year ended June 30, 2022:

	Primary Government	Component Unit		
	Governmental Activities	School Board Professional	Non- Professional	Totals
Pension Expense	\$ 772,070	\$ 6,158,838	\$ 149,749	\$ 6,308,587
Net Pension Liability	-	53,455,912	-	53,455,912
Net Pension Asset	(471,930)	-	(858,393)	(858,393)
Deferred Inflows	(14,041,724)	(41,139,820)	(1,718,936)	(42,858,756)
Deferred Outflows	6,053,680	19,677,402	472,972	20,150,374

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Pension and Other Postemployment Benefits (Continued)

Aggregate OPEB expense, liabilities, deferred outflows, and deferred inflows recognized for the fiscal year ended June 30, 2022:

	Primary Government		Component Unit		Totals
	Governmental Activities	School Board Professional	School Board Non-Professional		
Medical					
OPEB Expense	\$ 552,000	\$ 363,000	\$ -	\$ 363,000	
Total OPEB Liability	6,375,000	14,223,000	-	14,223,000	
Deferred Inflows	(2,022,000)	(6,029,000)	-	(6,029,000)	
Deferred Outflows	1,725,850	3,233,282	-	3,233,282	
GLI					
OPEB Expense	\$ 78,974	\$ 106,540	\$ 3,645	\$ 110,185	
Total OPEB Liability	1,342,871	3,433,436	159,389	3,592,825	
Deferred Inflows	(514,479)	(1,473,972)	(68,137)	(1,542,109)	
Deferred Outflows	425,679	966,212	48,085	1,014,297	
HIC					
OPEB Expense	\$ -	\$ 641,531	\$ 16,075	\$ 657,606	
Total OPEB Liability	-	8,825,051	199,229	9,024,280	
Deferred Inflows	-	(678,761)	(1,390)	(680,151)	
Deferred Outflows	-	1,062,513	23,607	1,086,120	
VLDP					
OPEB Expense	\$ -	\$ 58,142	\$ -	\$ 58,142	
Total OPEB Liability (Asset)	-	(17,307)	-	(17,307)	
Deferred Inflows	-	(24,617)	-	(24,617)	
Deferred Outflows	-	125,202	-	125,202	
Totals					
OPEB Expense	\$ 630,974	\$ 1,169,213	\$ 19,720	\$ 1,188,933	
Total OPEB Liability	7,717,871	26,481,487	358,618	26,840,105	
Total OPEB Asset	-	(17,307)	-	(17,307)	
Deferred Inflows	(2,536,479)	(8,206,350)	(69,527)	(8,275,877)	
Deferred Outflows	2,151,529	5,387,209	71,692	5,458,901	

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. 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 \$7,050,477 and \$87,000 is comprised of the following:

	Governmental Activities	School Board
American Rescue Plan Act 2021	\$ 6,387,139	\$ -
Federal payment in lieu of taxes	598,406	-
EMS transport fees	64,932	-
Prepaid meals - cafeteria	-	69,279
Other	-	17,721
	<u>\$ 7,050,477</u>	<u>\$ 87,000</u>

Note 17. Unavailable and Deferred Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. It is comprised of the following:

	General Fund Unavailable Revenue	
	Property Taxes	Other
Property taxes receivable, net of allowance (reported on Fund statements)	\$ 4,871,033	\$ -
Unbilled property taxes for second half of 2021	22,891,933	-
Land held for investment	-	685,866
Repayment of loans from fire departments	-	951,272
Other	-	1,022
	<u>\$ 27,762,966</u>	<u>\$ 1,638,160</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2022 was as follows:

Governmental Activities	Beginning Balance*	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 5,449,063	\$ -	\$ -	\$ -	\$ 5,449,063
Construction in progress	1,372,085	167,638	-	-	1,539,723
Total capital assets not being depreciated	6,821,148	167,638	-	-	6,988,786
Capital assets being depreciated:					
Buildings	87,618,328	65,657	(5,126,891)	-	82,557,094
Machinery and equipment	27,422,167	1,344,936	(154,943)	-	28,612,160
Land improvements	7,282,402	-	-	-	7,282,402
Right-to-use leased land	2,228,838	-	-	-	2,228,838
Right-to-use leased building	109,120	-	-	-	109,120
Right-to-use leased equipment	123,045	13,268	-	-	136,313
Right-to-use leased infrastructure	2,847,815	-	-	-	2,847,815
Total capital assets being depreciated	127,631,715	1,423,861	(5,281,834)	-	123,773,742
Accumulated depreciation for:					
Buildings	(28,133,589)	(669,962)	(82,905)	-	(28,886,456)
Machinery and equipment	(14,600,173)	(2,031,594)	148,773	-	(16,482,994)
Land improvements	(3,006,156)	(360,737)	-	-	(3,366,893)
Right-to-use leased land	-	(137,098)	-	-	(137,098)
Right-to-use leased building	-	(19,544)	-	-	(19,544)
Right-to-use leased equipment	-	(44,364)	-	-	(44,364)
Right-to-use leased infrastructure	-	(134,620)	-	-	(134,620)
Total accumulated depreciation	(45,739,918)	(3,397,919)	65,868	-	(49,071,969)
Total capital assets being depreciated, net	81,891,797	(1,974,058)	(5,215,966)	-	74,701,773
Governmental activities capital assets, net	\$ 88,712,945	\$ (1,806,420)	\$ (5,215,966)	\$ -	\$ 81,690,559

*The beginning balance for right-to-use leased assets was restated with the implementation of GASB 87, with no impact to the overall net position.

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

Governmental Activities	Amount
General government	\$ 1,416,371
Judicial administration	5,193
Public safety	1,485,535
Public works	311,627
Health and welfare	48,381
Parks, recreation and cultural	118,621
Community development	12,191
Total depreciation expenses - governmental activities	\$ 3,397,919

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Capital Assets (Continued)

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2022 was as follows:

School Board	Beginning Balance*	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,551,430	\$ -	\$ -	\$ -	\$ 1,551,430
Construction in progress	904,073	2,515,908	-	(404,444)	3,015,537
Total capital assets not being depreciated	2,455,503	2,515,908	-	(404,444)	4,566,967
Capital assets being depreciated:					
Buildings	164,325,385	5,242,579	-	24,703	169,592,667
Machinery and equipment	27,503,914	2,030,641	(465,055)	379,741	29,449,241
Right-to-use leased equipment	1,031,670	-	-	-	1,031,670
Total capital assets being depreciated	192,860,969	7,273,220	(465,055)	404,444	200,073,578
Accumulated depreciation for:					
Buildings	(89,335,257)	(5,592,330)	-	-	(94,927,587)
Machinery and equipment	(21,673,460)	(1,464,398)	465,055	-	(22,672,803)
Right-to-use leased equipment	-	(325,592)	-	-	(325,592)
Total accumulated depreciation	(111,008,717)	(7,382,320)	465,055	-	(117,925,982)
Total capital assets being depreciated, net	81,852,252	(109,100)	-	404,444	82,147,596
School Board capital assets, net	\$ 84,307,755	\$ 2,406,808	\$ -	\$ -	\$ 86,714,563

*The beginning balance for right-to-use leased equipment was restated with the implementation of GASB 87, with no impact to the overall net position.

Depreciation expense charged to education was \$7,382,320.

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, 2022, is that school financed assets in the amount of \$54,339,115 are reported in the Primary Government for financial reporting purposes.

Note 19. Risk Management

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 19. Risk Management (Continued)

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 official's 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 20. Joint Venture – Augusta Regional Landfill – Landfill Closure and Post-Closure Costs

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

At June 30, 2022, the Augusta Regional Landfill reported as its landfill closure liability \$6,780,986 which represents the cumulative amount reported to date based on the use of 90.9% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 62.0% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The Augusta Regional Landfill reported a post-closure monitoring liability of \$3,103,219 at June 30, 2022. This represents the cumulative amount reported to date based on the use of 100.00% of the estimated capacity of the Permit #21 landfill of which the County is 60.33% responsible and 90.9% of the estimated capacity of the Permit #585 (Phases 1-3) and 62.0% of the Permit #585 (Phase 4) landfill, of which the County is 52.75% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2022 for both landfill permits are \$9,884,205. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$636,712 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$1,322,781 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 re-evaluated 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 21. Construction Contracts Outstanding

The Primary Government had the following material contracts outstanding at June 30, 2022:

Project	Original Contract Amount	Amount Spent as of June 30, 2022	Amount of Contract Remaining at Year End
Buffalo Gap Middle School-Construction Design	\$ 1,514,600	\$ 1,162,867	\$ 351,733
Riverheads Middle School-Construction Design	1,476,100	1,128,301	347,799
Clymore and Stuarts Draft Elementary School HVAC	746,000	52,220	693,780
Shenandoah Ctr for Advanced Learning Renovation-Design	200,000	47,720	152,280
Courts Complex design	6,033,326	1,472,282	4,561,044
Verona Pedestrian Improvements-Construction Design	135,723	6,499	129,224
Verona Pedestrian Improvements-Preliminary Engineering	193,054	184,287	8,767
Jennings Branch Stream Restoration-Construction	678,817	-	678,817
Total	\$ 10,977,620	\$ 4,054,178	\$ 6,923,441

Note 22. Fund Balance

Fund balance had the following classifications at June 30, 2022:

Fund Balances	General	County Capital Improvements	School Capital Improvements	Total
Nonspendable:				
Inventories	\$ 2,695	\$ -	\$ -	\$ 2,695
Prepaid items	129,382	-	-	129,382
Restricted for:				
Fire revolving loan program	2,634,955	-	-	2,634,955
Drug enforcement	123,389	-	-	123,389
ARPA	44,316	-	-	44,316
Committed to:				
Education	1,331,980	-	-	1,331,980
Emergency medical services	1,685,794	-	-	1,685,794
Assigned to:				
Fire revolving loan program	404,304	-	-	404,304
Drug enforcement	73,084	-	-	73,084
Capital projects	-	55,768,439	(1,094,598)	54,673,841
Unassigned	17,295,207	-	-	17,295,207
Total	\$ 23,725,106	\$ 55,768,439	\$ (1,094,598)	\$ 78,398,947

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 23. Notes Receivable

Notes receivable consists of three agreements. The first is a note receivable representing 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 6.51% per annum starting in 2019, an increase over the prior rate of 4.75% per the agreement. 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, 2022 include:

Year Ending June 30,	Principal	Interest
2023	\$ 60,000	\$ 3,906
	\$ 60,000	\$ 3,906

The second agreement is a fire revolving 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, 2022 from the Riverheads, Swoope, Middlebrook, Deerfield, and Churchville Fire Departments include:

Year(s) Ending June 30,	Principal	Interest
2023	\$ 85,636	\$ -
2024	85,636	-
2025	80,000	-
2026	80,000	-
2027	80,000	-
Thereafter	540,000	-
	\$ 951,272	\$ -

The third agreement relates to membership of the Middle River Regional Jail Authority (MRRJA), which opened in April 2006, and 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 \$776,554 in fiscal year 2022, 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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 23. Notes Receivable (Continued)

Amounts due to the County at June 30, 2022 include:

Year Ending June 30,	Principal	Interest
2023	\$ 793,406	\$ 52,780
2024	810,623	35,563
2025	828,214	17,972
	<u>\$ 2,432,243</u>	<u>\$ 106,315</u>

Note 24. Risk Management

Health Insurance – County and School Board

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

County and School Board employees and employee dependents are eligible for medical benefits from a County and School Board, Self-Insurance Fund (Internal Service 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 2020 through 2022.

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2022	\$ 1,990,000	\$ 2,061,000	\$ (1,990,000)	\$ 2,061,000
June 30, 2021	1,712,000	1,990,000	(1,712,000)	1,990,000
June 30, 2020	1,865,000	1,712,000	(1,865,000)	1,712,000

Note 25. Commitments, Contingencies, and Subsequent Events

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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 25. Commitments, Contingencies, and Subsequent Events (Continued)

Subsequent Events

The Board of Supervisors approved a bridge loan to the Augusta County Schools for the Riverheads and Buffalo Gap Middle school construction projects. This loan was needed due to the Schools being unable to determine funding from the state before the Spring Virginia Public School Authority (VPSA) pool closed. This loan will allow the schools to begin construction pending applying to the Fall poll for bonds through VPSA. Total approved was \$8.2 million.

The County, on behalf of the School Board, participated in the Fall 2022 VPSA bond sale. Proceeds from the bond sale were received on November 9, 2022 in the amount of \$21,983,618. Funding will construct two new middle school wings at Buffalo Gap and Riverheads.

At the August 4, 2022 School Board meeting, the School Board approved construction contracts not to exceed the Guaranteed Maximum Price of \$68,900,000. With this approval on August 16, 2022, the School Board issued a contract to Trane US, Inc. for HVAC equipment needed at the Buffalo Gap Middle School and Riverheads Middle School wing construction projects in the amount of \$672,710 and \$740,390, respectively. On September 15, 2022, the School Board issued a contract to Nielsen Builders, Inc. for construction of the middle school wing additions at Buffalo Gap Middle School and Riverheads Middle School in the amount of \$27,011,021 and \$30,403,515, respectively.

The School Board increased the long-term debt obligation to ePlus Group to include the purchase of a firewall for technology in the amount of \$161,850. The first installment for this increase was paid on August 15, 2022. The increase will be partially offset by E-rate funding to be received in FY22-23.

The Board of Supervisors approved an annual payment plan by the Augusta County Schools for their portion of the All Points Broadband project. \$2.5 million will be paid over 4 years.

The Board of Supervisors approved, at its August 10, 2022, meeting the conveyance of 15 acres at Mill Place Industrial Park to the Economic Development Authority for CAVA Foods.

At the August 24, 2022 Board of Supervisors meeting, the Board passed a resolution to extend interim financing on the hangar development for the Shenandoah Valley Regional Airport (SVRP). This resolution was needed by the SVRP commission since the County is a member of the commission. Also at this meeting, the Board of Supervisors approved a Fire Revolving loan request in the amount of \$500,000 each to the Mount Solon and Weyers Cave Volunteer Fire Companies. 60% of the loans are repayable to the County under the Fire Revolving Loan program. Lastly at the August 24th meeting, the Board approved lowering the Personal Property Tax assessment for vehicles from 100% to 92% as a direct result of the economic impacts of COVID-19 on vehicle values.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 26. Tax Abatements

The County negotiates tax abatement agreements on an individual basis. The County is authorized pursuant to the *Code of Virginia* 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 make 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, 2022:

Purpose	Type of Tax Abated During the Fiscal Year	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Industry expansion	Machinery & tools	50%	\$ 58,042
Industry relocation	Real, personal property & business license	100%	16,835
Industry expansion	Machinery & tools	100%	389,789
Construct water tank in commerce park	Real, personal property & business license	100%	642,335
Construct transportation corridor (Rt 636)	Real, personal property & business license	100%	329,986

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.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 27. Upcoming Pronouncements

At June 30, 2022, the GASB had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuer, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, will address accounting and financial reporting implications that result from the replacement of an interbank offered rate—most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Portions of Statement No. 93 will be effective for fiscal years beginning after June 15, 2021 and December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Statement No. 94 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*, will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Statement 99 will be effective for fiscal years beginning after June 15, 2022 and June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement 100 will be effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for fiscal years beginning after December 15, 2023.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022**

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 70,583,848	\$ 71,952,925	\$ 73,302,421	\$ 1,349,496
Other local taxes	18,066,990	20,379,490	23,453,827	3,074,337
Permits, privilege fees and regulatory licenses	629,600	871,400	982,968	111,568
Fines and forfeitures	329,150	296,150	213,290	(82,860)
Revenue from the use of money and property	684,405	775,600	299,243	(476,357)
Charges for services	4,185,570	4,482,359	4,289,031	(193,328)
Miscellaneous	618,736	575,536	498,366	(77,170)
Recovered costs	264,079	253,627	221,082	(32,545)
Intergovernmental revenues:				
Commonwealth	12,119,466	12,558,328	12,672,550	114,222
Federal	985,192	8,625,006	2,063,102	(6,561,904)
Total revenues	108,467,036	120,770,421	117,995,880	(2,774,541)
Expenditures:				
Current:				
General government administration	6,458,953	7,024,799	6,651,799	(373,000)
Judicial administration	2,831,024	3,140,230	3,048,457	(91,773)
Public safety	25,596,085	30,518,859	29,046,464	(1,472,395)
Public works	4,647,202	5,026,017	4,874,456	(151,561)
Health and welfare	1,384,492	1,385,892	1,358,441	(27,451)
Education	46,133,652	46,133,652	44,013,179	(2,120,473)
Parks, recreation and cultural	2,419,874	2,451,867	2,283,316	(168,551)
Community development	2,274,328	2,665,887	2,380,106	(285,781)
Nondepartmental	1,417,644	302,118	354,216	52,098
Debt service:				
Principal - leases	-	-	217,250	217,250
Interest - leases	-	-	75,564	75,564
Total expenditures	93,163,254	98,649,321	94,303,248	(4,346,073)
Excess of revenues over expenditures	15,303,782	22,121,100	23,692,632	1,571,532
Other financing sources (uses):				
Issuance of leases	-	-	13,268	13,268
Transfers in	1,343,600	2,299,976	-	(2,299,976)
Transfers out	(16,948,846)	(24,395,339)	(22,093,146)	2,302,193
Total other financing uses, net	(15,605,246)	(22,095,363)	(22,079,878)	15,485
Net change in fund balance	(301,464)	25,737	1,612,754	1,587,017
Fund balance, beginning	-	-	22,112,352	22,112,352
Fund balance, ending	\$ (301,464)	\$ 25,737	\$ 23,725,106	\$ 23,699,369

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – VIRGINIA PUBLIC ASSISTANCE FUND
Year Ended June 30, 2022**

	Special Revenue Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 192,369	\$ 192,369	\$ 180,228	\$ (12,141)
Recovered costs	1,352,978	1,352,978	1,352,978	-
Intergovernmental revenues:				
Commonwealth	7,208,602	7,208,602	6,446,834	(761,768)
Federal	7,156,392	7,156,392	6,810,926	(345,466)
Total revenues	15,910,341	15,910,341	14,790,966	(1,119,375)
Expenditures:				
Current:				
Health and welfare	18,837,251	19,368,251	17,417,811	(1,950,440)
Debt service:				
Principal retirement	-	-	12,997	12,997
Total expenditures	18,837,251	19,368,251	17,430,808	(1,937,443)
Deficiency of revenues under expenditures	(2,926,910)	(3,457,910)	(2,639,842)	818,068
Other financing sources:				
Transfers in	2,926,910	3,457,910	2,639,842	(818,068)
Total other financing sources	2,926,910	3,457,910	2,639,842	(818,068)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance (deficit), ending	\$ -	\$ -	\$ -	\$ -

SCHEDULE OF CHANGES IN THE COUNTY NET PENSION LIABILITY AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability:								
Service cost	\$ 2,078,481	\$ 2,101,912	\$ 2,204,270	\$ 2,278,810	\$ 2,280,199	\$ 2,348,634	\$ 2,566,036	\$ 2,694,586
Interest	5,396,036	5,639,039	5,859,705	6,057,382	6,143,689	6,400,578	6,659,671	7,019,625
Differences between expected and actual experience	-	(82,018)	(603,214)	(2,238,406)	(3,104)	307,198	1,013,759	(2,569,101)
Changes of assumptions	-	-	-	(298,488)	-	2,983,642	-	4,119,357
Benefit payments, including refunds of employee contributions	(3,868,114)	(4,137,964)	(4,875,173)	(4,398,430)	(4,734,253)	(4,767,639)	(4,862,513)	(4,951,134)
Net change in total pension liability	3,606,403	3,520,969	2,585,588	1,400,868	3,686,531	7,272,413	5,376,953	6,313,333
Total pension liability - beginning	79,020,284	82,626,687	86,147,656	88,733,244	90,134,112	93,820,643	101,093,056	106,470,009
Total pension liability - ending (a)	\$ 82,626,687	\$ 86,147,656	\$ 88,733,244	\$ 90,134,112	\$ 93,820,643	\$ 101,093,056	\$ 106,470,009	\$ 112,783,342
Plan Fiduciary Net Position:								
Contributions - employer	\$ 2,210,642	\$ 2,313,950	\$ 2,361,901	\$ 2,022,988	\$ 2,107,494	\$ 2,003,652	\$ 2,106,254	\$ 2,420,992
Contributions - employee	909,646	921,678	947,593	1,063,805	1,023,897	1,054,711	1,119,279	1,128,832
Net investment income	9,910,591	3,285,690	1,268,675	8,979,601	6,008,267	5,705,114	1,724,376	24,628,786
Benefit payments, including refunds of employee contributions	(3,868,114)	(4,137,964)	(4,875,173)	(4,398,430)	(4,734,253)	(4,767,639)	(4,862,513)	(4,951,134)
Administrative expense	(53,478)	(45,225)	(46,683)	(52,053)	(52,142)	(56,801)	(58,633)	(60,915)
Other changes	523	(693)	(543)	(7,992)	(5,345)	(3,595)	(2,031)	2,325
Net change in plan fiduciary net position	9,109,810	2,337,436	(344,230)	7,607,919	4,347,918	3,935,442	26,732	23,168,886
Plan fiduciary net position - beginning	63,065,359	72,175,169	74,512,605	74,168,375	81,776,294	86,124,212	90,059,654	90,086,386
Plan fiduciary net position - ending (b)	\$ 72,175,169	\$ 74,512,605	\$ 74,168,375	\$ 81,776,294	\$ 86,124,212	\$ 90,059,654	\$ 90,086,386	\$ 113,255,272
County's net pension liability (asset) - ending (a) - (b)	\$ 10,451,518	\$ 11,635,051	\$ 14,564,869	\$ 8,357,818	\$ 7,696,431	\$ 11,033,402	\$ 16,383,623	\$ (471,930)
Plan fiduciary net position as a percentage of the total pension liability	87.35%	86.49%	83.59%	90.73%	91.80%	89.09%	84.61%	100.42%
Covered payroll	\$ 17,685,136	\$ 18,437,849	\$ 18,819,928	\$ 19,717,232	\$ 20,540,877	\$ 21,247,635	\$ 22,335,673	\$ 22,647,259
County's net pension liability (asset) as a percentage of covered payroll	59.10%	63.10%	77.39%	42.39%	37.47%	51.93%	73.35%	-2.08%

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

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability:								
Service cost	\$ 257,529	\$ 250,850	\$ 245,933	\$ 230,020	\$ 211,874	\$ 213,677	\$ 227,383	\$ 235,558
Interest	739,629	770,891	782,063	808,631	798,893	815,037	838,856	881,006
Differences between expected and actual experience	-	(276,356)	(44,608)	(316,829)	(98,224)	132,192	258,712	(169,667)
Changes of assumptions	-	-	-	(240,745)	-	344,653	-	421,318
Benefit payments, including refunds of employee contributions	(529,213)	(571,921)	(599,653)	(608,033)	(632,344)	(731,495)	(711,397)	(689,600)
Net change in total pension liability	467,945	173,464	383,735	(126,956)	280,199	774,064	613,554	678,615
Total pension liability - beginning	10,830,741	11,298,686	11,472,150	11,855,885	11,728,929	12,009,128	12,783,192	13,396,746
Total pension liability - ending (a)	\$ 11,298,686	\$ 11,472,150	\$ 11,855,885	\$ 11,728,929	\$ 12,009,128	\$ 12,783,192	\$ 13,396,746	\$ 14,075,361
Plan Fiduciary Net Position:								
Contributions - employer	\$ 218,931	\$ 226,499	\$ 222,018	\$ 149,548	\$ 141,368	\$ 96,440	\$ 96,681	\$ 138,395
Contributions - employee	131,504	130,761	127,674	124,819	119,026	122,114	127,149	128,455
Net investment income	1,445,168	476,637	183,043	1,287,880	852,020	785,148	234,684	3,270,732
Benefit payments, including refunds of employee contributions	(529,213)	(571,921)	(599,653)	(608,033)	(632,344)	(731,495)	(711,397)	(689,600)
Administrative expense	(7,868)	(6,644)	(6,779)	(7,625)	(7,521)	(8,174)	(8,238)	(8,329)
Other changes	76	(102)	(78)	(1,136)	(751)	(493)	(273)	306
Net change in plan fiduciary net position	1,258,598	255,230	(73,775)	945,453	471,798	263,540	(261,394)	2,839,959
Plan fiduciary net position - beginning	9,234,345	10,492,943	10,748,173	10,674,398	11,619,851	12,091,649	12,355,189	12,093,795
Plan fiduciary net position - ending (b)	\$ 10,492,943	\$ 10,748,173	\$ 10,674,398	\$ 11,619,851	\$ 12,091,649	\$ 12,355,189	\$ 12,093,795	\$ 14,933,754
School Board non-professional net pension liability (asset) - ending (a) - (b)	\$ 805,743	\$ 723,977	\$ 1,181,487	\$ 109,078	\$ (82,521)	\$ 428,003	\$ 1,302,951	\$ (858,393)
Plan fiduciary net position as a percentage of the total pension liability	92.87%	93.69%	90.03%	99.07%	100.69%	96.65%	90.27%	106.10%
Employer's covered payroll	\$ 2,593,969	\$ 2,642,929	\$ 2,590,642	\$ 2,492,467	\$ 2,356,133	\$ 2,318,269	\$ 3,894,976	\$ 2,427,982
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	31.06%	27.39%	45.61%	4.38%	-3.50%	18.46%	33.45%	-35.35%

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**

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Employer's proportion of the net pension liability	0.73785%	0.74809%	0.72566%	0.73384%	0.71350%	0.70662%	0.69991%	0.68859%
Employer's proportionate share of the net pension liability	\$ 89,167,000	\$ 94,157,000	\$ 101,694,000	\$ 90,248,000	\$ 83,908,000	\$ 92,995,208	\$ 101,855,286	\$ 53,455,912
Employer's covered payroll	\$ 53,959,194	\$ 55,620,152	\$ 55,328,691	\$ 55,212,149	\$ 52,894,571	\$ 52,358,565	\$ 58,208,878	\$ 62,161,212
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	165.25%	169.29%	183.80%	163.46%	158.63%	177.61%	174.98%	86.00%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.88%	68.28%	72.92%	74.81%	73.51%	71.47%	85.46%

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 June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Contractually required contribution (CRC)	\$ 2,210,642	\$ 2,313,950	\$ 2,361,901	\$ 2,022,988	\$ 2,107,494	\$ 2,003,652	\$ 2,106,254	\$ 2,420,992	\$ 2,552,839	
Contributions in relation to the CRC	2,210,642	2,313,950	2,361,901	2,022,988	2,107,494	2,003,652	2,106,254	2,420,992	2,552,839	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 17,685,136	\$ 18,437,849	\$ 18,819,928	\$ 19,717,232	\$ 20,540,877	\$ 21,247,635	\$ 22,335,673	22,647,259	23,880,627	
Contributions as a percentage of covered payroll	12.50%	12.55%	12.55%	10.26%	10.26%	9.43%	9.43%	10.69%	10.69%	

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 NON-PROFESSIONAL CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Contractually required contribution (CRC)	\$ 218,931	\$ 226,499	\$ 222,018	\$ 149,548	\$ 141,368	\$ 96,440	\$ 162,031	\$ 138,395	\$ 149,749	
Contributions in relation to the CRC	218,931	226,499	222,018	149,548	141,368	96,440	162,031	138,395	149,749	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,593,969	\$ 2,642,929	\$ 2,590,642	\$ 2,492,467	\$ 2,356,133	\$ 2,318,269	\$ 3,894,976	2,427,982	2,627,175	
Contributions as a percentage of covered payroll	8.44%	8.57%	8.57%	6.00%	6.00%	4.16%	4.16%	5.70%	5.70%	

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 SCHOOL BOARD PROFESSIONAL CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Contractually required contribution (CRC)	\$ 6,291,642	\$ 8,064,922	\$ 7,779,214	\$ 8,094,101	\$ 8,632,394	\$ 8,209,823	\$ 9,127,152	\$ 9,746,878	\$ 10,194,066	
Contributions in relation to the CRC	6,291,642	8,064,922	7,779,214	8,094,101	8,632,394	8,209,823	9,127,152	9,746,878	10,194,066	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Employer's covered payroll	\$ 53,959,194	\$ 55,620,152	\$ 55,328,691	\$ 55,212,149	\$ 52,894,571	\$ 52,358,565	\$ 58,208,878	\$ 62,161,212	\$ 61,336,137	
Contributions as a percentage of covered payroll	11.66%	14.50%	14.06%	14.66%	16.32%	15.68%	15.68%	15.68%	16.62%	

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.

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2022**

Note 1. Change of Benefit Terms

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Public Safety Employees with Hazardous Duty Benefits

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2022**

Note 2. Changes of Assumptions (Continued)

School Board Professional Plan (Cost-Sharing)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**SCHEDULE OF CHANGES IN THE COUNTY’S TOTAL OPEB
LIABILITY AND RELATED RATIOS –
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
Total Medical Insurance OPEB liability:					
Service cost	\$ 134,000	\$ 137,000	\$ 93,000	\$ 374,000	\$ 444,000
Interest	101,000	108,000	79,000	192,000	177,000
Differences between expected and actual experience	-	(633,000)	2,532,000	-	(1,762,000)
Changes in assumptions	-	(363,000)	764,000	(83,000)	-
Benefit payments	-	91,000	311,000	522,000	-
Contributions - employer	(186,000)	-	(210,000)	7,000	11,000
Other changes	-	-	-	-	726,000
Net change in total OPEB liability	49,000	(660,000)	3,569,000	1,012,000	(404,000)
Total Medical Insurance OPEB liability - beginning	<u>2,809,000</u>	<u>2,858,000</u>	<u>2,198,000</u>	<u>5,767,000</u>	<u>6,779,000</u>
County total Medical Insurance OPEB liability - ending	<u>\$ 2,858,000</u>	<u>\$ 2,198,000</u>	<u>\$ 5,767,000</u>	<u>\$ 6,779,000</u>	<u>\$ 6,375,000</u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 19,615,385	\$ 20,009,000	\$ 20,009,000	\$ 23,959,000	\$ 23,959,000
Total OPEB liability as a percentage of covered-employee payroll	14.57%	10.99%	28.82%	28.29%	26.61%

Note to Schedule:

SCHEDULE OF CHANGES IN THE SCHOOL BOARD’S TOTAL OPEB LIABILITY AND RELATED RATIOS – MEDICAL INSURANCE PROGRAM

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
Total Medical Insurance OPEB liability:					
Service cost	\$ 626,000	\$ 642,000	\$ 602,000	\$ 593,000	\$ 777,000
Interest	570,000	604,000	554,000	385,000	363,000
Differences between expected and actual experience	-	(1,681,000)	(4,483,000)	939,000	(2,221,000)
Changes in assumptions	-	(1,257,000)	648,000	866,000	1,304,000
(Contributions)/refunds- employer	(514,000)	31,000	98,000	(743,000)	(111,000)
Net change in total OPEB liability	682,000	(1,661,000)	(2,581,000)	2,040,000	112,000
Total Medical Insurance OPEB liability - beginning	15,631,000	16,313,000	14,652,000	12,071,000	14,111,000
School Board total Medical Insurance OPEB liability - ending	<u>\$ 16,313,000</u>	<u>\$ 14,652,000</u>	<u>\$ 12,071,000</u>	<u>\$ 14,111,000</u>	<u>\$ 14,223,000</u>
School Board net Medical Insurance OPEB liability - ending (a) - (b)	<u>\$ 16,313,000</u>	<u>\$ 14,652,000</u>	<u>\$ 12,071,000</u>	<u>\$ 14,111,000</u>	<u>\$ 14,223,000</u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 59,230,769	\$ 59,686,000	\$ 59,686,000	\$ 60,842,000	\$ 60,842,000
Total OPEB liability as a percentage of covered payroll	27.54%	24.55%	20.22%	23.19%	23.38%

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 COUNTY CONTRIBUTIONS –
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,				
	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 157,183	\$ 166,679	\$ 114,981	\$ 100,309	\$ 91,850
Contributions in relation to the CRC	157,183	166,679	114,981	100,309	91,850
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 20,009,000	\$ 20,009,000	\$ 23,959,000	\$ 23,959,000	\$ 24,609,000
Contributions as a percentage of covered-employee payroll	0.79%	0.83%	0.48%	0.42%	0.37%

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**

	Fiscal Year June 30,				
	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 559,611	\$ 505,656	\$ 440,894	\$ 432,244	\$ 367,282
Contributions in relation to the CRC	559,611	505,656	440,894	432,244	367,282
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 59,686,000	\$ 59,686,000	\$ 60,842,000	\$ 60,842,000	\$ 62,630,000
Contributions as a percentage of covered payroll	0.94%	0.85%	0.72%	0.71%	0.59%

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’S SHARE OF NET OPEB LIABILITY –
GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
County:					
Employer's proportion of the net GLI OPEB liability	0.10938%	0.11123%	0.11245%	0.11400%	0.11539%
Employer's proportionate share of the net GLI OPEB liability	\$ 1,646,000	\$ 1,689,000	\$ 1,829,861	\$ 1,902,474	\$ 1,342,871
Employer's covered payroll	\$ 19,615,385	\$ 20,599,423	\$ 21,205,192	\$ 22,527,115	\$ 22,994,259
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.39%	8.20%	8.63%	8.45%	5.84%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%
School Board Non-Professional:					
Employer's proportion of the net GLI OPEB liability	0.01426%	0.01345%	0.01342%	0.01352%	0.01369%
Employer's proportionate share of the net GLI OPEB liability	\$ 215,000	\$ 205,000	\$ 218,379	\$ 225,626	\$ 159,389
Employer's covered payroll	\$ 2,500,000	\$ 602,308	\$ 2,818,654	\$ 2,975,000	\$ 3,008,148
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.60%	34.04%	7.75%	7.58%	5.30%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%
School Board Professional:					
Employer's proportion of the net GLI OPEB liability	0.31403%	0.30348%	0.30236%	0.29807%	0.29490%
Employer's proportionate share of the net GLI OPEB liability	\$ 4,719,795	\$ 4,609,000	\$ 4,920,202	\$ 4,974,300	\$ 3,433,436
Employer's covered payroll	\$ 56,730,769	\$ 63,832,500	\$ 66,178,846	\$ 67,522,692	\$ 63,672,778
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.32%	7.22%	7.43%	7.37%	5.39%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%

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, the School Board non-professional, and the School Board professional will present information for those years for which information is available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB –
GROUP LIFE INSURANCE PROGRAM**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
County:										
Contractually required contribution (CRC)	\$ 81,829	\$ 85,206	\$ 88,818	\$ 91,237	\$ 102,000	\$ 107,117	\$ 110,267	\$ 117,141	\$ 124,169	\$ 130,314
Contributions in relation to the CRC	81,829	85,206	88,818	91,237	102,000	107,117	110,267	117,141	124,169	130,314
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 17,047,647	\$ 17,751,154	\$ 18,503,682	\$ 19,007,633	\$ 19,615,385	\$ 20,599,423	\$ 21,205,192	\$ 22,527,115	\$ 22,994,259	\$ 24,132,222
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%
School Board Non-Professional:										
Contractually required contribution (CRC)	\$ 12,425	\$ 12,469	\$ 12,872	\$ 12,712	\$ 13,000	\$ 3,132	\$ 14,657	\$ 15,470	\$ 16,244	\$ 17,994
Contributions in relation to the CRC	12,425	12,469	12,872	12,712	13,000	3,132	14,657	15,470	16,244	17,994
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,588,633	\$ 2,597,712	\$ 2,681,766	\$ 2,648,274	\$ 2,500,000	\$ 602,308	\$ 2,818,654	\$ 2,975,000	\$ 3,008,148	\$ 3,332,222
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%
School Board Professional:										
Contractually required contribution (CRC)	\$ 254,292	\$ 259,004	\$ 266,977	\$ 265,599	\$ 295,000	\$ 331,929	\$ 344,130	\$ 351,118	\$ 343,833	\$ 361,545
Contributions in relation to the CRC	254,292	259,004	266,977	265,599	295,000	331,929	344,130	351,118	343,833	361,545
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 52,977,536	\$ 53,959,193	\$ 55,620,150	\$ 55,333,132	\$ 56,730,769	\$ 63,832,500	\$ 66,178,846	\$ 67,522,692	\$ 63,672,778	\$ 66,952,778
Contributions as a percentage of covered payroll	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%	0.54%

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL
PLAN'S NET OPEB LIABILITY AND RELATED RATIOS –
HEALTH INSURANCE CREDIT PROGRAM**

	Fiscal Year June 30,	
	2020	2021
Balance, beginning	\$ -	\$ 196,803
Changes for the year:		
Service cost	-	2,747
Interest	-	13,284
Changes in assumptions	-	4,127
Contributions - employer	-	(15,542)
Net investment income	-	(2,260)
Administrative expense	-	70
Changes in benefit terms	196,803	-
Net changes	196,803	2,426
Balance, ending	\$ 196,803	\$ 199,229

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL PLAN CONTRIBUTIONS –
HEALTH INSURANCE CREDIT PROGRAM**

	Fiscal Year Ended June 30,	
	2021	2022
Contractually required contribution (CRC)	\$ 15,242	\$ 20,324
Contributions in relation to the CRC	15,242	20,324
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered payroll	\$ 1,954,103	\$ 3,695,273
Contributions as a percentage of covered payroll	0.78%	0.55%

(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 CHANGES IN THE SCHOOL BOARD PROFESSIONAL PLAN'S NET OPEB LIABILITY AND RELATED RATIOS – HEALTH INSURANCE CREDIT PROGRAM

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
Employer's proportion of the net HIC OPEB liability	0.73343%	0.71330%	0.70627%	0.69930%	0.68754%
Employer's proportionate share of the net HIC OPEB liability	\$ 9,304,506	\$ 9,057,000	\$ 9,245,761	\$ 9,122,484	\$ 8,825,051
Employer's covered payroll	\$ 57,882,342	\$ 63,889,099	\$ 63,206,757	\$ 60,740,750	\$ 61,859,421
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	16.07%	14.18%	14.63%	15.02%	14.27%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%	8.97%	9.95%	13.15%

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 Professional Plan will present information for those years which information is available.

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL PLAN CONTRIBUTIONS –
HEALTH INSURANCE CREDIT PROGRAM**

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution (CRC)	\$ 588,051	\$ 598,947	\$ 589,574	\$ 586,484	\$ 642,494	\$ 709,169	\$ 701,595	\$ 728,889	\$ 748,499	\$ 789,923
Contributions in relation to the CRC	588,051	598,947	589,574	586,484	642,494	709,169	701,595	728,889	748,499	789,923
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 52,977,536	\$ 53,959,193	\$ 55,620,150	\$ 55,328,691	\$ 57,882,342	\$ 63,889,099	\$ 63,206,757	\$ 60,740,750	61,859,421	65,282,893
Contributions as a percentage of covered payroll	1.11%	1.11%	1.06%	1.06%	1.11%	1.11%	1.11%	1.20%	1.21%	1.21%

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL PLAN'S
SHARE OF NET OPEB LIABILITY –
VIRGINIA LOCAL DISABILITY PROGRAM**

	Fiscal Year June 30,				
	2017	2018	2019	2020	2021
Employer's proportion of the net VLDP OPEB liability	2.86000%	2.72976%	2.59688%	2.53395%	2.45840%
Employer's proportionate share of the net VLDP OPEB liability (asset)	\$ 17,000	\$ 20,000	\$ 15,097	\$ 20,330	\$ (17,307)
Employer's covered payroll	\$ 3,000,000	\$ 6,137,333	\$ 7,883,194	\$ 16,813,171	\$ 18,812,196
Employer's proportionate share of the net VLDP OPEB liability (asset) as a percentage of its covered payroll	0.57%	0.33%	0.19%	0.12%	-0.09%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	31.96%	46.18%	74.12%	78.28%	114.46%

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 PROFESSIONAL PLAN'S
CONTRIBUTIONS – OPEB –
VIRGINIA LOCAL DISABILITY PROGRAM**

	Fiscal Year June 30,										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Contractually required contribution (CRC)	\$ -	\$ 189	\$ 1,997	\$ 2,677	\$ 18,000	\$ 36,824	\$ 56,759	\$ 68,934	\$ 88,417	\$ 107,154	
Contributions in relation to the CRC	-	189	1,997	2,677	-	-	-	-	-	-	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 36,824	\$ 56,759	\$ 68,934	\$ 88,417	\$ 107,154	
Employer's covered payroll	\$ -	\$ 31,630	\$ 332,787	\$ 446,202	\$ 3,000,000	\$ 6,137,333	\$ 7,883,194	\$ 16,813,171	\$ 18,812,196	\$ 22,798,723	
Contributions as a percentage of covered payroll	0.00%	0.60%	0.60%	0.60%	0.60%	0.60%	0.72%	0.41%	0.47%	0.47%	

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2022**

Note 1. Medical Insurance Program

There are no assets accumulated in a trust to pay benefits for the medical insurance program.

A. Changes of Benefit Terms

Eligibility conditions were revised as of July 1, 2019 to be based upon a retiree’s attainment of age 50 as well as their eligibility to receive full or reduced retirement coverage under the Virginia Retirement System (VRS). Previously, eligibility was based on the attainment of age 55 with 10 years of service with the County, along with eligibility under VRS, or having worked 10 years of service with the County and obtaining immediate disability retirement benefits under VRS.

B. 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:

2021	2.45%
2022	1.92%

Note 2. Group Life Insurance Program

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 actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

School Board Professional Plan

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2022**

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

County and School Board Non-Professional Plans

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on service only to better fit experience and to be more consistent with Locals To 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2022**

Note 3. Health Insurance Credit Program

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 actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

School Board Non-Professional Plan

Non-Largest 10 Locality Employers – General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

School Board Professional Plan (Cost-Sharing)

Mortality Rates (pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service decrement through nine years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

OTHER SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
DEBT SERVICE FUND
Year Ended June 30, 2022**

	Debt Service Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Miscellaneous	\$ 34,800	\$ 48,371	\$ 69,738	\$ 21,367
Total revenues	34,800	48,371	69,738	21,367
Expenditures:				
Principal retirement	5,640,458	5,640,458	5,640,458	-
Interest and other fiscal charges	2,188,906	2,176,744	2,177,918	1,174
Total expenditures	7,829,364	7,817,202	7,818,376	1,174
Deficiency of revenues under expenditures	(7,794,564)	(7,768,831)	(7,748,638)	20,193
Other financing sources:				
Transfers in	7,794,564	7,768,831	7,748,638	(20,193)
Total other financing sources	7,794,564	7,768,831	7,748,638	(20,193)
Net change in fund balance	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
COUNTY CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2022**

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenues from the use of money and property	\$ 11,612	\$ 18,401	\$ 18,401	\$ -
Miscellaneous	30,000	3,039,506	2,324	(3,037,182)
Recovered costs	931,186	1,233,436	1,237,776	4,340
Intergovernmental revenues:				
Commonwealth	1,228,360	1,378,563	2,129,700	751,137
Federal	248,227	60,000	351,667	291,667
Total revenues	2,449,385	5,729,906	3,739,868	(1,990,038)
Expenditures:				
Capital projects	7,014,338	6,889,823	5,081,482	(1,808,341)
Total expenditures	7,014,338	6,889,823	5,081,482	(1,808,341)
Deficiency of revenues under expenditures	(4,564,953)	(1,159,917)	(1,341,614)	(181,697)
Other financing sources (uses):				
Transfers in	4,564,953	10,672,059	11,287,013	614,954
Transfers out	(761,181)	(883,437)	(662,347)	221,090
Total other financing sources, net	3,803,772	9,788,622	10,624,666	836,044
Net change in fund balance	(761,181)	8,628,705	9,283,052	654,347
Fund balances, beginning	-	-	46,485,387	46,685,387
Fund balances (deficit), ending	\$ (761,181)	\$ 8,628,705	\$ 55,768,439	\$ 47,339,734

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
SCHOOL CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2022**

	School Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenues from the use of money and property	\$ 16,127	\$ 36,612	\$ 16,625	\$ (19,987)
Intergovernmental revenues:				
Federal	-	125,000	-	(125,000)
Miscellaneous	11,644	1,428,424	421,401	(1,007,023)
Total revenues	27,771	1,590,036	438,026	(1,152,010)
Expenditures:				
Current:				
Capital projects	1,474,300	8,875,319	4,675,649	(4,199,670)
Debt service:				
Principal retirement	-	-	322,606	322,606
Interest and other fiscal charges	-	32,000	71,694	39,694
Total expenditures	1,474,300	8,907,319	5,069,949	(3,837,370)
Deficiency of revenues under expenditures	(1,446,529)	(7,317,283)	(4,631,923)	2,685,360
Other financing sources:				
Issuance of bond	-	25,000,000	-	(25,000,000)
Transfers in	1,080,000	1,080,000	1,080,000	-
Total other financing sources	1,080,000	26,080,000	1,080,000	(25,000,000)
Net change in fund balance	(366,529)	18,762,717	(3,551,923)	(22,314,640)
Fund balances, beginning	-	-	2,457,325	2,457,325
Fund balances (deficit), ending	\$ (366,529)	\$ 18,762,717	\$ (1,094,598)	\$ (19,857,315)

Capital Assets Used in the Operation of Governmental Funds

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
June 30, 2022 and 2021**

	2022	2021*
Governmental capital assets:		
Right-to-use leased assets	\$ 5,322,086	\$ 5,308,818
Land	5,449,063	5,449,063
Buildings	82,557,094	87,618,328
Machinery and equipment	28,612,160	27,422,168
Land improvements	7,282,402	7,282,401
Construction in progress	1,539,723	1,372,085
	<hr/>	<hr/>
Total governmental capital assets	\$ 130,762,528	\$ 134,452,863
	<hr/> <hr/>	<hr/> <hr/>
Investments in governmental capital assets by source:		
General fund	\$ 130,155,785	\$ 133,895,399
Special revenue funds	606,743	557,464
	<hr/>	<hr/>
Total governmental capital assets by source	\$ 130,762,528	\$ 134,452,863
	<hr/> <hr/>	<hr/> <hr/>

*The June 30, 2021 right-to-use leased assets balance has been restated with the implementation of GASB 87, *Leases*.

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2022**

	Right-to-Use Leased Assets	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General governmental administration:							
Board of supervisors	\$ -	\$ 3,921,963	\$ 6,158,705	\$ 27,127,221	\$ 3,694,335	\$ 1,539,723	\$ 42,441,947
County administrator	204	-	-	-	48,812	-	49,016
Human Resources	1,572	-	-	-	22,852	-	24,424
County attorney	685	-	-	-	-	-	685
Commissioner of revenue	4,501	-	-	-	311,026	-	315,527
Treasurer	2,791	-	-	-	-	-	2,791
Central accounting	2,426	-	-	-	33,740	-	36,166
Management information systems	33	-	45,000	-	1,690,851	-	1,735,884
Board of elections	4,424	-	-	-	362,095	-	366,519
Total general government administration	16,636	3,921,963	6,203,705	27,127,221	6,163,711	1,539,723	44,972,959
Judicial administration:							
Clerk of Circuit Court	5,827	-	-	-	156,030	-	161,857
General District Court	2,774	-	-	-	19,252	-	22,026
Commonwealth's Attorney	112,438	-	-	-	117,395	-	229,833
Total judicial administration	121,039	-	-	-	292,677	-	413,716
Public safety:							
Sheriff	25,905	-	-	19,756	4,245,267	-	4,290,928
Emergency operations	3,956,600	-	-	-	4,730,379	-	8,686,979
Fire department	32	62,000	129,479	363,937	9,601,600	-	10,157,048
Emergency services	509,637	-	-	-	288,915	-	798,552
Juvenile detention and probation	14,895	-	-	5,913	44,635	-	65,443
Building inspections	-	-	-	-	111,038	-	111,038
Animal control	-	-	-	-	101,130	-	101,130
Drug enforcement	-	-	-	-	20,602	-	20,602
Total public safety	4,507,069	62,000	129,479	389,606	19,143,566	-	24,231,720
Public works:							
Sanitation and waste removal	49,134	-	-	60,446	296,509	-	406,089
Maintenance of buildings and grounds	-	-	203,371	359,328	1,010,607	-	1,573,306
Total public works	49,134	-	203,371	419,774	1,307,116	-	1,979,395
Education:							
Schools	925	-	-	54,339,115	-	-	54,340,040
Total education	925	-	-	54,339,115	-	-	54,340,040
Health and welfare:							
Social services	36,245	-	-	-	606,743	-	642,988
Total health and welfare	36,245	-	-	-	606,743	-	642,988
Parks, recreation, and cultural:							
Parks and recreation	5,390	1,465,100	745,847	281,378	474,823	-	2,972,538
Library	568,961	-	-	-	372,142	-	372,142
Total parks, recreation, and cultural	574,351	1,465,100	745,847	281,378	846,965	-	3,344,680
Community development:							
Community development	16,651	-	-	-	202,352	-	219,003
Economic development	36	-	-	-	49,030	-	49,030
Total community development	16,687	-	-	-	251,382	-	268,033
Total governmental capital assets	\$ 5,322,086	\$ 5,449,063	\$ 7,282,402	\$ 82,557,094	\$ 28,612,160	\$ 1,539,723	\$ 130,193,531

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended June 30, 2022**

	Balance July 1, 2021*	Additions	Deductions	Transfers	Balance June 30, 2022
General governmental administration:					
Board of supervisors	\$ 47,453,786	\$ 310,247	\$ -	\$ -	\$ 47,764,033
County administrator	48,812	-	-	-	48,812
Personnel	8,180	14,672	-	-	22,852
Commissioner of revenue	311,026	-	-	-	311,026
Central accounting	33,740	-	-	-	33,740
Management information systems	1,713,342	41,994	19,485	-	1,735,851
Board of elections	362,095	-	-	-	362,095
Total general government administration	49,930,981	366,913	19,485	-	50,278,409
Judicial administration:					
Clerk of Circuit Court	156,030	-	-	-	156,030
General District Court	19,252	-	-	-	19,252
Commonwealth's Attorney	117,395	-	-	-	117,395
Total judicial administration	292,677	-	-	-	292,677
Public safety:					
Sheriff	3,913,496	424,796	73,270	-	4,265,022
Emergency operations	4,730,379	-	-	-	4,730,379
Fire department	9,627,493	520,033	29,915	39,406	10,157,017
Emergency services	299,028	29,293	-	(39,406)	288,915
Juvenile detention and probation	50,548	-	-	-	50,548
Building inspections	111,038	-	-	-	111,038
Animal control	96,712	36,693	32,275	-	101,130
Drug enforcement	20,602	-	-	-	20,602
Total public safety	18,849,296	1,010,815	135,460	-	19,724,651
Public works:					
Sanitation and waste removal	321,858	35,097	-	-	356,955
Maintenance of buildings and grounds	1,493,826	79,480	-	-	1,573,306
Total public works	1,815,684	114,577	-	-	1,930,261
Education:					
Schools	59,396,895	-	5,057,780	-	54,339,115
Total education	59,396,895	-	5,057,780	-	54,339,115
Health and welfare:					
Social services	557,464	49,279	-	-	606,743
Total health and welfare	557,464	49,279	-	-	606,743
Parks, recreation, and cultural:					
Parks and recreation	3,018,265	17,993	69,110	-	2,967,148
Library	372,142	-	-	-	372,142
Total parks, recreation, and cultural	3,390,407	17,993	69,110	-	3,339,290
Community development:					
Community development	170,429	31,923	-	-	202,352
Economic development	49,030	-	-	-	49,030
Total community development	219,459	31,923	-	-	251,382
Total governmental capital assets	\$ 134,452,863	\$ 1,591,500	\$ 5,281,835	\$ -	\$ 130,762,528

*The July 1, 2021 balance has been restated with the implementation of GASB 87, *Leases*.

Discretely Presented Component Unit – School Board

**COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2022**

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,965	\$ 4,271,973	\$ 836,632	\$ 5,115,570
Cash in custody of others	5,000	-	-	5,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	201,151	-	23,925	225,076
Due from primary government	2,496,221	-	-	2,496,221
Due from other governmental units	3,921,217	24,059	380,136	4,325,412
Total assets	\$ 6,630,554	\$ 4,296,032	\$ 1,240,693	\$ 12,167,279
LIABILITIES				
Reconciled overdraft	\$ -	\$ -	\$ 240,725	\$ 240,725
Accounts payable	\$ 3,551,255	\$ 122,596	\$ 115,947	\$ 3,789,798
Accrued liabilities	3,061,578	79,978	124,651	3,266,207
Due to primary government	-	-	576,618	576,618
Unearned revenue	17,721	69,279	-	87,000
Total liabilities	6,630,554	271,853	1,057,941	7,960,348
FUND BALANCES				
Assigned	-	4,024,179	-	4,024,179
Restricted for:				
JW Riley Endowment Fund	-	-	79,491	79,491
Matthews Private Purpose Trust	-	-	103,261	103,261
Total fund balances	-	4,024,179	182,752	4,206,931
Total liabilities and fund balances	\$ 6,630,554	\$ 4,296,032	\$ 1,240,693	\$ 12,167,279
Total fund balances				\$ 4,206,931
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets of \$204,640,545, net of accumulated depreciation of \$117,925,982, used in governmental activities are not financial resources and, therefore, are not reported in the funds.				86,714,563
Net pension asset				858,393
Net OPEB asset				17,307
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Leases			\$ (703,180)	
Interest payable			(93)	
Compensated absences			(2,430,050)	
Net pension liability			(53,455,912)	
Other postemployment benefits			(26,840,105)	
				(83,429,340)
Deferred outflows of resources represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.				
Pension plan			20,150,374	
Other postemployment benefits			5,458,901	
				25,609,275
Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.				
Pension plan			(42,858,756)	
Other postemployment benefits			(8,275,877)	
				(51,134,633)
Long-term due from other government - pension plan & other postemployment benefits				799,519
Internal Service Funds are used by management to charge the cost of goods provided to other departments or funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.				6,738,111
Net position of governmental activities				\$ (9,619,874)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022**

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Revenue from the use of money and property	\$ 8,275	\$ 14,135	\$ 419	\$ 22,829
Charges for services	1,622,161	264,958	1,060,105	2,947,224
Miscellaneous	507,037	-	91,909	598,946
Private donations	-	-	2,967	2,967
Intergovernmental revenues:				
Local government	44,008,179	-	3,695	44,011,874
Commonwealth	64,586,971	115,265	683,206	65,385,442
Federal	9,810,056	6,678,319	3,109,049	19,597,424
Total revenues	120,542,679	7,072,677	4,951,350	132,566,706
Expenditures:				
Current:				
Education	120,542,679	5,482,052	4,949,464	130,974,195
Total expenditures	120,542,679	5,482,052	4,949,464	130,974,195
Excess of revenues over expenditures	-	1,590,625	1,886	1,592,511
Net change in fund balances	-	1,590,625	1,886	1,592,511
Fund balances, beginning	-	2,433,554	180,866	2,614,420
Fund balances, ending	\$ -	\$ 4,024,179	\$ 182,752	\$ 4,206,931
Net change in fund balances				\$ 1,592,511
Reconciliation of amounts reported for governmental activities in the Statement of Activities:				
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 and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlay in the current period.				
Expenditure for capital assets			\$ 4,731,348	
Less depreciation and amortization expense			(7,487,399)	
Excess of depreciation and amortization over capital outlays				(2,756,051)
The net effect of various miscellaneous transactions involving capital assets (i.e.) sales, trade-ins and donations) is to increase net position.				
				5,162,859
Long-term due from other government - other postemployment benefits			(325,819)	
Long-term due from other government - pension plan			(57,372)	
				(383,191)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.				
Principal repayments - leases (recorded in education expenditures)				328,490
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.				
Accrued interest			(93)	
Compensated absences			89,315	
Changes in OPEB liabilities and related deferred outflows and inflows of resources			129,465	
Changes in pension liabilities and related deferred outflows and inflows of resources			10,997,074	
				11,215,761
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service fund is reported with governmental activities.				
Total revenues			11,516,392	
Total expenses			(8,912,019)	
				2,604,373
Change in net position of governmental activities				\$ 17,764,752

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022**

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Revenue from the use of money and property	\$ 10,000	\$ 6,000	\$ 8,275	\$ 2,275	\$ 6,000	\$ 6,000	\$ 14,135	\$ 8,135
Charges for services	1,655,556	1,644,375	1,622,161	(22,214)	1,168,300	243,400	264,958	21,558
Miscellaneous	278,926	417,223	507,037	89,814	-	-	-	-
Intergovernmental revenues:								
Local government	46,128,652	46,128,652	44,008,179	(2,120,473)	-	-	-	-
Commonwealth	63,979,849	64,562,452	64,586,971	24,519	65,000	112,550	115,265	2,715
Federal	4,806,252	10,033,824	9,810,056	(223,768)	3,200,000	5,003,063	6,678,319	1,675,256
Total revenues	116,859,235	122,792,526	120,542,679	(2,249,847)	4,439,300	5,365,013	7,072,677	1,707,664
Expenditures:								
Current:								
Education	116,859,235	122,792,526	120,542,679	(2,249,847)	5,369,681	4,903,585	5,482,052	578,467
Total expenditures	116,859,235	122,792,526	120,542,679	(2,249,847)	5,369,681	4,903,585	5,482,052	578,467
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(930,381)	461,428	1,590,625	1,129,197
Net change in fund balances	-	-	-	-	(930,381)	461,428	1,590,625	1,129,197
Fund balances (deficit), beginning	-	4,022,458	-	(4,022,458)	(267,110)	(259,645)	2,433,554	2,693,199
Fund balances (deficit), ending	\$ -	\$ 4,022,458	\$ -	\$ (4,022,458)	\$ (1,197,491)	\$ 201,783	\$ 4,024,179	\$ 3,822,396

Nonmajor Special Revenue Funds

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2022**

	Head Start Fund	Governor's School Fund	School Endowments Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 653,880	\$ 182,752	\$ 836,632
Accounts receivable	17,069	6,856	-	23,925
Due from other governmental units	380,136	-	-	380,136
Total assets	\$ 397,205	\$ 660,736	\$ 182,752	\$ 1,240,693
LIABILITIES				
Reconciled overdraft	\$ 240,725	\$ -	\$ -	\$ 240,725
Accounts payable	77,933	38,014	-	115,947
Accrued liabilities	73,404	51,247	-	124,651
Due to primary government	5,143	571,475	-	576,618
Total liabilities	397,205	660,736	-	1,057,941
FUND BALANCES				
Restricted for:				
JW Riley Endowment Fund	-	-	79,491	79,491
Matthews Private Purpose Trust	-	-	103,261	103,261
Total fund balances	-	-	182,752	182,752
Total liabilities and fund balances	\$ 397,205	\$ 660,736	\$ 182,752	\$ 1,240,693

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022**

	Head Start Fund	Governor's School Fund	School Endowments Fund	Total
Revenues:				
Revenue from the use of money and property	\$ -	\$ -	\$ 419	\$ 419
Charges for services	-	1,060,105	-	1,060,105
Private donations	-	-	2,967	2,967
Miscellaneous	75,674	16,235	-	91,909
Intergovernmental revenues:				
Local	3,695	-	-	3,695
Commonwealth	-	683,206	-	683,206
Federal	3,109,049	-	-	3,109,049
Total revenues	3,188,418	1,759,546	3,386	4,951,350
Expenditures:				
Current:				
Education	3,188,418	1,759,546	1,500	4,949,464
Total expenditures	3,188,418	1,759,546	1,500	4,949,464
Excess of revenues over expenditures	-	-	1,886	1,886
Net change in fund balances	-	-	1,886	1,886
Fund balance, beginning	-	-	180,866	180,866
Fund balance, ending	\$ -	\$ -	\$ 182,752	\$ 182,752

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022**

	Head Start Fund				Governor's School Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 1,187,519	\$ 1,167,074	\$ 1,060,105	\$ (106,969)
Miscellaneous	50,000	64,500	75,674	11,174	2,800	2,800	16,235	13,435
Intergovernmental revenues:								
Local	-	-	3,695	3,695	-	-	-	-
Commonwealth	-	-	-	-	711,486	683,202	683,206	4
Federal	2,994,944	3,270,745	3,109,049	(161,696)	-	-	-	-
Total revenues	3,044,944	3,335,245	3,188,418	(146,827)	1,901,805	1,853,076	1,759,546	(93,530)
Expenditures:								
Current:								
Education	3,053,104	3,343,405	3,188,418	(154,987)	1,901,805	1,873,076	1,759,546	(113,530)
Total expenditures	3,053,104	3,343,405	3,188,418	(154,987)	1,901,805	1,873,076	1,759,546	(113,530)
Excess (deficiency) of revenues over (under) expenditures	(8,160)	(8,160)	-	8,160	-	(20,000)	-	20,000
Net change in fund balances	(8,160)	(8,160)	-	8,160	-	(20,000)	-	20,000
Fund balance (deficit), beginning	-	-	-	-	-	-	-	-
Fund balance (deficit), ending	\$ (8,160)	\$ (8,160)	\$ -	\$ 8,160	\$ -	\$ (20,000)	\$ -	\$ 20,000

Capital Assets Used in the Operation of Governmental Funds

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMPARATIVE SCHEDULES BY SOURCE
June 30, 2022 and 2021**

	June 30,	
	2022	2021*
Governmental funds capital assets:		
Right-to-use leased assets	\$ 1,031,670	\$ 1,031,670
Land	1,551,430	1,551,430
Buildings	169,592,667	164,325,385
Machinery and equipment	29,449,241	27,503,914
Construction in progress	3,015,537	904,073
	<hr/>	<hr/>
Total governmental funds capital assets	\$ 204,640,545	\$ 195,316,472
	<hr/> <hr/>	<hr/> <hr/>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 204,640,545	\$ 195,316,472
	<hr/>	<hr/>
Total governmental funds capital assets	\$ 204,640,545	\$ 195,316,472
	<hr/> <hr/>	<hr/> <hr/>

*The June 30, 2021 right-to-use leased assets balance has been restated with the implementation of GASB 87, *Leases*.

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2022**

	Right-to-Use Leased Assets	Land	Building	Machinery and Equipment	Construction in Progress	Total
Education:						
Schools	\$ 1,031,670	\$ 1,551,430	\$169,592,667	\$ 29,449,241	\$ 3,015,537	\$204,640,545
Total governmental funds capital assets	\$ 1,031,670	1,551,430	\$169,592,667	\$ 29,449,241	\$ 3,015,537	\$204,640,545

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended June 30, 2022**

	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	July 1, 2021*	Additions	Deductions	June 30, 2022
Education:				
Schools	\$195,316,472	\$ 9,789,128	\$ (465,055)	\$204,640,545
Total governmental funds capital assets	\$195,316,472	\$ 9,789,128	\$ (465,055)	\$204,640,545

*The July 1, 2021 balance has been restated with the implementation of GASB 87, *Leases*.

SUPPORTING SCHEDULES

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 47,831,600	\$ 47,219,203	\$ 48,479,085	\$ 1,259,882
Real and personal public service corporation property taxes	2,634,950	2,867,432	2,883,206	15,774
Personal property taxes	14,648,298	16,191,000	15,903,425	(287,575)
Mobile home tax	203,000	210,190	201,176	(9,014)
Machinery and tools taxes	4,374,000	4,519,100	4,538,300	19,200
Penalties	437,000	473,000	581,303	108,303
Interest	455,000	473,000	715,926	242,926
Total general property taxes	70,583,848	71,952,925	73,302,421	1,349,496
Other local taxes:				
Local sales and use taxes	6,999,000	7,874,000	8,911,976	1,037,976
Consumers' utility taxes	1,778,000	1,792,000	1,858,499	66,499
Business license tax	3,500,000	3,870,900	5,079,478	1,208,578
Utility license tax	276,000	276,000	290,508	14,508
Bank stock taxes	337,000	340,000	303,686	(36,314)
Taxes on recordation and wills	813,500	1,275,600	1,364,143	88,543
Hotel and motel room taxes	562,500	1,100,000	1,303,134	203,134
Restaurant food tax	3,730,990	3,780,990	4,149,877	368,887
Cigarette tax	-	-	77,166	77,166
Interest on local tax	70,000	70,000	115,360	45,360
Total other local taxes	18,066,990	20,379,490	23,453,827	3,074,337
Permits, privilege fees and regulatory licenses:				
Animal licenses	50,300	48,100	29,276	(18,824)
Land use application fees	35,300	42,000	36,172	(5,828)
Transfer fees	2,000	2,500	2,488	(12)
Cellular tower fees	12,700	10,000	4,000	(6,000)
Permits and other licenses	529,300	768,800	911,032	142,232
Total permits, privilege fees and regulatory licenses	629,600	871,400	982,968	111,568
Fines and forfeitures:				
Court fines and forfeitures	310,350	280,150	202,310	(77,840)
Dog violation fines	18,800	16,000	10,980	(5,020)
Total fines and forfeitures	329,150	296,150	213,290	(82,860)
Revenue from use of money and property:				
Revenue from use of money	301,300	362,956	(175,323)	(538,279)
Revenue from use of property	383,105	412,644	474,566	61,922
Total revenue from use of money and property	684,405	775,600	299,243	(476,357)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
Charges for services:				
Excess fees of clerk	\$ 24,000	\$ 25,250	\$ 74,543	\$ 49,293
Charges for law enforcement and traffic control	6,000	5,609	5,929	320
Charges for courthouse maintenance	58,700	52,000	42,268	(9,732)
Treasurer's collection fees	80,800	80,800	90,905	10,105
Concealed weapons permits	42,800	42,800	39,306	(3,494)
Courthouse fees	152,200	182,500	147,571	(34,929)
Charges for Commonwealth's Attorney	7,300	7,300	8,957	1,657
Miscellaneous jail and inmate fees	22,000	30,000	29,939	(61)
Charges for sanitation and waste removal	1,700,000	1,847,200	1,595,426	(251,774)
Charges for parks and recreation	331,500	339,000	419,487	80,487
Charges for after school programs	-	-	85	85
Charges for day care	125,000	68,000	-	(68,000)
Charges for library	-	1,700	1,674	(26)
EMS transport services	1,635,270	1,800,200	1,832,941	32,741
Total charges for services	4,185,570	4,482,359	4,289,031	(193,328)
Miscellaneous revenue:				
Miscellaneous	5,000	15,000	(65,023)	(80,023)
Repayment of loans from fire companies	85,636	85,636	98,814	13,178
Seized funds	800	13,000	7,468	(5,532)
Contributions	527,300	461,900	457,107	(4,793)
Total miscellaneous revenue	618,736	575,536	498,366	(77,170)
Recovered costs:				
Fiscal agent fees - MRRJA	142,879	142,879	142,879	-
Other	113,600	102,160	69,615	(32,545)
Juvenile and domestic relations court costs	7,600	8,588	8,588	-
Total recovered costs	264,079	253,627	221,082	(32,545)
Total revenue from local sources	95,362,378	99,587,087	103,260,228	3,673,141
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Motor vehicle carriers' tax	83,500	76,581	58,025	(18,556)
Mobile home titling tax	132,000	165,000	189,237	24,237
Communications sales and use tax	1,950,000	1,792,300	1,786,274	(6,026)
Timber sales	1,800	1,598	468	(1,130)
Motor vehicle rental tax	77,500	80,816	101,210	20,394
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Moped sales tax	49,000	43,500	40,037	(3,463)
Gaming revenues	87,000	12,960	6,048	(6,912)
Peer to peer vehicle sharing	-	837	737	(100)
Total non-categorical aid	6,676,800	6,469,592	6,478,029	8,437

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 629,507	\$ 772,483	\$ 796,938	\$ 24,455
Sheriff	2,973,528	3,332,703	3,240,879	(91,824)
Commissioner of revenue	232,649	229,337	237,288	7,951
Treasurer	178,921	178,962	181,909	2,947
Registrar/electoral board	54,823	74,152	89,556	15,404
Clerk of the circuit court	516,254	538,068	562,144	24,076
Total shared expenses	4,585,682	5,125,705	5,108,714	(16,991)
Other categorical aid:				
Emergency medical services	80,000	-	-	-
Department of behavioral health-transfer detention order	-	57,051	71,629	14,578
Litter control grant	18,000	22,993	22,993	-
Library grant	175,113	185,254	191,497	6,243
Grant for restoration of records	12,598	12,598	12,598	-
Victim-witness grant	27,673	33,208	32,600	(608)
Performing arts grant	4,500	4,500	4,500	-
Firemans' insurance fund	253,600	294,767	294,767	-
Technology trust fund	40,500	40,500	49,032	8,532
Seized funds	10,000	60,000	85,282	25,282
E-911 wireless funding	233,000	250,000	318,408	68,408
Spay and neuter funds	2,000	2,160	2,501	341
Total other categorical aid	856,984	963,031	1,085,807	122,776
Total categorical aid	5,442,666	6,088,736	6,194,521	105,785
Total revenue from the Commonwealth	12,119,466	12,558,328	12,672,550	114,222
Revenue from the federal government:				
Non-categorical aid:				
Payments in lieu of taxes	560,000	577,915	584,143	6,228
Total non-categorical aid	560,000	577,915	584,143	6,228

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 44,700	\$ 44,700	\$ 24,820	\$ (19,880)
Domestic violence grant	31,020	31,020	16,676	(14,344)
Sane grant	15,235	15,235	16,196	961
Seized funds	-	14,130	-	(14,130)
DEQ royalty grant				
Justice assistance grant	-	31,506	31,485	(21)
Bulletproof vest partnership grant	-	4,159	4,159	-
Homeland security grant				
Victim-witness grant	83,020	83,020	76,069	(6,951)
Emergency management performance grant	-	-	14,228	14,228
COVID-19 economic relief	-	7,599,523	1,123,980	(6,475,543)
Firefighters grant program (AFG-S)	56,767	-	-	-
Tech rescue	-	2,000	-	(2,000)
ACSO CESF Covid grant CFDA 16.034	-	27,348	26,714	(634)
Opioid & substance abuse grant	194,450	194,450	144,632	(49,818)
Total categorical aid	425,192	8,047,091	1,478,959	(6,568,132)
Total revenue from the federal government	985,192	8,625,006	2,063,102	(6,561,904)
Total intergovernmental revenues	13,104,658	21,183,334	14,735,652	(6,447,682)
Total General Fund	\$ 108,467,036	\$ 120,770,421	\$ 117,995,880	\$ (2,774,541)
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 192,369	\$ 192,369	\$ 180,228	\$ (12,141)
Total charges for services	192,369	192,369	180,228	(12,141)
Recovered costs:				
City of Staunton, Virginia	703,783	703,783	703,783	-
City of Waynesboro, Virginia	649,195	649,195	649,195	-
Total recovered costs	1,352,978	1,352,978	1,352,978	-
Total revenue from local sources	1,545,347	1,545,347	1,533,206	(12,141)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	3,489,602	3,489,602	3,548,879	59,277
Children's Services Act program	3,719,000	3,719,000	2,897,955	(821,045)
Total categorical aid	7,208,602	7,208,602	6,446,834	(761,768)
Total revenue from the Commonwealth	7,208,602	7,208,602	6,446,834	(761,768)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 7,156,392	\$ 7,156,392	\$ 6,704,751	\$ (451,641)
Children's Services Act program	-	-	106,175	106,175
Total categorical aid	7,156,392	7,156,392	6,810,926	(345,466)
Total revenue from the federal government	7,156,392	7,156,392	6,810,926	(345,466)
Total intergovernmental revenues	14,364,994	14,364,994	13,257,760	(1,107,234)
Total Virginia Public Assistance Fund	\$ 15,910,341	\$ 15,910,341	\$ 14,790,966	\$ (1,119,375)
Debt Service Fund:				
County Debt Service Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 34,800	\$ 48,371	\$ 69,738	\$ 21,367
Total charges for services	34,800	48,371	69,738	21,367
Total revenue from local sources	34,800	48,371	69,738	21,367
Total County Debt Service Fund	\$ 34,800	\$ 48,371	\$ 69,738	\$ 21,367
Capital Projects Funds:				
County Capital Improvement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 6,612	\$ 6,612	\$ 6,612	\$ -
Revenue from the use of property	5,000	11,789	11,789	-
Total revenue from use of money and property	11,612	18,401	18,401	-
Miscellaneous revenue:				
Other miscellaneous	30,000	3,039,506	2,324	(3,037,182)
Total miscellaneous revenue	30,000	3,039,506	2,324	(3,037,182)
Recovered costs:				
Other recovered costs	931,186	1,233,436	1,237,776	4,340
Total recovered costs	931,186	1,233,436	1,237,776	4,340
Total revenue from local sources	972,798	4,291,343	1,258,501	(3,032,842)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Capital Improvement Funds:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
VA-GOF	\$ -	\$ -	\$ 1,100,000	\$ 1,100,000
Hazardous Material Grant	10,000	10,000	10,000	-
Reimbursement Department of Transportation Dept of Housing and Community Development (Broadband)	591,041	-	-	-
PSAP E911 wireless grant	-	779,793	475,612	(304,181)
DEQ stormwater local assistance fund grant	477,319	233,345	-	(233,345)
NG911 grant	-	205,425	402,739	197,314
DuPont settlement grant	-	50,000	41,349	(8,651)
	150,000	100,000	100,000	-
Total categorical aid	1,228,360	1,378,563	2,129,700	751,137
Total revenue from the Commonwealth	1,228,360	1,378,563	2,129,700	751,137
Revenue from the federal government:				
Categorical aid:				
SHSP-ECC	233,345	-	-	-
Emergency planning grant	14,882	-	-	-
Transportation enhancement	-	60,000	116,491	56,491
DuPont settlement grant	-	-	235,176	235,176
Total categorical aid	248,227	60,000	351,667	291,667
Total revenue from the federal government	248,227	60,000	351,667	291,667
Total intergovernmental revenues	1,476,587	1,438,563	2,481,367	1,042,804
Total County Capital Improvements Fund	\$ 2,449,385	\$ 5,729,906	\$ 3,739,868	\$ (1,990,038)
School Capital Improvements Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
ARPA	-	125,000	-	(125,000)
Total categorical aid	-	125,000	-	(125,000)
Total revenue from the federal government	-	125,000	-	(125,000)
Total intergovernmental revenues	-	125,000	-	(125,000)
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	-	20,000	-	(20,000)
Revenue from the use of property	16,127	16,612	16,625	13
Total revenue from use of money and property	16,127	36,612	16,625	(19,987)
Miscellaneous revenue:				
Other miscellaneous	11,644	1,428,424	421,401	(1,007,023)
Total miscellaneous revenue	11,644	1,428,424	421,401	(1,007,023)
Total revenue from local sources	27,771	1,465,036	438,026	(1,027,010)
Total School Capital Improvements Fund	\$ 27,771	\$ 1,590,036	\$ 438,026	\$ (1,152,010)
Total Primary Government	\$ 126,889,333	\$ 144,049,075	\$ 137,034,478	\$ (7,014,597)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from the use of money and property:				
Revenue from the use of property	\$ 10,000	\$ 6,000	\$ 8,275	\$ 2,275
Total revenue from the use of money and property	10,000	6,000	8,275	2,275
Charges for services:				
Charges for education	560,056	406,412	434,110	27,698
Tuition and payments from other divisions	1,095,500	1,237,963	1,188,051	(49,912)
Total charges for services	1,655,556	1,644,375	1,622,161	(22,214)
Miscellaneous revenue:				
Other miscellaneous	278,926	417,223	507,037	89,814
Total miscellaneous revenue	278,926	417,223	507,037	89,814
Total revenue from local sources	1,944,482	2,067,598	2,137,473	69,875
Revenues from local governments:				
Contribution from County of Augusta, Virginia	46,128,652	46,128,652	44,008,179	(2,120,473)
Total revenues from local governments	46,128,652	46,128,652	44,008,179	(2,120,473)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	12,929,927	14,840,673	15,636,850	796,177
Basic school aid	29,494,690	27,792,686	27,151,513	(641,173)
Regular foster children	104,023	104,023	1,687	(102,336)
Adult secondary education	104,203	100,653	113,467	12,814
Gifted and talented	319,345	315,481	313,659	(1,822)
Remedial education	837,527	984,004	1,101,419	117,415
Special education	1,512,370	1,494,071	1,485,443	(8,628)
Textbook payment	647,547	639,712	502,642	(137,070)
Standards of learning-project graduation	9,220	10,547	10,547	-
Vocational standards of quality payments	1,283,405	1,267,877	1,260,555	(7,322)
Vocational adult education	16,772	16,465	16,465	-
Social security instructional	1,711,207	1,690,503	1,680,740	(9,763)
Retirement instructional	3,982,774	3,934,586	3,911,863	(22,723)
Group life insurance instructional	120,508	119,049	118,362	(687)
Compensation supplement	1,859,097	1,822,327	1,827,686	5,359
Early reading intervention	276,890	449,669	449,669	-
Supplemental lottery	2,463,894	2,403,531	2,405,138	1,607
Homebound education	14,524	2,295	2,295	-
Regional tuition program	1,132,155	1,217,202	1,182,529	(34,673)
Vocational education - equipment	33,299	43,989	37,051	(6,938)
Vocational occupational preparedness	210,189	212,419	184,293	(28,126)
Mentor teacher program	4,953	7,415	5,061	(2,354)
Special education - foster children	49,940	49,940	829	(49,111)
At risk payments	1,316,655	1,300,669	1,293,290	(7,379)
Primary class size	1,233,225	1,176,996	1,176,996	-
Technology	518,000	518,000	518,000	-
Standards of learning algebra readiness	118,647	111,943	111,943	-
At risk four-year olds	1,106,601	992,125	-	(992,125)
English as a second language	147,551	181,532	181,532	-
Community add-on funds	82,500	-	-	-
Other state funds	338,211	762,070	1,905,447	1,143,377
Total categorical aid	63,979,849	64,562,452	64,586,971	24,519
Total revenue from the Commonwealth	63,979,849	64,562,452	64,586,971	24,519

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 129,102	\$ 118,542	\$ 152,687	\$ 34,145
Title I	1,434,815	1,209,590	1,217,668	8,078
Title VI-B, special education flow-through	2,627,459	2,345,490	2,246,516	(98,974)
Vocational education	141,003	136,885	136,885	-
Title VI-B, special education pre-school	63,285	66,588	63,999	(2,589)
Title IV Part A	67,500	44,400	75,632	31,232
Title III Part A	13,822	15,000	14,292	(708)
Title II Part A	249,585	252,659	247,709	(4,950)
ITCV grant	79,681	78,124	60,124	(18,000)
CARES act	-	671,491	220,624	(450,867)
ARPA	-	5,095,055	5,373,920	278,865
Total categorical aid	4,806,252	10,033,824	9,810,056	(223,768)
Total revenue from the federal government	4,806,252	10,033,824	9,810,056	(223,768)
Total intergovernmental revenues	114,914,753	120,724,928	118,405,206	(2,319,722)
Total School Operating Fund	\$ 116,859,235	\$ 122,792,526	\$ 120,542,679	\$ (2,249,847)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from the use of money and property:				
Revenue from the use of money	\$ 6,000	\$ 6,000	\$ 14,135	\$ 8,135
Total revenue from use of money and property	6,000	6,000	14,135	8,135
Charges for services:				
Cafeteria sales	1,168,300	243,400	264,958	21,558
Total charges for services	1,168,300	243,400	264,958	21,558
Total revenue from local sources	1,174,300	249,400	279,093	29,693
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	65,000	112,550	115,265	2,715
Total categorical aid	65,000	112,550	115,265	2,715
Total revenue from the Commonwealth	65,000	112,550	115,265	2,715
Revenue from the federal government:				
Categorical aid:				
School food program grant	3,200,000	5,003,063	6,204,804	1,201,741
USDA donated food	-	-	473,515	473,515
Total categorical aid	3,200,000	5,003,063	6,678,319	1,675,256
Total revenue from the federal government	3,200,000	5,003,063	6,678,319	1,675,256
Total intergovernmental revenues	3,265,000	5,115,613	6,793,584	1,677,971
Total School Cafeteria Fund	\$ 4,439,300	\$ 5,365,013	\$ 7,072,677	\$ 1,707,664

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
Head Start Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 50,000	\$ 64,500	\$ 75,674	\$ 11,174
Total miscellaneous revenue	50,000	64,500	75,674	11,174
Total revenue from local sources	50,000	64,500	75,674	11,174
Intergovernmental revenue:				
Revenue from local governments:				
Contributions from County of Augusta, Virginia	-	-	3,695	3,695
Total revenue from local governments	-	-	3,695	3,695
Revenue from the federal government:				
Categorical aid:				
Head start grant	2,994,944	3,270,745	3,109,049	(161,696)
Total categorical aid	2,994,944	3,270,745	3,109,049	(161,696)
Total revenue from the federal government	2,994,944	3,270,745	3,109,049	(161,696)
Total intergovernmental revenues	2,994,944	3,270,745	3,112,744	(158,001)
Total Head Start Fund	\$ 3,044,944	\$ 3,335,245	\$ 3,188,418	\$ (146,827)
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 1,187,519	\$ 1,167,074	\$ 1,060,105	\$ (106,969)
Total charges for services	1,187,519	1,167,074	1,060,105	(106,969)
Miscellaneous revenue:				
Other miscellaneous	2,800	2,800	16,235	13,435
Total miscellaneous revenue	2,800	2,800	16,235	13,435
Total revenue from local sources	1,190,319	1,169,874	1,076,340	(93,534)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Governor's school grant	711,486	683,202	683,206	4
Total categorical aid	711,486	683,202	683,206	4
Total revenue from the Commonwealth	711,486	683,202	683,206	4
Total intergovernmental revenues	711,486	683,202	683,206	4
Total Governor's School Fund	\$ 1,901,805	\$ 1,853,076	\$ 1,759,546	\$ (93,530)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board (Continued):				
School Endowments:				
Revenue from local sources:				
Scholarship	\$ -	\$ -	\$ 2,967	\$ 2,967
Use of money and property	-	-	419	419
Total revenue from local sources	-	-	3,386	3,386
Total Endowment Fund	\$ -	\$ -	\$ 3,386	\$ 3,386
Total Discretely Presented Component Unit- School Board	\$ 126,245,284	\$ 133,345,860	\$ 132,566,706	\$ (779,154)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 161,001	\$ 180,304	\$ 148,643	\$ (31,661)
Total legislative	161,001	180,304	148,643	(31,661)
General and financial administration:				
County administrator	962,522	1,127,302	1,119,958	(7,344)
Human resources	289,228	308,196	306,159	(2,037)
Legal services	521,507	539,841	435,899	(103,942)
Commissioner of revenue	1,045,155	1,098,809	1,056,997	(41,812)
Treasurer	596,861	637,811	626,866	(10,945)
Finance	400,138	434,290	420,330	(13,960)
Information technology	906,804	1,013,095	992,043	(21,052)
Other general and financial administration	1,217,186	1,127,820	1,121,007	(6,813)
Total general and financial administration	5,939,401	6,287,164	6,079,259	(207,905)
Board of elections:				
Electoral board and officials	358,551	557,331	423,897	(133,434)
Total board of elections	358,551	557,331	423,897	(133,434)
Total general government administration	6,458,953	7,024,799	6,651,799	(373,000)
Judicial administration:				
Courts:				
Circuit court	177,773	191,381	195,879	4,498
General district court	6,500	6,500	6,918	418
Special magistrates	4,446	4,511	3,147	(1,364)
Clerk of the circuit court	1,080,393	1,122,115	1,089,015	(33,100)
Total courts	1,269,112	1,324,507	1,294,959	(29,548)
Commonwealth's attorney:				
Commonwealth's attorney	1,561,912	1,815,723	1,753,498	(62,225)
Total commonwealth's attorney	1,561,912	1,815,723	1,753,498	(62,225)
Total judicial administration	2,831,024	3,140,230	3,048,457	(91,773)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 7,629,557	\$ 8,524,271	\$ 8,461,252	\$ (63,019)
Emergency operations center	2,190,954	2,176,314	1,724,651	(451,663)
Total law enforcement and traffic control	9,820,511	10,700,585	10,185,903	(514,682)
Fire and rescue services:				
Fire department	8,673,783	10,317,759	9,781,831	(535,928)
Volunteer emergency operations	1,909,897	1,911,435	1,772,388	(139,047)
Fire training center	606,576	598,206	532,900	(65,306)
Fire revolving fund disbursements	605,000	605,000	548,796	(56,204)
Emergency management	-	89,533	88,984	(549)
EMS transport service	614,470	832,699	696,165	(136,534)
Total fire and rescue services	12,409,726	14,354,632	13,421,064	(933,568)
Correction and detention:				
Probation and detention	2,422,389	4,467,970	4,460,416	(7,554)
Total correction and detention	2,422,389	4,467,970	4,460,416	(7,554)
Inspections:				
Building	422,352	451,258	449,819	(1,439)
Total inspections	422,352	451,258	449,819	(1,439)
Other protection:				
Animal control	473,107	496,914	497,559	645
Drug enforcement funds	48,000	47,500	31,703	(15,797)
Total other protection	521,107	544,414	529,262	(15,152)
Total public safety	25,596,085	30,518,859	29,046,464	(1,472,395)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	16,000	20,000	20,980	980
Streetlights	121,000	121,000	117,605	(3,395)
Total maintenance of highways, streets, bridges and sidewalks	137,000	141,000	138,585	(2,415)
Sanitation and waste removal:				
Refuse collection and disposal	2,297,048	2,392,322	2,335,435	(56,887)
Recycling program	170,600	164,600	140,289	(24,311)
Total sanitation and waste removal	2,467,648	2,556,922	2,475,724	(81,198)
Maintenance of general buildings and grounds:				
General properties	2,042,554	2,328,095	2,260,147	(67,948)
Total maintenance of general buildings and grounds	2,042,554	2,328,095	2,260,147	(67,948)
Total public works	4,647,202	5,026,017	4,874,456	(151,561)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Health and welfare:				
Health:				
Supplement to local health department	\$ 579,123	\$ 579,123	\$ 579,123	\$ -
Total health	579,123	579,123	579,123	-
Mental health and mental retardation:				
Community services board	197,000	197,000	197,000	-
Total mental health and mental retardation	197,000	197,000	197,000	-
Welfare:				
Valley Program for the Aging	31,250	31,250	31,250	-
BRITE Transit Services	41,107	41,107	41,107	-
Community Centers	8,750	8,750	8,750	-
Verona Food Pantry	39,540	39,540	39,540	-
Lions Sight and Hearing/Oak Grove Theatre	3,433	3,433	3,433	-
Inter-regional public transit	12,346	12,346	12,346	-
CAPSAW	52,100	52,100	52,100	-
Craigsville personal property	38,986	40,386	40,386	-
Miscellaneous	5,000	5,000	5,000	-
Tax relief for the elderly	375,857	375,857	348,406	(27,451)
Total welfare	608,369	609,769	582,318	(27,451)
Total health and welfare	1,384,492	1,385,892	1,358,441	(27,451)
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	5,000	5,000	5,000	-
Contribution to County School Board	46,128,652	46,128,652	44,008,179	(2,120,473)
Total education	46,133,652	46,133,652	44,013,179	(2,120,473)
Parks, recreation and cultural:				
Parks and recreation:				
Supervision of parks and recreation	819,722	756,993	694,984	(62,009)
Total parks and recreation	819,722	756,993	694,984	(62,009)
Cultural enrichment:				
Fine Arts Grant	9,500	9,500	9,500	-
Total cultural enrichment	9,500	9,500	9,500	-
Library:				
Contribution to county library	1,590,652	1,685,374	1,578,832	(106,542)
Total library	1,590,652	1,685,374	1,578,832	(106,542)
Total parks, recreation and cultural	2,419,874	2,451,867	2,283,316	(168,551)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Community development:				
Planning and community development:				
Community development	\$ 1,126,798	\$ 1,163,009	\$ 1,061,610	\$ (101,399)
Tourism development	67,940	470,279	325,187	(145,092)
Economic development	318,827	337,236	311,565	(25,671)
Contribution to Economic Development Authority	527,300	461,900	457,092	(4,808)
Total planning and community development	2,040,865	2,432,424	2,155,454	(276,970)
Environmental management:				
Contribution to soil and water district	95,928	95,928	100,819	4,891
Total environmental management	95,928	95,928	100,819	4,891
Cooperative extension program:				
Extension office	137,535	137,535	123,833	(13,702)
Total cooperative extension program	137,535	137,535	123,833	(13,702)
Total community development	2,274,328	2,665,887	2,380,106	(285,781)
Nondepartmental:				
Shenandoah Valley Regional Airport	134,080	134,080	134,080	-
Utility relief	-	88,037	74,634	(13,403)
Contingencies	1,283,564	80,001	145,502	65,501
Total nondepartmental	1,417,644	302,118	354,216	52,098
Debt service:				
Principal - leases	-	-	217,250	217,250
Interest - leases	-	-	75,564	75,564
Total debt service	-	-	292,814	292,814
Total General Fund	\$ 93,163,254	\$ 98,649,321	\$ 94,303,248	\$ (4,346,073)
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 10,553,251	\$ 10,553,251	\$ 10,236,650	\$ (316,601)
Public assistance	3,015,000	3,015,000	2,688,880	(326,120)
Children's services	5,269,000	5,800,000	4,492,281	(1,307,719)
Total welfare and social services	18,837,251	19,368,251	17,417,811	(1,950,440)
Total health and welfare	18,837,251	19,368,251	17,417,811	(1,950,440)
Debt service:				
Principal - leases	-	-	12,997	12,997
Total debt service	-	-	12,997	12,997
Total Virginia Public Assistance Fund	\$ 18,837,251	\$ 19,368,251	\$ 17,430,808	\$ (1,937,443)
Debt Service Fund:				
County Debt Service:				
Debt Service:				
Principal retirement	\$ 582,677	\$ 582,677	\$ 582,677	\$ -
Interest and other fiscal charges	151,944	151,944	151,944	-
Total County Debt Service	734,621	734,621	734,621	-

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
Primary Government:				
Debt Service Fund:				
School Debt Service:				
Debt Service:				
Principal retirement	\$ 5,057,781	\$ 5,057,781	\$ 5,057,781	\$ -
Interest and other fiscal charges	2,036,962	2,024,800	2,025,974	1,174
Total School Debt Service	7,094,743	7,082,581	7,083,755	1,174
Total Debt Service Fund	\$ 7,829,364	\$ 7,817,202	\$ 7,818,376	\$ 1,174
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
County Schools	\$ 185,644	\$ -	\$ -	\$ -
Landfill	400,000	400,000	521,838	121,838
Road construction	591,041	337,586	140,182	(197,404)
Programs	1,726,938	2,085,923	1,717,913	(368,010)
Equipment replacement	2,429,608	1,962,318	1,337,850	(624,468)
Building renovations and construction	859,495	545,006	615,013	70,007
Economic development	266,612	753,926	655,572	(98,354)
Community contributions	555,000	805,064	93,114	(711,950)
Total capital projects expenditures	7,014,338	6,889,823	5,081,482	(1,808,341)
Total County Capital Improvements Fund	\$ 7,014,338	\$ 6,889,823	\$ 5,081,482	\$ (1,808,341)
School Capital Improvements Fund:				
Capital projects expenditures:				
Transportation	\$ 1,080,000	\$ 1,736,872	\$ 1,056,360	\$ (680,512)
Equipment/technology	394,300	1,247,629	812,866	(434,763)
Other School projects	-	356,148	405,205	49,057
Building renovations	-	5,534,670	2,401,218	(3,133,452)
Total capital projects expenditures	1,474,300	8,875,319	4,675,649	(4,199,670)
Debt Service:				
Principal retirement	-	-	322,606	322,606
Interest and other fiscal charges	-	32,000	71,694	39,694
	-	32,000	394,300	362,300
Total School Capital Improvements Fund	\$ 1,474,300	\$ 8,907,319	\$ 5,069,949	\$ (3,837,370)
Total Primary Government	\$ 128,318,507	\$ 141,631,916	\$ 129,703,863	\$ (11,928,053)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 275,399	\$ 261,812	\$ 279,448	\$ 17,636
Executive administration services	634,170	786,640	857,633	70,993
Personnel	690,727	732,599	736,658	4,059
Fiscal services	782,849	788,601	806,651	18,050
Data processing services	579,154	540,010	484,290	(55,720)
Total administration of schools	2,962,299	3,109,662	3,164,680	55,018
Instruction costs:				
Elementary and secondary schools	75,057,138	78,099,360	76,609,135	(1,490,225)
Guidance services	3,326,943	3,335,736	3,217,309	(118,427)
Social worker services	575,844	847,292	802,584	(44,708)
Other instructional costs	2,926,382	3,802,870	3,835,266	32,396
Media services	2,026,597	1,942,594	1,863,176	(79,418)
Technology services	3,819,836	4,645,110	3,866,297	(778,813)
Office of the principal	7,296,739	7,241,506	7,290,318	48,812
Total instruction costs	95,029,479	99,914,468	97,484,085	(2,430,383)
Operating costs:				
Attendance and health services	1,815,057	1,882,658	1,842,685	(39,973)
Pupil transportation	7,044,331	7,362,195	7,425,491	63,296
Operation and maintenance of school plant	10,008,069	10,479,096	10,625,738	146,642
School food services	-	44,447	-	(44,447)
Total operating costs	18,867,457	19,768,396	19,893,914	125,518
Total education	116,859,235	122,792,526	120,542,679	(2,249,847)
Total School Operating Fund	\$ 116,859,235	\$ 122,792,526	\$ 120,542,679	\$ (2,249,847)
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 5,369,681	\$ 4,903,585	\$ 5,482,052	\$ 578,467
Total school food services	5,369,681	4,903,585	5,482,052	578,467
Total education	5,369,681	4,903,585	5,482,052	578,467
Total Cafeteria Fund	\$ 5,369,681	\$ 4,903,585	\$ 5,482,052	\$ 578,467

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
Head Start Fund:				
Education:				
Instruction	\$ 2,533,041	\$ 2,773,788	\$ 2,600,545	\$ (173,243)
Administration, attendance and health	440,541	448,660	462,529	13,869
Transportation services	78,147	82,151	85,478	3,327
Operations and maintenance services	1,375	38,806	39,866	1,060
Total education	3,053,104	3,343,405	3,188,418	(154,987)
Total Head Start Fund	\$ 3,053,104	\$ 3,343,405	\$ 3,188,418	\$ (154,987)
Governor's School Fund:				
Education:				
Instruction	\$ 1,769,055	\$ 1,732,127	\$ 1,706,651	\$ (25,476)
Administration, attendance and health	\$ 21,550	\$ 29,749	\$ 31,219	\$ 1,470
Operations and maintenance services	111,200	111,200	21,676	(89,524)
Total education	1,901,805	1,873,076	1,759,546	(113,530)
Total Governor's School Fund	\$ 1,901,805	\$ 1,873,076	\$ 1,759,546	\$ (113,530)
School Endowments:				
Education:				
Scholarship	\$ -	\$ -	\$ 1,500	\$ 1,500
Total education	-	-	1,500	1,500
Total Endowment Fund	\$ -	\$ -	\$ 1,500	\$ 1,500
Total Discretely Presented Component Unit - School Board	\$ 127,183,825	\$ 132,912,592	\$ 130,974,195	\$ (1,938,397)

STATISTICAL SECTION

COUNTY OF AUGUSTA, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

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

Sources: Unless otherwise noted, the information in these tables is derived from the Annual Comprehensive Financial Report for the relevant year.

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary Government										
Governmental activities:										
Net investment in capital assets	\$ 6,243,063	\$ 14,785,963	\$ 16,731,529	\$ 14,697,452	\$ (28,355,363)	\$ 14,587,191	\$ 16,861,519	\$ 16,560,315	\$ 17,804,738	\$ 15,301,355
Restricted	1,803,491	4,534,029	3,933,728	26,675,632	8,456,531	3,800,220	2,950,318	2,858,862	2,872,983	2,802,660
Unrestricted	43,862,461	41,015,719	25,271,482	4,559,615	39,611,252	36,958,335	43,746,456	44,584,619	62,473,568	74,888,315
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	\$ 63,558,293	\$ 64,003,796	\$ 83,151,289	\$ 92,992,330
Component Unit⁽¹⁾										
Component unit - school board:										
Net investment in capital assets	\$ 79,495,252	\$ 73,843,782	\$ 75,857,589	\$ 88,522,897	\$ 118,060,129	\$ 78,473,778	\$ 78,418,587	\$ 81,373,540	\$ 83,276,085	\$ 86,011,383
Unrestricted (deficit)	(2,760,786)	(3,294,961)	(98,567,183)	(96,659,726)	(96,428,666)	(115,961,481)	(112,884,090)	(111,869,153)	(110,660,711)	(95,631,257)
Total component unit net position	\$ 76,734,466	\$ 70,548,821	\$ (22,709,594)	\$ (8,136,829)	\$ 21,631,463	\$ (37,487,703)	\$ (34,465,503)	\$ (30,495,613)	\$ (27,384,626)	\$ (9,619,874)
Total Reporting Entity										
Net investment in capital assets	\$ 85,738,315	\$ 88,629,745	\$ 92,589,118	\$ 103,220,349	\$ 89,704,766	\$ 93,060,969	\$ 95,280,106	\$ 97,933,855	\$ 101,080,823	\$ 101,312,738
Restricted	1,803,491	4,534,029	3,933,728	26,675,632	8,456,531	3,800,220	2,950,318	2,858,862	2,872,983	2,802,660
Unrestricted	41,101,675	37,720,758	(73,295,701)	(92,100,111)	(56,817,414)	(79,003,146)	(69,137,634)	(67,284,534)	(48,187,143)	(20,742,942)
Total reporting entity net position	\$ 128,643,481	\$ 130,884,532	\$ 23,227,145	\$ 37,795,870	\$ 41,343,883	\$ 17,858,043	\$ 29,092,790	\$ 33,508,183	\$ 55,766,663	\$ 83,372,456

Notes:

- (1) Component unit net position is 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.
- (2) 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.
- (3) 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.
- (4) At June 30, 2021, net position was restated for the implementation of GASB Statement No. 84, which increased net position for the primary government by \$4,215,616 and \$3,345,882 for the component unit – School Board.

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary Government										
Expenses:										
Governmental activities:										
General government	\$ 6,214,685	\$ 5,826,866	\$ 5,872,140	\$ 5,499,180	\$ 6,377,127	\$ 6,503,063	\$ 8,988,980	\$ 7,547,543	\$ 10,368,248	\$ 8,286,735
Judicial administration	1,763,311	1,772,021	1,716,540	1,865,010	1,995,424	2,017,262	2,108,041	2,103,246	3,201,680	2,691,584
Public safety	20,223,736	19,778,068	18,716,024	12,567,986	21,392,046	23,846,222	24,101,613	30,057,120	30,145,981	30,002,649
Public works	9,779,172	11,849,900	6,880,503	7,230,620	5,305,146	7,281,618	4,543,783	8,891,842	5,660,252	6,626,020
Health and welfare	13,600,850	14,576,794	14,725,715	14,668,197	16,469,416	16,186,578	18,370,628	19,625,147	19,449,540	18,754,703
Education	44,657,620	36,151,010	45,818,355	57,310,966	75,383,817	10,657,884	48,304,659	53,373,007	51,977,469	53,851,688
Parks, recreation and cultural	2,908,027	2,613,593	2,771,476	2,821,846	2,858,721	3,316,542	2,449,762	2,870,905	2,713,834	2,333,408
Community development	3,607,318	2,703,540	2,878,735	1,750,061	1,797,866	2,184,255	1,905,013	2,051,382	2,498,072	2,856,493
Interest on long-term debt	2,575,695	2,314,911	2,137,087	1,869,342	3,246,063	2,710,519	2,403,885	2,167,209	1,992,140	1,801,289
Total primary government expenses	105,330,414	97,586,703	101,516,575	105,583,208	134,825,626	74,703,943	113,176,364	128,687,401	128,007,216	127,204,569
Program revenues:										
Governmental activities:										
Charges for services:										
General government	612,266	621,178	854,701	647,440	740,688	738,561	696,917	730,655	735,644	90,905
Judicial administration	238,047	218,470	222,118	207,767	232,593	267,257	281,445	210,170	237,672	273,339
Public safety	1,180,338	1,497,982	1,502,939	1,430,692	1,631,946	1,914,075	3,155,549	2,963,621	3,447,974	3,587,731
Public works	947,251	1,092,513	1,065,703	1,093,681	1,281,673	1,528,230	2,221,686	1,822,007	1,714,279	2,648,132
Health and welfare	329,763	153,074	142,772	181,556	158,177	190,817	1,342,228	1,712,553	1,783,934	1,533,206
Parks, recreation and cultural	816,405	752,909	772,613	843,530	824,567	817,258	996,007	488,413	223,121	421,246
Operating grants and contributions	16,026,250	17,285,378	16,701,623	16,661,521	18,706,733	19,057,643	18,868,004	22,870,708	28,670,410	20,931,240
Capital grants and contributions	5,723,148	7,429,523	3,084,267	3,994,031	2,296,245	3,423,147	1,204,916	1,635,216	5,639,809	2,481,367
Total primary government program revenues	25,873,468	29,051,027	24,346,736	25,060,218	25,872,622	27,936,988	28,766,752	32,433,343	42,452,843	31,967,166
Total primary government net expenses⁽¹⁾	(79,456,946)	(68,535,676)	(77,169,839)	(80,522,990)	(108,953,004)	(46,766,955)	(84,409,612)	(96,254,058)	(85,554,373)	(95,237,403)
General revenues and other changes in net assets/position:										
Governmental activities:										
Taxes:										
Property taxes	46,893,968	51,900,224	53,585,755	56,937,887	58,296,837	60,545,183	66,259,967	68,989,644	69,028,670	73,313,552
Local sales and use taxes	4,823,327	4,803,575	4,984,203	5,422,965	5,542,113	5,673,129	6,240,415	6,822,265	7,827,992	8,911,976
Consumer utility taxes	1,714,242	1,724,037	1,749,332	1,781,431	1,786,347	1,791,413	1,804,213	1,812,435	1,834,845	1,858,499
Business licenses taxes	3,183,170	3,488,169	3,734,050	3,526,206	3,625,435	3,813,142	4,065,916	4,313,711	4,384,814	5,079,478
Restaurant food taxes	2,246,096	2,081,118	2,320,903	2,419,683	2,544,440	2,504,972	2,558,254	2,418,593	2,599,472	4,149,877
Other local taxes	1,629,127	1,853,526	1,856,653	1,964,970	2,106,591	2,107,785	2,171,699	2,094,917	2,650,641	3,453,997
Unrestricted grants and contributions	7,373,603	7,578,602	7,446,327	7,510,753	7,497,164	7,382,817	7,540,903	7,399,577	7,116,508	7,062,172
Unrestricted revenues from use of money and property	509,635	537,628	567,927	634,230	592,384	795,317	1,510,344	1,272,079	685,333	327,657
Gain on disposal of capital assets	375,088	-	-	-	285,000	-	-	-	-	-
Miscellaneous	-	818,655	270,000	320,825	456,414	563,523	470,448	1,576,340	4,357,975	921,236
Total primary government general revenues and other changes in net position	68,748,256	74,785,534	76,515,150	80,518,950	82,732,725	85,177,281	92,622,159	96,699,561	100,486,250	105,078,444
Change in net position:										
Total primary government	\$ (10,708,690)	\$ 6,249,858	\$ (654,689)	\$ (4,040)	\$ (26,220,279)	\$ 38,410,326	\$ 8,212,547	\$ 445,503	\$ 14,931,877	\$ 9,841,041

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Component Unit ⁽²⁾										
Expenses:										
School Board	\$ 101,705,922	\$ 110,663,364	\$ 106,500,888	\$ 96,031,665	\$ 83,895,486	\$ 156,045,549	\$ 113,102,026	\$ 115,752,405	\$ 128,035,472	\$ 115,130,443
Total component unit expenses	101,705,922	110,663,364	106,500,888	96,031,665	83,895,486	156,045,549	113,102,026	115,752,405	128,035,472	115,130,443
Program revenues:										
Charges for services	4,216,248	3,272,742	3,257,108	3,367,635	3,116,679	3,027,439	4,147,506	3,729,168	2,448,647	2,947,224
Operating grants and contributions	63,796,761	60,559,006	63,399,705	64,139,916	66,074,497	67,255,166	69,424,386	72,793,629	82,508,442	84,982,866
Capital grants and contributions	-	-	449,479	46,509	-	-	-	-	-	-
Total component unit program revenues	68,013,009	63,831,748	67,106,292	67,554,060	69,191,176	70,282,605	73,571,892	76,522,797	84,957,089	87,930,090
Total component unit net expense⁽¹⁾	(33,692,913)	(46,831,616)	(39,394,596)	(28,477,605)	(14,704,310)	(85,762,944)	(39,530,134)	(39,229,608)	(43,078,383)	(27,200,353)
General revenues and other changes in net assets/position:										
Unrestricted grants and contributions	38,164,900	40,795,739	41,844,914	42,430,723	43,347,751	46,156,655	42,124,975	42,848,640	42,439,923	44,011,874
Unrestricted revenues from use of money and property	43,931	35,294	34,841	54,183	55,715	143,819	116,756	105,152	11,608	22,829
Miscellaneous	299,927	607,376	999,891	565,464	1,069,136	1,391,745	310,603	245,706	391,957	930,402
Total component unit general revenues and other changes in net position	38,508,758	41,438,409	42,879,646	43,050,370	44,472,602	47,692,219	42,552,334	43,199,498	42,843,488	44,965,105
Change in net position:										
Total component unit	\$ 4,815,845	\$ (5,393,207)	\$ 3,485,050	\$ 14,572,765	\$ 29,768,292	\$ (38,070,725)	\$ 3,022,200	\$ 3,969,890	\$ (234,895)	\$ 17,764,752
Total Reporting Entity Change in Net Position	\$ (5,892,845)	\$ 856,651	\$ 2,830,361	\$ 14,568,725	\$ 3,548,013	\$ 339,601	\$ 11,234,747	\$ 4,415,393	\$ 14,696,982	\$ 27,605,793

Notes:

- (1) Net (expense) revenues is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.
- (2) 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	Consumers' Utility Tax	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
2022	\$ 73,313,552	\$ 8,911,976	\$ 1,858,499	\$ 5,079,478	\$ 4,149,877	\$ 3,453,997	\$ 96,767,379
2021	69,028,670	7,827,992	1,834,845	4,384,814	2,599,472	2,650,641	88,326,434
2020	68,989,644	6,822,265	1,812,435	4,313,711	2,418,593	2,094,917	86,451,565
2019	66,259,967	6,240,415	1,804,213	4,065,916	2,558,254	2,171,699	83,100,464
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

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 91,255	\$ 41,721	\$ 154,477	\$ 106,493	\$ 93,961	\$ 1,203,806	\$ 1,209,984	\$ 1,203,343	\$ 727,134	\$ 132,077
Restricted	1,803,492	2,006,339	2,352,414	2,659,784	2,966,538	2,932,086	2,756,012	2,556,267	2,872,983	2,802,660
Committed	747,920	691,504	1,116,221	1,249,070	1,171,649	1,498,042	1,714,591	2,794,338	5,099,049	3,017,774
Assigned	203,579	206,303	221,784	234,072	253,977	257,332	317,243	387,367	454,735	477,388
Unassigned	12,319,579	11,986,399	12,001,256	12,439,272	13,658,436	11,798,202	13,172,482	18,202,654	12,958,451	17,295,207
Total general fund	15,165,825	14,932,266	15,846,152	16,688,691	18,144,561	17,689,468	19,170,312	25,143,969	22,112,352	23,725,106
All Other Governmental Funds										
Restricted	4,929,034	2,244,271	455,329	19,457,305	5,489,993	868,135	194,307	302,595	-	-
Committed	5,294,761	3,304,648	1,148,900	2,645,897	-	-	-	-	-	-
Assigned	21,750,133	24,831,423	25,357,733	25,219,223	27,326,844	27,607,372	31,371,591	30,034,487	48,942,712	55,768,439
Unassigned	-	-	(318,771)	(757,966)	(397,747)	-	-	-	-	(1,094,598)
Total all other governmental funds	31,973,928	30,380,342	26,643,191	46,564,459	32,419,090	28,475,507	31,565,898	30,337,082	48,942,712	54,673,841
Total fund balances	\$ 47,139,753	\$ 45,312,608	\$ 42,489,343	\$ 63,253,150	\$ 50,563,651	\$ 46,164,975	\$ 50,736,210	\$ 55,481,051	\$ 71,055,064	\$ 78,398,947

CHANGES FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
General property taxes	\$ 47,584,001	\$ 51,399,020	\$ 52,963,125	\$ 56,207,747	\$ 58,114,396	\$ 61,109,229	\$ 66,330,173	\$ 68,528,431	\$ 69,199,131	\$ 73,302,421
Other local taxes	16,174,522	13,976,359	14,671,097	15,140,297	15,613,974	15,890,441	16,840,497	17,461,921	19,297,764	23,453,827
Permits, privilege fees and regulatory licenses	526,622	524,896	764,794	568,023	645,578	637,374	608,943	602,235	643,011	982,968
Fines and forfeitures	239,453	208,086	206,125	149,052	214,784	311,426	347,877	272,161	253,102	213,290
Revenue from use of money and property	544,808	549,465	594,562	677,776	719,415	843,096	1,510,344	1,272,079	685,333	334,269
Charges for services	3,357,995	3,603,144	3,589,927	3,644,104	4,009,282	4,507,398	5,340,430	4,392,269	4,496,600	4,538,997
Miscellaneous	542,617	756,329	432,789	813,309	1,624,932	616,839	470,448	1,576,340	4,357,975	922,091
Recovered costs	1,476,825	1,489,783	2,430,905	2,493,669	2,433,649	2,712,874	2,396,582	2,660,754	2,749,911	2,811,836
Intergovernmental:										
Commonwealth	18,182,170	23,726,548	19,888,254	18,484,319	19,110,574	20,881,834	18,972,342	18,693,674	20,146,027	21,249,084
Federal	8,265,021	8,035,610	7,128,583	9,164,401	8,084,971	8,880,678	8,641,481	13,211,827	18,698,241	9,225,695
Local	-	-	-	-	-	-	-	-	2,582,459	-
Total revenues	96,894,034	104,269,240	102,670,161	107,342,697	110,571,555	116,391,189	121,459,117	128,671,691	143,109,554	137,034,478
Expenditures										
General government administration	4,625,805	4,342,595	4,673,312	4,638,398	5,075,701	5,856,944	5,466,486	5,673,355	6,379,278	6,651,799
Judicial administration	1,782,776	1,762,176	1,839,987	1,910,072	2,030,508	2,137,419	2,178,024	2,375,328	2,716,093	3,048,457
Public safety	17,314,645	18,043,770	18,173,128	19,178,655	20,393,454	21,739,801	23,021,684	24,190,420	26,513,291	29,121,098
Public works	3,301,565	3,356,040	3,465,517	3,467,975	3,686,463	3,810,788	4,415,893	4,710,949	4,676,980	4,874,456
Health and welfare	14,728,109	15,703,648	16,389,266	16,378,953	17,863,715	18,103,067	18,819,407	18,824,305	18,947,537	18,776,252
Education	33,822,914	36,443,632	37,852,654	38,511,372	40,078,627	41,566,439	42,051,057	42,768,948	45,049,041	44,013,179
Parks, recreation and cultural	2,637,783	2,585,384	2,685,441	2,798,340	2,834,341	2,838,479	2,489,020	2,377,415	2,115,538	2,283,316
Community development	1,428,431	1,446,741	1,447,545	1,555,969	1,808,146	1,838,995	1,859,303	2,030,070	2,197,780	2,380,106
Nondepartmental	204,272	137,489	144,535	169,899	209,231	143,194	213,767	240,340	2,679,548	279,582
Capital projects	18,408,583	14,236,573	13,012,823	19,974,595	37,433,314	13,166,593	6,947,042	13,566,401	8,606,376	9,757,131
Debt service:										
Principal	5,739,880	5,874,929	5,554,182	5,766,351	4,909,556	6,208,384	6,464,345	6,304,005	5,881,758	6,193,311
Interest and other fiscal charges	2,573,576	2,671,273	2,440,691	2,232,757	2,755,287	3,379,762	2,961,858	2,695,710	2,523,195	2,325,176
Total expenditures	106,568,339	106,604,250	107,679,081	116,583,336	139,078,343	120,789,865	116,887,886	125,757,246	128,286,415	129,703,863
Excess (deficiency) of revenues over (under) expenditures	(9,674,305)	(2,335,010)	(5,008,920)	(9,240,639)	(28,506,788)	(4,398,676)	4,571,231	2,914,445	14,823,139	7,330,615
Other Financing Sources (Uses)										
Sale of land	-	-	-	-	285,000	-	-	-	-	-
Transfers in	13,458,170	16,621,651	17,538,558	20,160,743	15,898,012	19,450,584	22,495,848	23,820,301	28,485,546	22,755,493
Transfers out	(13,458,170)	(16,621,651)	(17,538,558)	(20,160,743)	(15,898,012)	(19,450,584)	(22,495,848)	(23,820,301)	(28,485,546)	(22,755,493)
Proceeds from issuance of capital lease	-	-	-	-	-	-	-	1,830,396	750,874	13,268
Bonds issued	5,526,185	691,882	2,185,655	27,622,785	14,285,000	-	-	-	-	-
Premium on bonds issued	718,271	-	-	2,381,661	1,247,289	-	-	-	-	-
Sale of capital assets	375,088	-	-	-	-	-	-	-	-	-
Total other financing sources, net	6,619,544	691,882	2,185,655	30,004,446	15,817,289	-	-	1,830,396	750,874	13,268
Net change in fund balances	\$ (3,054,761)	\$ (1,643,128)	\$ (2,823,265)	\$ 20,763,807	\$ (12,689,499)	\$ (4,398,676)	\$ 4,571,231	\$ 4,744,841	\$ 15,574,013	\$ 7,343,883
Debt Service as a Percentage of Noncapital Expenditures	8.00%	8.24%	7.68%	6.99%	5.60%	8.10%	8.06%	7.38%	6.77%	6.65%

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumers' Utility Tax	Business License Tax	Restaurant Food Tax	Other Local Tax	Total
2022	\$ 73,302,421	\$ 8,911,976	\$ 1,858,499	\$ 5,079,478	\$ 4,149,877	\$ 3,453,997	\$ 96,756,248
2021	69,199,131	7,827,992	1,834,845	4,384,814	2,599,472	2,650,641	88,496,895
2020	68,528,431	6,822,265	1,812,435	4,313,711	2,418,593	2,094,917	85,990,352
2019	66,330,173	6,240,415	1,804,213	4,065,916	2,558,254	2,171,699	83,170,670
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

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year	Real Estate ⁽¹⁾	Personal Property ⁽²⁾	Machinery and Tools	Public Service ⁽³⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	State Sales Assessment Ratio ⁽⁴⁾
2022	\$7,655,920,958	\$ 859,133,240	\$ 264,108,470	\$ 483,096,064	\$9,262,258,732	\$ 0.84	\$ 12,918,073,545	71.70%
2021	7,582,050,648	780,556,010	242,485,670	482,755,979	9,087,848,307	0.81	11,219,565,811	81.00%
2020	7,471,356,719	757,708,190	233,718,440	471,627,175	8,934,410,524	0.81	10,095,379,123	88.50%
2019	7,179,876,646	726,168,020	216,125,380	458,514,898	8,580,684,944	0.81	9,157,614,668	93.70%
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% ⁽⁵⁾
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%

Source: Commissioner of Revenue

Notes:

- (1) Real estate is assessed at 100% of fair market value.
- (2) Includes PPTRA.
- (3) Assessed values are established by the State Corporation Commission.
- (4) Source: Virginia Department of Taxation.
- (5) 2017 Information is unavailable; used 2016 ratio.

PROPERTY TAX RATES⁽¹⁾
Last Ten Fiscal Years

Calendar Year	Property Tax Rates						
	Real Estate	Personal Property ⁽²⁾		Mobile Homes	Machinery and Tools	Total Direct Rate	
		Vehicle	Other				
2022	\$ 0.63	\$ 2.60	\$ 2.00	\$ 0.63	\$ 2.00	\$ 0.84	
2021	0.63	2.60	2.00	0.63	2.00	0.81	
2020	0.63	2.50	2.00	0.63	2.00	0.81	
2019	0.63	2.50	2.00	0.63	2.00	0.81	
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	

Notes:

⁽¹⁾ Per \$100 of assessed value.

⁽²⁾ Personal Property includes:

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

Other – business personal property, large trucks and trailers

PRINCIPAL PROPERTY TAXPAYERS
Current Year and the Period Nine Years Prior

Taxpayer	Business Type	Fiscal Year 2022			Fiscal Year 2013		
		2022 Assessed Valuation	Rank	% of Total Assessed Valuation	2013 Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 300,344,599	1	3.30%	\$ 167,534,651	1	2.17%
Hershey Foods Corporation	Food Manufacturer	178,480,430	2	1.96%	119,539,540	2	1.55%
McKee Baking Company	Food Manufacturer	76,433,070	3	0.84%	93,774,070	3	1.22%
Target Corporation	Distribution Center	52,689,230	4	0.58%	41,576,260	5	0.54%
Shenandoah Valley Electric	Public Utility	49,179,571	5	0.54%	51,972,850	4	0.67%
Shamrock Foods Company	Food Manufacturer	36,815,070	6	0.41%	-		
Hollister, Inc.	Medical Supplies Mfg.	29,529,289	7	0.32%	16,623,809	8	0.22%
Nibco, Inc.	Copper Pipe Fittings	27,653,800	8	0.30%	-		
MeadWestvaco	Paper Mfg. Warehouse	27,090,200	9	0.30%	20,540,400	6	0.27%
McQuay International	Industrial Air Cond. Equip.	26,948,520	10	0.30%	16,302,250	9	0.21%
Staunton Mall Realty Mgmt	Real Estate	-		-	17,066,800	7	0.22%
Verizon	Public Utility	-		-	15,677,829	10	0.20%
		<u>\$ 805,163,779</u>		<u>8.86%</u>	<u>\$ 560,608,459</u>		<u>7.27%</u>

Source: Commissioner of Revenue

**PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years**

Calendar Year	Total Tax Levy for the Calendar Year	Collected within the Calendar Year of the Levy ⁽¹⁾		Collections in Subsequent Calendar Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022 ⁽²⁾	\$ 48,246,232	\$ 24,057,363	49.86%	\$ -	\$ 24,057,363	49.86%
2021	70,121,901	67,550,254	96.33%	- ⁽³⁾	47,898,631	68.31%
2020	67,192,028	64,684,273	96.27%	903,227	64,684,273	96.27%
2019	64,933,964	63,630,951	97.99%	1,497,052	64,933,964	100.00%
2018	60,756,580	59,184,706	97.41%	1,534,861	60,719,567	99.94%
2017	56,348,173	54,566,805	96.84%	1,585,824	56,152,629	99.65%
2016	55,511,225	53,258,040	95.94%	1,492,340	54,750,380	98.63%
2015	54,957,577	52,062,743	94.73%	1,542,058	53,604,801	97.54%
2014	50,824,584	49,510,805	97.42%	1,332,213	50,824,584	100.00%
2013	47,830,373	46,083,456	96.35%	1,209,265	47,292,721	98.88%

Source: Commissioner of Revenue, County Treasurer’s Office

Notes:

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

**RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Fiscal Years	Governmental Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Other Bonds	Private Placement Notes	Leases			
2022	\$ 58,110,052	\$ 4,509,443	\$ 1,428,063	\$ 5,091,839	\$ 69,139,397	1.87%	\$ 891
2021	63,516,501	5,170,965	1,750,669	-	70,438,135	1.99%	909
2020	68,813,173	5,807,487	2,126,746	-	76,747,406	2.29%	1,016
2019	74,473,645	6,424,009	-	-	80,897,654	2.53%	1,072
2018	80,768,982	7,020,530	-	-	87,789,512	2.75%	1,168
2017	86,828,357	7,597,052	-	-	94,425,409	2.97%	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

Notes:

- (1) See the Schedule of Demographic and Economic Statistics – Table 13
- (2) Details regarding the County’s outstanding debt can be found in the Notes to Financial Statements.

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years**

Fiscal Year	Net Bonded Debt ⁽³⁾	Ratio of Net General Obligation Debt to Assessed Value ⁽²⁾	Net Bonded Debt per Capita ⁽¹⁾
2022	\$ 58,110,052	0.63%	\$ 749
2021	63,516,501	0.70%	820
2020	68,813,173	0.77%	911
2019	74,473,645	0.87%	987
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

Notes:

- (1) Population data can be found in the Schedule of Demographic and Economic Statistics – Table 13.
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property – Table 7.
- (3) Includes all long-term general obligation bonded debt, excludes revenue bonds, capital leases, and compensated absences.

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2022	77,563	\$47,794	61.62%	45-49 ⁽¹⁾	9,498	2.70%
2021 ⁽²⁾	77,487	45,658	58.92%	45-49	9,745	3.50%
2020 ⁽²⁾	75,558	44,316	58.65%	45-49	9,896	5.80%
2019	75,457	42,436	56.24%	45-49	9,925	2.60%
2018	75,144	42,436	56.47%	45-49	9,939	3.00%
2017	74,997	42,436	56.58%	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%

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

Note:

- (1) Data that is unavailable for a more recent year is noted as the prior year’s amount.
- (2) Fiscal year 2020 and 2021 unemployment rate was affected by the Worldwide COVID 19 pandemic.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Fiscal Year 2022			Fiscal Year 2013		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	4.26%	1000+	1	3.97%
Augusta Medical Center	1000+	2	4.26%	1000+	2	3.97%
Target Corp.	500-999	3	4.26%	500-999	3	1.98%
Hershey Chocolate of Virginia	500-999	4	4.26%	500-999	5	1.98%
McKee Foods Corporation	250-499	5	4.26%	500-999	4	1.98%
AAF McQuay, Inc.	250-499	6	2.13%	500-999	6	0.99%
Hollister, Inc.	250-499	7	2.13%	250-499	7	0.99%
NIBCO of Virginia	250-499	8	2.13%	-	-	-
County of Augusta	250-499	9	2.13%	250-499	10	0.99%
Variform Inc. (formerly PlyGem/Alcoa)	250-499	10	2.13%	250-499	-	-
Blue Ridge Community College	-	-	-	250-499	8	0.99%
Augusta Correctional Center	-	-	-	250-499	9	0.99%
Totals, average	11,250		31.95%	7,125		18.83%
Total County employment	35,201			37,823		

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	47	46	47	50	50	50	50	53	53	55
Judicial administration	23	23	23	26	27	27	27	30	31	33
Public safety:										
Sheriffs department	74	76	80	76	78	80	85	88	89	94
Emergency communication center	18	18	18	18	18	18	18	18	21	22
Fire & rescue	80	80	86	105	105	105	105	106	109	125
Building inspections	6	6	6	6	6	6	6	6	6	6
Animal control	3	3	3	3	3	3	3	3	3	3
Public works										
Facilities management:	17	17	19	27	31	31	35	35	35	35
Health and welfare:										
Department of social services	121	123	132	134	144	145	145	153	156	163
Culture and recreation:										
Parks and recreation	10	10	11	10	10	10	6	6	7	7
Library	15	15	15	16	16	16	16	16	16	16
Community development	10	10	10	11	11	11	11	11	12	12
Economic development	1	2	2	2	2	2	2	2	2	2
Totals	425	429	452	484	501	504	509	527	540	573

Source: Human Resources

**OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years**

Function	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Sheriffs Department:										
Number of police personnel and officers	74	76	80	73	80	80	88	88	89	94
Physical arrests	1,642	1,865	1,876	1,907	2,383	2,469	2,328	2,549	2,676	2,559
Traffic violations	3,367	3,928	3,444	2,419	5,045	5,695	5,273	5,631	5,778	4,313
Parking violations	-	28	9	6	6	-	4	5	-	-
Fire and rescue:										
Number of calls answered	18,884	17,949	17,645	17,866	18,338	18,811	20,055	15,845	20,031	17,232
Number of volunteers ⁽¹⁾	890	964	921	858	813	785	607	605	650	632
Number of paid fire personnel and officers	80	81	86	86	105	105	105	106	109	125
Building inspections:										
Permits issued	728	801	812	826	907	779	825	794	840	N/A
Animal control:										
Number of calls answered	3,272	2,940	2,961	2,781	2,510	2,737	2,854	2,589	2,854	N/A
Public Works										
Facilities Management										
Trucks/vehicles ⁽³⁾	7	7	7	7	7	15	15	16	16	16
Health and Welfare										
Department of Social Services:										
Caseload	12,389	12,050	11,555	11,420	11,514	11,708	12,299	13,809	15,601	17,167
Culture and Recreation										
Parks and recreation:										
After-school program participants ⁽⁴⁾	304	289	284	285	279	272	226	159	-	-
Community Development										
Planning:										
Zoning permits issued	487	471	509	521	517	475	492	459	480	N/A
Component Unit - School Board										
Education:										
Instruction	1,105	1,088	1,079	1,071	1,079	1,056	1,064	1,077	1,115	1,113
Other	474	478	476	485	513	502	511	510	483	515
Total	1,579	1,566	1,555	1,555	1,592	1,558	1,575	1,587	1,598	1,628
Average daily membership	10,415	10,325	10,162	10,106	9,968	9,939	9,925	9,896	9,750	9,498
Local expenditures per pupil ⁽²⁾	4,046	4,357.37	4,459.09	4,530	4,640	5,090	5,113	5,109	5,360	5,380

Source: Individual County departments

Notes:

- (1) All County funded stations
- (2) Includes debt service
- (3) In fiscal year 2018, Maintenance and Parks and Recreation grounds was merged to create Facilities Management. Vehicles were moved from Parks and Recreation.
- (4) In fiscal year 2020, the Parks and Recreation departments' after-school program was significantly impacted by the COVID 19 pandemic. The program ceased operating in March of 2020 due to shelter at home orders, this program has not been restored.

**CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years**

Function	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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										
Sheriff's Department:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	72	75	75	74	75	81	81	87	93	93
Other vehicles	17	14	13	15	10	19	19	21	21	21
Fire and rescue:										
Number of fire & rescue stations	17	17	17	17	17	17	17	17	17	17
Number of apparatus	159	169	169	170	176	179	179	190	181	172 ⁽³⁾
Building inspections:										
Vehicles	3	4	4	4	4	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	15	15	16	16	16
Compactor sites	10	10	10	10	10	10	10	10	10	10
Health and Welfare										
Department of Social Services:										
Vehicles	28	28	28	29	28	29	29	30	30	30
Culture and Recreation										
Parks and recreation:										
Community centers	6	6	6	6	6	6	6	6	6	6
Vehicles	15	15	14	12	12	12	7	6	6	6
Parks	5	5	5	5	5	5	5	5	5	5
Parks acreage	210	210	210	210	210	210	217	217	217	217
Swimming pools	2	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	4	4	4	4	4	4	4	4	4	4
Economic Development:										
Vehicles	-	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Number of schools:										
Elementary	12	11	11	11	11	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

Notes:

- (1) At high and middle schools.
- (2) Maintenance and Parks and Recreation grounds were combined to create facilities management that moved vehicles between departments.
- (3) Excludes antique vehicles.

COMPLIANCE SECTION



**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, 2022 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 7, 2022.

Report on 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) as a basis for designing 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.

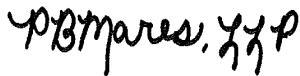
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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.



Harrisonburg, Virginia
December 7, 2022



**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

Opinion on Each Major Federal Program

We have audited the County of Augusta, Virginia's (County) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion in Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 7, 2022

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title (Pass-Through Grantor's Number)/ Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Department of Agriculture: Child Nutrition Cluster: Commodity Distributions	10.555	Not Provided	\$ - \$	473,514
Department of Education: Child Nutrition Cluster: COVID-19 School Breakfast Program	10.553	Not Provided	-	1,522,342
COVID-19 National School Lunch Program	10.555	Not Provided	-	3,486,196
Total Child Nutrition Cluster			-	5,482,052
COVID-19 Pandemic EBT Food Benefits	10.649	Not Provided	-	3,063
Forest Service Schools and Roads Cluster: Schools and Roads - Grants to States	10.665	Not Provided	-	152,687
Total Forest Service Schools and Roads Cluster			-	152,687
Department of Social Services: SNAP Cluster: State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Provided	-	1,980,183
Total SNAP Cluster			-	1,980,183
Total Department of Agriculture - pass-through payments			-	7,617,985
Total Department of Agriculture			-	7,617,985
Department of the Interior: Direct payments: Bureau of Land Management: Payments in Lieu of Taxes	15.226	N/A	-	584,143
Natural Resource Damage Assessment and Restoration	15.658	N/A	-	235,176
Total Department of the Interior - direct payments			-	819,319
Department of Justice: Direct payments: Bulletproof Vest Partnership Program	16.607	N/A	-	4,159
Edward Byrne Memorials Justice Assistance Grant Program	16.738	N/A	-	12,165
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	N/A	-	144,632
Total Department of Justice - direct payments			-	160,956
Department of Justice: Pass-Through Payments: Department of Criminal Justice Services: COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0141	-	26,714
Crime Victim Assistance (VW)	16.575	22-O1138VW19	-	76,068
Violence Against Women Formula Grants (DV)	16.588	22-X3161VA21	-	16,676
Violence Against Women Formula Grants (SANE)	16.588	21-Q4704VA20	-	10,440
Violence Against Women Formula Grants (SANE)	16.588	22-R4704VA21	-	5,756
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-MU-BX-0026	-	1,620
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0728	-	17,700
Total Department of Justice - pass-through payments			-	154,974
Total Department of Justice			-	315,930

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title (Pass-Through Grantor's Number)/ Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Department of Transportation:				
Pass-Through Payments:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Not Provided	\$ -	\$ 24,820
Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction Cluster	20.205	Verona Pedestrian	-	116,491
Total Highway Planning and Construction Cluster			-	116,491
Total Department of Transportation - pass-through payments			-	141,311
Department of the Treasury:				
Pass-Through Payments:				
Department of Accounts:				
COVID-19 ARPA Relief Funds	21.027	Not Provided	-	1,020,993
COVID-19 SLFRF Municipal Utility Assistance	21.027	Not Provided	74,634	74,634
COVID-19 Virginia Tourism-American Recovery Funds	21.027	Not Provided	-	4,996
Total Department of the Treasury - pass-through payments			74,634	1,100,623
National Endowment for the Arts and Humanities:				
Pass-Through Payments:				
Library of Virginia:				
COVID-19 Grants to States	45.310	Not Provided	-	23,358
Total National Endowment for the Arts and Humanities - pass-through payments			-	23,358
Department of Education:				
Pass-Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	Not Provided	-	1,217,668
Special Education Cluster:				
Special Education - Grants to States	84.027A	Not Provided	-	2,246,516
COVID-19 Special Education - Grants to States	84.027X	Not Provided	-	145,952
Special Education - Preschool Grants	84.173A	Not Provided	-	63,999
COVID-19 Special Education - Preschool Grants	84.173X	Not Provided	-	37,213
Total Special Education Cluster			-	2,493,680
Career and Technology Education: Basic Grants to States	84.048	Not Provided	-	136,885
Special Education - Grants for Infants and Families	84.181	Not Provided	-	60,124
COVID-19 Special Education - Grants for Infants and Families	84.181	Not Provided	-	37,439
English Language Acquisition State Grants	84.365	Not Provided	-	14,292
Supporting Effective Instruction State Grants	84.367	Not Provided	-	247,709
Student Support and Academic Enrichment Program	84.424	Not Provided	-	75,632
Education Stabilization Fund:				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not Provided	-	211,163
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not Provided	-	9,461
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Not Provided	-	80,412
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Not Provided	-	5,061
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Not Provided	-	5,066,473
COVID-19 Homeless II Children/Youth	84.425W	Not Provided	-	1,320
Total Education Stabilization Fund			-	5,373,890
Total Department of Education pass-through payments			-	9,657,319

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title (Pass-Through Grantor's Number)/ Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
Department of Health and Human Services:				
Direct Payments:				
Head Start Cluster:				
Head Start	93.600	N/A	\$ -	\$ 3,109,049
Total Head Start Cluster			<u>-</u>	<u>3,109,049</u>
Total Dept. of Health & Human Services - direct payments			<u>-</u>	<u>3,109,049</u>
Pass-Through Payments:				
Department of Social Services:				
Guardianship Assistance	93.090	Not Provided	-	1,129
Title IV-E Prevention Program	93.472	Not Provided	-	32,201
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Not Provided	-	49,910
Temporary Assistance for Needy Families	93.558	Not Provided	-	835,596
Refugee and Entrant Assistance - State Administered Programs	93.566	Not Provided	-	6,526
Low Income Home Energy Assistance	93.568	Not Provided	-	151,049
Child Care and Development Cluster:				
Child Care Mandatory and Matching Funds of the Child Development Fund	93.596	Not Provided	-	188,561
Child Care and Development Cluster Total			<u>-</u>	<u>188,561</u>
Community-Based Child Abuse Prevention Grant	93.590	Not Provided	-	2,596
Chafee Education and Training Vouchers Program (ETV)	93.599	Not Provided	-	17
Adoption and Legal Guardianship Incentive Payments	93.603	Not Provided	-	2,020
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Provided	-	1,962
Foster Care - Title IV-E	93.658	Not Provided	-	680,183
Adoption Assistance	93.659	Not Provided	-	877,223
Social Services Block Grant	93.667	Not Provided	-	826,129
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Not Provided	-	56,913
Elder Abuse Prevention Interventions Program	93.747	Not Provided	-	20,982
Children's Health Insurance Program	93.767	Not Provided	-	12,375
Medicaid Cluster:				
Medical Assistance Program	93.778	Not Provided	-	1,078,981
Medicaid Cluster Total			<u>-</u>	<u>1,078,981</u>
Total Dept. of Health & Human Services - pass-through payments			<u>-</u>	<u>4,824,353</u>
Total Department of Health and Human Services			<u>-</u>	<u>7,933,402</u>
U.S. Department of Homeland Security:				
Pass-Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grant	97.042	Not provided	-	14,882
Total U.S. Department of Homeland Security - pass-through payments			<u>-</u>	<u>14,882</u>
Total Expenditures of Federal Awards			<u>\$ 74,634</u>	<u>\$ 27,624,129</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Augusta, Virginia and Component Unit School Board (County) under programs of the federal government for the year ended June 30, 2022. The information in the 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

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.

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

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

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

COUNTY OF AUGUSTA, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

Section I. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements were prepared in accordance with GAAP: 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 federal programs:

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

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

Federal Assistance Listing Number	Name of Federal Program or Cluster
SNAP Cluster:	
10.561	Supplemental Nutrition Assistance Program
Coronavirus State and Local Fiscal Recovery Funds:	
21.027	COVID-19 ARPA Relief Funds
21.027	COVID-19 SLFRF Municipal Utility Assistance
21.027	COVID-19 Virginia Tourism – American Recovery Funds
93.558	Temporary Assistance for Needy Families
Head Start Cluster:	
93.600	Head Start
93.659	Adoption Assistance
Medicaid Cluster:	
93.778	Medical Assistance Program
Education Stabilization Fund:	
84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U	COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)
84.425W	COVID-19 Homeless II Children/Youth

COUNTY OF AUGUSTA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2022

Section I. SUMMARY OF AUDITOR'S RESULTS (Continued)

Federal Awards (Continued)

Dollar threshold used to distinguish between type A and type B programs \$828,724

Auditee qualified as low-risk auditee? Yes No

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

COUNTY OF AUGUSTA, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

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