

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

COUNTY OF AUGUSTA, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

Melissa Meyerhoeffer, Assistant Director of Finance

Jennifer M. Whetzel, Director of Finance

Augusta County, Virginia

**COUNTY OF AUGUSTA, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013**

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INTRODUCTORY SECTION



COUNTY OF AUGUSTA

Finance Department

18 Government Center Lane * PO Box 590

Verona, VA 24482-0590

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

November 29, 2013

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

The comprehensive annual financial report of the County of Augusta for the year ended June 30, 2013 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County of Augusta issue annually a report on its financial position and activity, and that 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 the management of the County of Augusta is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Augusta's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units 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 Robinson, Farmer, Cox Associates, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by *Government Auditing Standards* and the *Specification for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with generally accepted accounting principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1997, and related to the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local governments and Nonprofit Organizations* to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2013 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

The financial reporting entity (*the government*) includes all funds of the primary government (*i.e., the County of Augusta as legally defined*), as well as all of its component units. 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 that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component unit included in this report is the Augusta County School Board. The financial statements for the Augusta County Service Authority, Middle River Regional Jail Authority and the Economic Development Authority of Augusta County, Virginia are not included in the County report as these organizations do not create a financial benefit and/or burden on the County and are administered by independent boards separate from the Augusta County Board of Supervisors.

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

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

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

Although primarily a rural county, Augusta County's 2012 population was 73,658. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 21% of the jobs in the County. Manufacturing employs approximately 5,250 of 37,000 plus workers in the County's labor force and make-up approximately 3.5% of the total local property taxes. Agriculture may account for less than 1% of the total jobs in the County, but agriculture is a large portion of the overall economy of the County. Augusta County is one of the top producers of many commodities in the state and this wealth of production overflows into many other industries of the County; including farm equipment manufacturers and dealers, transportation, energy, retail, and the ever growing agritourism business. The unemployment rate for the County in 2013 is 5.3%. This rate is slightly lower than the 2012 rate of 5.7%. The County's rate remains lower than that of the State's unemployment rate of 5.9% and compares favorably to the national unemployment rate of 7.8%.

In fiscal year 2012, local revenues saw an approximate 6% increase over the previous fiscal year. However, a large portion of this increase is related to an increase in property tax rates. Local taxes continue to recover from the economic crisis in 2009. Total local taxes are within 4% of its peak in 2008. Of those local taxes, sales tax saw the largest increase over the prior fiscal year at a 6% increase. Hotel lodging and restaurant meals taxes continue to see slight improvements over previous fiscal years. These local revenues continue to show increases in consumer spending and are consistent with the slow economic recovery from the 2009 financial crisis. The total taxable sales for the County increased by approximately 2.5% from 2012. Interest revenue still remains significantly low for the County as total revenues from interest decreased 24% from fiscal year 2012. It is not probable that interest rates will increase in the near future as the federal government continues to keep interest rates low to encourage positive economic activity.

□ Major Initiatives and Goals □

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

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

The County continues to collaborate with local and state agencies on projects that have an exponential benefit to the County as a whole. Included in those collaborations has been the partnership between the County, the Augusta County Service Authority, and the Village of Greenville to improve the challenging septic issues faced by the members of their community. The solution to the complex septic issues was to construct a gravity collection system, a pump station, and a force main to convey sewage from the Greenville community to an existing Greenville sewer treatment plant operated by the Service Authority. This decision was driven by the health and environmental factors facing the Greenville community, as well as, the ability to see related growth as outlined in the County’s Comprehensive Plan. In order to alleviate the financial burden created by the mandatory connection fees, the County applied and received a grant from the Southeast Rural Community Assistance Project, Inc. (SERCAP). This grant assisted qualifying citizens in the Greenville community in offsetting the costs of the mandatory sewage connection fee. To fund the construction costs the County was able to apply for funding through the Virginia Water Facilities Revolving Fund for a \$1 million principal forgiveness loan and a \$1.8 million revenue bond administered through Virginia Resources Authority (VRA). The project will also be funded through a Water Quality Improvement Fund Grant from the Virginia Department of Recreation and Conservation totaling \$250,000. The County manages the funding for the project while the Service Authority oversees completion of the construction. Once construction is complete the County will ensure the annual bond payments are made for repayment of the loan and the Service Authority will maintain the system. Once the loan has been repaid ownership of the sewer system will convey to the Service Authority.

Other collaboration projects include roadway construction projects between the County and the Virginia Department of Transportation. The County is currently working on a roadway extension and bridge construction on State Route 636. This roadway has been identified as a high priority project over the last decade. It was also noted in the County Comprehensive Plan and the Fishersville Small Area Plan as a roadway improvement to include widened travel lanes, curb and gutter, and sidewalks and multi-use paths. The County accepted an unsolicited PPTA proposal and decided to locally administer the project so construction of the roadway could be completed sooner than what was slated in VDOT’s six year plan. At the request of the County, VDOT allocated the County’s Secondary Road funding and Revenue Sharing funding to this project. The County also secured a revenue bond through Virginia Resources Authority to match VDOT’s funding of the project. The newly constructed roadway will improve capacity, mobility, and safety for the emerging “regional health services corridor,” as well as, improve traffic conditions for residents of the surrounding area. The roadway will also enhance economic development opportunities within the Fishersville community.

□ Financial Information □

Financial Planning

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. In fiscal year 2011 the County established a Fund Balance policy to maintain an Unassigned General Fund Balance no less than 15% of General Fund Revenues. At June 30, 2013, total Unassigned General Fund Balance was \$12,319,579, which exceeds the minimum fund balance requirement. 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.

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 operating fund, and year end fund balance surpluses. The Capital Improvement Fund includes balances assigned to depreciation accounts for future capital replacement costs for fire apparatus, emergency communications equipment, information technology, vehicle replacements, and building capital improvements. It also includes balances assigned to development and maintaining County parks and recreational facilities, infrastructure improvements and economic development initiatives, renovations and improvements to County buildings, and funding 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, 2013, the County had a number of debt issues outstanding related to school construction. These issues totaled \$59,989,729 in general obligation bonds. Also in fiscal year 2013, the County issued revenue bonds for construction of a gravity sewage system and for a roadway and bridge construction on State Route 636. These issues totaled \$5,526,186.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, repurchase agreements, money market funds, U.S. Treasury bills, other government obligations, and commercial paper. The yield on investments ranged from 0.3 to 5 percent. Due to the decrease in rates on bonds and mutual funds, the County revised its investment policy in 2009 to accommodate going outside the State of Virginia to pursue investments that may have a higher yield. LGIP interest rates continue to remain low at rates of 0.1 percent or less in 2013. The County continues to invest in money market accounts that were offering higher yields than what was available through LGIP. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

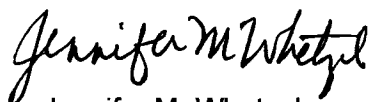
□ Awards and Acknowledgements □

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This is the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Sincerely,



Jennifer M. Whetzel
Director of Finance



Melissa Meyerhoeffer
Assistant Director of Finance



Government Finance Officers Association

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

Presented to

**County of Augusta
Virginia**

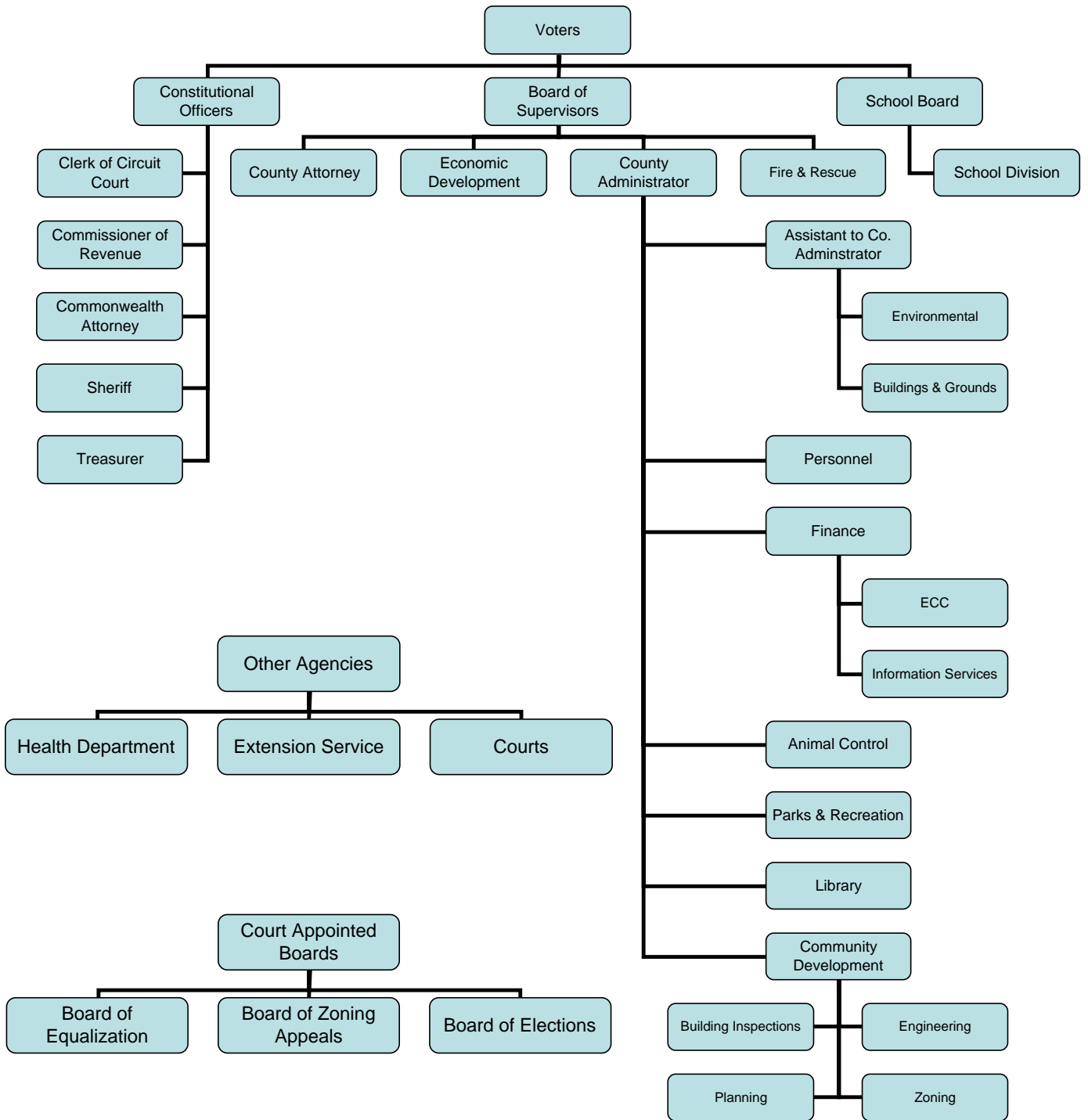
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

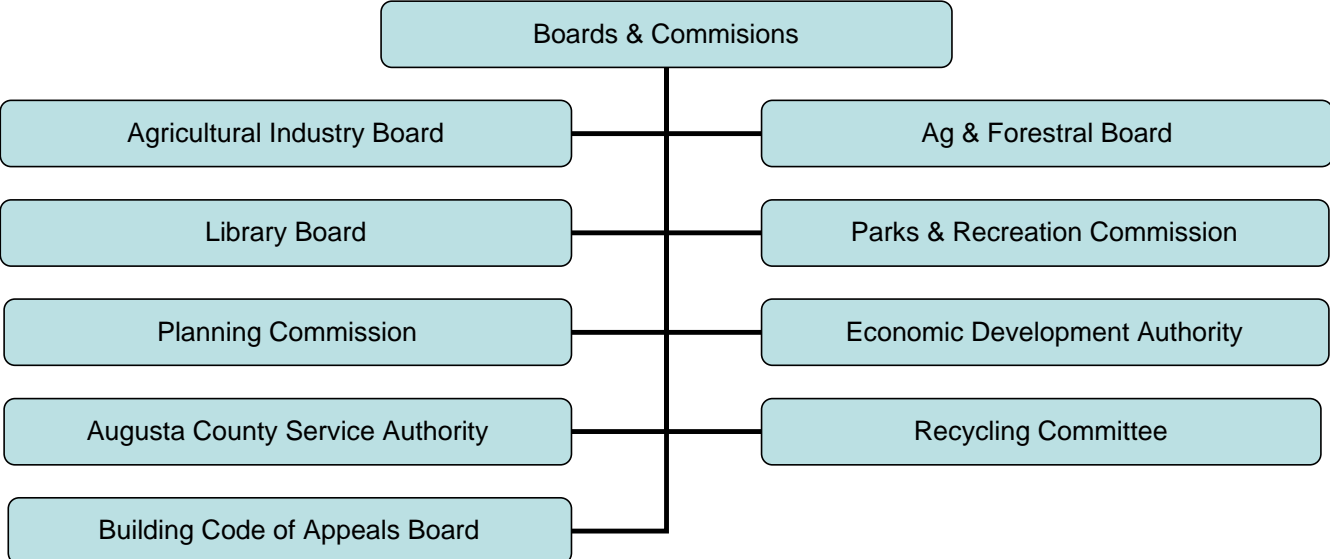
June 30, 2012

Executive Director/CEO

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County of Augusta, Virginia Organizational Chart





COUNTY OF AUGUSTA, VIRGINIA

BOARD OF SUPERVISORS

Jeffrey A. Moore, Chairman
Larry J. Wills, Vice-Chairman

David R. Beyeler
David A. Karaffa
Marshall W. Pattie

Tracy C. Pyles, Jr
Michael L. Shull
Patrick J. Coffield, Clerk

COUNTY SCHOOL BOARD

David R. Shiflett, Chairman
Nicholas T. Collins, Vice-Chairman

Elizabeth P. Godfrey
John L. Ocheltree, Jr.
Timothy R. Quillen

Dana M. Sensabaugh
Timothy Z. Swortzel
Marsha K. Buehner, Clerk

OTHER OFFICIALS

Judge of the Circuit Court	Victor V. Ludwig
Judge of the General District Court.....	Chap Goodwin
Judge of the Juvenile & Domestic Court.....	Charles L. Ricketts, III
Clerk of the General District Court.....	Christy Hostetter
Clerk of the Juvenile & Domestic Court	Teresa Smith
Clerk of the Circuit Court.....	John B. Davis
Commonwealth's Attorney	A. Lee Ervin
Commissioner of the Revenue.....	W. Jean Shrewsbury
Treasurer	Richard T. Homes
Sheriff.....	Randall D. Fisher
Superintendent of Schools.....	Dr. Chuck Bishop
Director of Augusta County Service Authority.....	Kenneth J. Fanfoni
Director of Social Services.....	Elizabeth Middleton
General Registrar.....	Brandi Lilly
Chief Building Inspector	G.W. Wiseman
Director of Community Development	Timothy Fitzgerald
Director of Economic Development.....	Dennis Burnett
Director of Information Technology	Jacquelyn A. Zetwick
Director of Parks and Recreation.....	Andy Wells
Director of Emergency Operation Center.....	Donna J. Good
Chief of Fire and Rescue	Carson D. Holloway
Maintenance Manager	Tony Clements
Library Director	Diantha McCauley
Human Resources Director.....	Faith Souder
County Attorney	Patrick J. Morgan
County Administrator	Patrick J. Coffield
Director of Finance.....	Jennifer M. Whetzel
Assistant Director of Finance	Melissa W. Meyerhoeffer

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FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF AUGUSTA, VIRGINIA
VERONA, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Augusta, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the county of Augusta, Virginia, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12-21, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

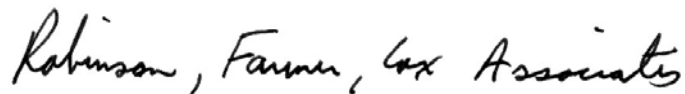
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Augusta, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2013, on our consideration of the County of Augusta, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Augusta, Virginia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, Farmer, Cox Associates".

Staunton, Virginia
November 29, 2013

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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, 2013. This narrative is to be read in conjunction with the additional information that we have furnished in our letter of transmittal which can be found earlier in this report.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$51,909,015 (net position). Of this amount, \$43,862,461 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$76,734,466 of which \$(2,760,786) is unrestricted. (See Exhibit 1.)
- The County's total net position decreased by \$10,708,690. The School Board's total net position increased by \$4,815,848. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$94,621,724 and \$106,521,770, respectively, for fiscal year 2013. (See Exhibit 2.)
- Expenses were \$105,330,414 for governmental activities and \$101,705,922 for School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,319,579, or 18.6 percent of the total general fund expenditures. (See Exhibit 3.). This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2014 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 \$47,139,754, a decrease of \$3,054,760 in comparison with the prior year. Approximately 26 percent of this total amount, or \$12,319,579, 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 and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the County's permanent accounts, or assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Deferred outflows of resources represent 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. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County includes taxes receivable as a deferred inflow of resources. Prior to fiscal year 2013 taxes receivable was reflected as other liabilities. 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 deteriorating. 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.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; education; parks, recreation and cultural; and community development. Currently the County does not operate any business-type activities.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

Proprietary funds

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business. The County of Augusta currently does not operate any proprietary funds.

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 Fiduciary Net Position and Combining Statements of Changes in Assets and Liabilities are provided in the report.

Notes to the financial statements

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

Other information

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

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

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Augusta, assets exceeded liabilities by \$51,909,015 at the end of the fiscal year.

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

County of Augusta's Net Position

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 85,253,074	\$ 86,436,569
Capital assets	68,787,003	74,886,960
Total assets	<u>\$ 154,040,077</u>	<u>\$ 161,323,529</u>
Long-term liabilities	\$ 71,345,075	\$ 70,781,629
Other liabilities	12,782,215	27,924,195
Total liabilities	<u>\$ 84,127,290</u>	<u>\$ 98,705,824</u>
Deferred inflows of resources	<u>\$ 18,003,772</u>	<u>-</u>
Net Position:		
Net investment in capital assets	\$ 6,243,063	\$ 14,050,950
Restricted	1,803,491	1,700,541
Unrestricted	43,862,461	46,866,214
Total net position	<u>\$ 51,909,015</u>	<u>\$ 62,617,705</u>

For the County, net investment in capital assets represents 12 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, 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 is resources that are subject to external restrictions on how they may be used. The majority of restricted net position is used for 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 \$43,862,461 or 85 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

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

During the current fiscal year, the government's net position decreased by \$10,708,690.

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

Governmental Activities

Governmental activities decreased the County's net position by \$10,708,690. Key elements of this decrease are as follows:

County of Augusta's Changes in Net Position

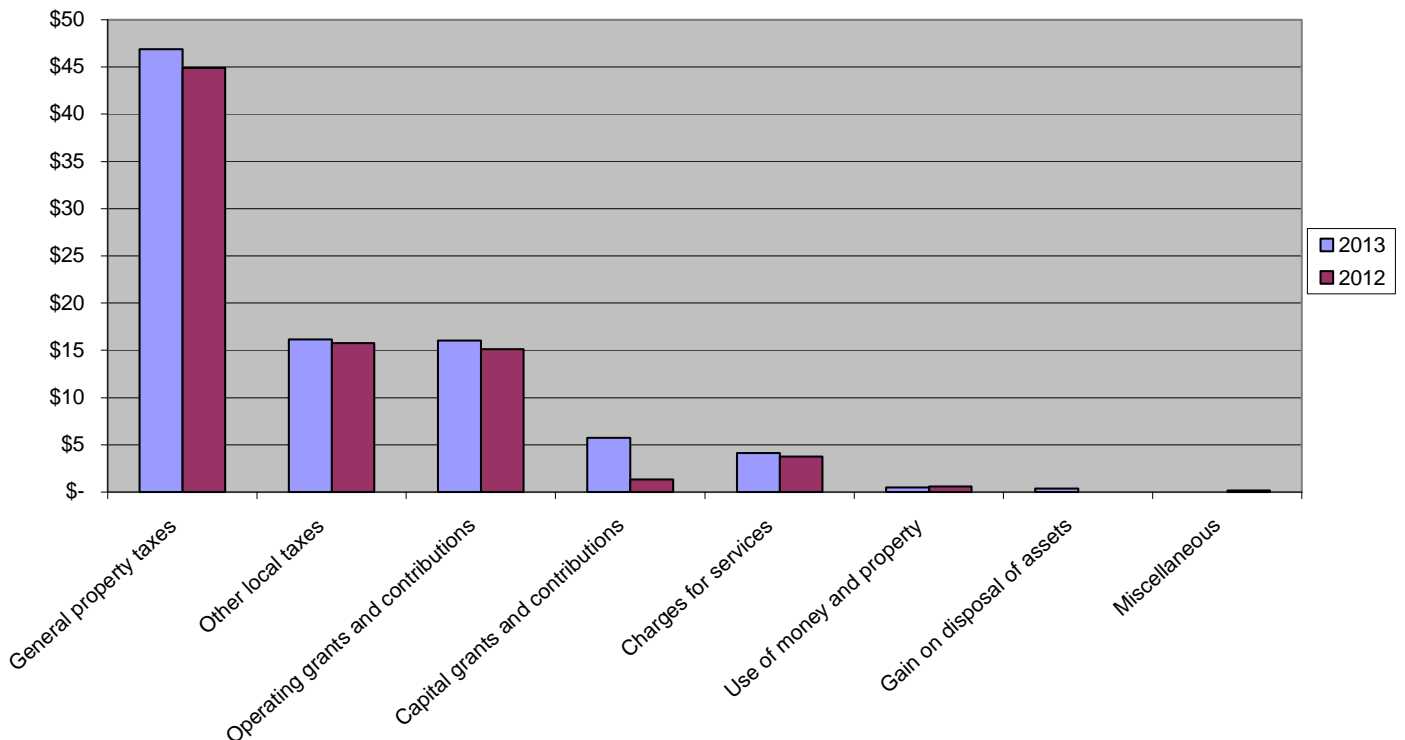
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,124,070	\$ 3,764,004
Operating grants and contributions	16,026,250	15,109,815
Capital grants and contributions	5,723,148	1,319,142
General revenues:		
General property taxes	46,893,968	44,920,894
Other local taxes	16,153,992	15,762,193
Use of money and property	509,635	594,536
Miscellaneous	-	164,360
Grants and contributions not restricted to specific programs	4,815,573	4,601,015
Gain on disposal of assets	375,088	-
Total revenues	<u>\$ 94,621,724</u>	<u>\$ 86,235,959</u>
Expenses:		
General government	\$ 6,214,685	\$ 5,596,300
Judicial administration	1,763,311	1,679,718
Public safety	20,223,736	16,383,625
Public works	9,779,172	4,913,232
Health and welfare	13,600,850	13,531,460
Education	44,657,620	39,414,225
Parks, recreation and cultural	2,908,027	3,686,421
Community development	3,607,318	1,987,718
Interest on long-term debt	2,575,695	2,506,373
Total expenses	<u>\$ 105,330,414</u>	<u>\$ 89,699,072</u>
Increase (decrease) in net position	\$ (10,708,690)	\$ (3,463,113)
Net position, July 1, 2012	62,617,705	66,080,818
Net position, June 30, 2013	<u>\$ 51,909,015</u>	<u>\$ 62,617,705</u>

Governmental Activities – Revenues

- General property taxes increased due to an increase in the personal property rate from \$2.25 to \$2.50 per \$100 of assessed value and an increase in the real estate rate from \$0.48 to \$0.51 per \$100 of assessed value for the 2013 assessment values.
- The increase in operating grants and contributions is directly related to a Homeland Security Grant for fire and rescue personnel (SAFER-Staffing for Adequate Fire and Emergency Response). This grant covers personnel expenses for twenty-one fire personnel for a two year period.
- Capital grants and contributions increased over fiscal year 2012 by approximately \$4 million. This increase is due to funding received for roadway construction of State Route 636 from the Virginia Department of Transportation and for a sewage system construction for the Village of Greenville from the Virginia Water Facilities Revolving Fund. The County also received funding from the Commonwealth of Virginia Governor Opportunity Funds for expansion incentives for two manufacturing facilities; McKee Foods and Daikin McQuay. Also included in capital grant revenues is funding from a Homeland Security Grant to enhance regional radio communications.
- The increase in charges for services is due to EMS ambulance transport fees related to the addition of two county operated rescue stations.
- In fiscal year 2013 there was a gain on disposal of assets from the sale of a land parcel in the County Industrial Park.

Governmental Activities - Revenues by Source

Fiscal Year Ended June 30, 2013 and 2012
(\$ In Millions)

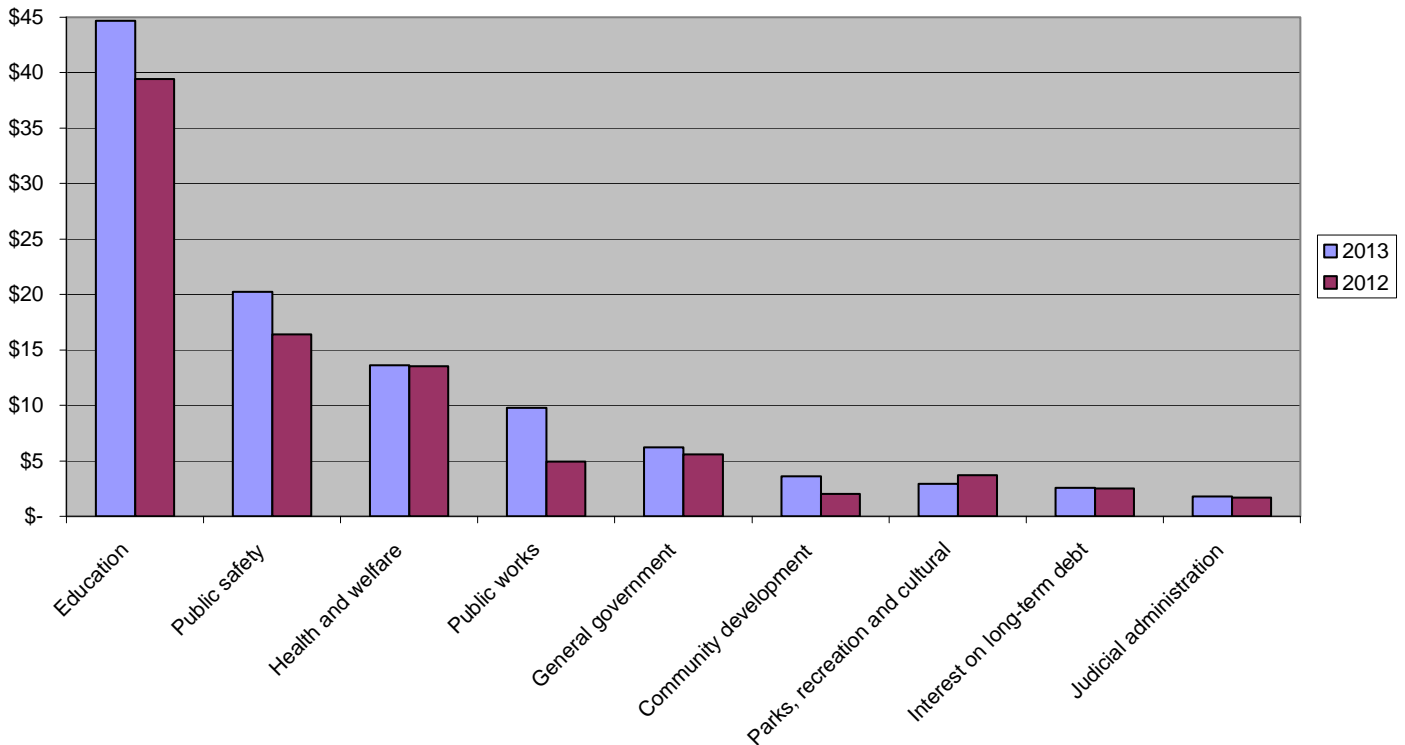


Governmental Activities – Expenses

- The contribution to the School Board increased over the prior fiscal year by approximately \$2 million. A portion of this increase is related to funding from the County to supplement State revenue losses related to a decrease in the composite index.
- Public safety expenses increased 23% over fiscal year 2012. This is directly related to operating and capital grant revenue received for fire and rescue personnel costs and regional radio communication enhancement equipment.
- Expenses in public works have increased by \$4.8 million due to two ongoing construction projects. One for a roadway construction of State Route 636 and a sewage system construction for the Village of Greenville.
- Community development expenses increased by 81% for expansion incentives to local manufacturing facilities. As well as expenses to enhance a roadway in the County Industrial Park.
- Parks, recreation and cultural expenses decreased due to the completion of ongoing improvement projects at Natural Chimney’s park in the previous fiscal year.

Governmental Activities - Expenses by Function

Fiscal Years Ended June 30, 2013 and 2012
(\$ In Millions)



Financial Analysis of the Government's Funds

As earlier mentioned, 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 \$47,139,754. Approximately 26 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance falls within the categories of nonspendable, restricted, committed, or assigned. Nonspendable fund balance represents amounts and inventories not spendable in form. Nonspendable fund balance totals \$91,255 which is the total of inventories and prepaid items reported in the governmental funds. Restricted fund balance includes funds that have been constrained for specific purposes by sources outside the government. Restricted fund balance includes funds received from the state for fire programs, state and federal asset forfeiture funds, and funds recently received from two bond issuances for a sewage system and a roadway construction. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects the most prominent are public safety equipment replacement and general government renovations.

The general fund is the chief operating fund of the County. As of June 30, 2013, total fund balance of the general fund was \$15,165,825, of which \$12,319,579 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 18.6 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$33,817,914.

The fund balance of the County's general fund increased by \$774,005 during the current fiscal year. The key factors in this increase are as follows:

- An increase in general property taxes related to an increase in the rate per \$100 of assessed value on personal property and an increase in the rate per \$100 of assessed value for real estate taxes on the first half collections for 2013 assessed real estate.
- An increase in charges for services related to EMS transport fees for the addition of County operated ambulances.
- Increases in federal revenues related to public safety grants. However, these revenues are offset by the corresponding personnel expenses under expenditures.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2013, total fund balances of these funds were \$0, \$31,101,359 and \$872,570 respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or the school capital projects funds, if applicable. 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 Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were a \$1,073,952 increase. This increase is attributable to increases in public safety expenditures for personnel in the Sheriff's department, a personnel related grant (SAFER) for an increase in Fire and Rescue personnel, and an increase in the operating contribution to the regional jail authority. Budgeted revenues increased by \$3,052,715. This increase is related to increases in general property taxes for real property, public service corporation, and personal property taxes. This increase is also related to increases in fee revenue from EMS transport services for the addition of County transport agencies and a Homeland Security Grant for an increase in Fire and Rescue personnel (SAFER). 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, 2013 is \$68,787,003 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, land improvements, and construction in progress.

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

- A decrease in land due to land sales and TIF arrangements in the County's Industrial Park (\$302,225).
- An increase in public safety equipment for the purchase of two LifePak 15 monitor/defibrillators (\$55,586), two ambulances (\$350,960), and two used ambulances (\$62,500).
- Replacement of 14 sheriff vehicles (\$341,685).
- An upgrade to the Natural Chimney's water system (\$48,984).
- New security upgrades for the Government Center, Sheriff's Office, and Library (\$75,375).
- Completion of construction in progress for a Fire Suppression System (\$319,387).
- Construction in progress for Deerfield Park Improvements (\$18,216) and Deerfield Tower Equipment (\$96,010).

County of Augusta, Virginia Capital Assets for Governmental Activities (net of depreciation)

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Land	\$ 5,258,646	\$ 5,510,171
Buildings and system	59,755,868	66,030,625
Machinery and equipment	2,933,369	2,379,945
Land improvements	724,894	814,472
Construction in progress	114,226	151,747
Total	<u>\$ 68,787,003</u>	<u>\$ 74,886,960</u>

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

Long-term debt

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

County of Augusta's Outstanding Debt

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 59,989,729	\$ 65,729,609
Premium on general obligation bonds	2,554,212	2,673,095
Revenue bonds	5,526,186	-
Premium on revenue bonds	718,271	-
Net OPEB obligation	1,077,000	907,000
Compensated absences	1,479,678	1,471,925
Total	<u>\$ 71,345,076</u>	<u>\$ 70,781,629</u>

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

On August 23, 2012, the County issued \$1,853,530 in 2012B series Virginia Resources Authority Revenue Bonds for construction of a gravity collection system, pump station and force main to convey sewage from Greenville Village to an existing sewer treatment plant operated by Augusta County Service Authority. The County also issued \$4,415,000 in 2013A Series Virginia Resources Authority Revenue Bonds for roadway and bridge construction related to State Route 636 in Fishersville. This Bond was issued at a premium of \$718,271.

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 2013 was 5.3 percent. The County's rate is slightly better than the state's unemployment rate of 5.9 percent and still compares favorably to the national average rate of 7.8 percent.
- The County depends on financial resources flowing from, or associated with, both the federal government and the Commonwealth of Virginia. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. Revenues from the Commonwealth of Virginia represent approximately 12 percent, 42 percent, and 54 percent for the County, Virginia Public Assistance, and the School Board, respectively. Revenues from the federal government represent approximately 1.6 percent, 45 percent, and 8 percent for the County, Virginia Public Assistance, and the School Board, respectively.
- Investment earnings are subject to changes associated with the U.S. treasury securities because of actions by foreign governments and other holders of publicly held U.S. treasury securities.
- Overall, the fiscal year 2014 budget was very conservative to the 2013 budget. Any slight changes in budget projections continue to be monitored very closely.
- Real Estate tax rates for the fiscal year 2014 budget increased \$0.03 to \$0.51 per \$100 value. Of this increase \$0.02 was dedicated to the School Board. Other tax rates for the fiscal year 2014 budget remained the same for Personal Property at \$2.50 per \$100 value and Other Personal Property at \$1.90 per \$100 value.

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

During fiscal year 2013, unassigned fund balance in the general fund increased by \$379,084. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund. It is anticipated that fund balance will not be used to finance daily operations for the 2013 budget year, although as in the some previous fiscal years, it is a possibility.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2013

	Primary Government		Component
	Governmental		Unit
	Activities	Total	School Board
ASSETS			
Cash and cash equivalents	\$ 23,465,956	\$ 23,465,956	\$ 1,940,150
Cash in custody of others	297,411	297,411	3,000
Investments	21,530,080	21,530,080	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	20,831,169	20,831,169	-
Accounts receivable	2,038,207	2,038,207	270,672
Notes receivable	887,920	887,920	-
Due from primary government	-	-	6,800,550
Due from component unit	210,524	210,524	-
Due from other governmental units	4,397,826	4,397,826	2,570,068
Inventories	11,214	11,214	-
Prepaid items	80,041	80,041	-
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents (in custody of others)	6,036,188	6,036,188	-
Equity interest in joint venture	5,466,538	5,466,538	-
Capital assets (net of accumulated depreciation):			
Land	5,258,646	5,258,646	1,842,711
Buildings and improvements	59,755,868	59,755,868	59,307,351
Machinery and equipment	2,933,369	2,933,369	3,618,090
Land improvement	724,894	724,894	-
Construction in progress	114,226	114,226	14,727,100
Total assets	<u>\$ 154,040,077</u>	<u>\$ 154,040,077</u>	<u>\$ 91,079,692</u>
LIABILITIES			
Accounts payable	\$ 2,494,826	\$ 2,494,826	\$ 4,487,623
Accrued liabilities	-	-	5,345,775
Accrued interest payable	1,306,192	1,306,192	-
Due to primary government	-	-	210,524
Due to component unit	6,800,550	6,800,550	-
Unearned revenue	1,306,125	1,306,125	57,726
Deposits held in escrow	874,521	874,521	-
Long-term liabilities:			
Due within one year	6,156,763	6,156,763	397,598
Due in more than one year	65,188,313	65,188,313	3,845,980
Total liabilities	<u>\$ 84,127,290</u>	<u>\$ 84,127,290</u>	<u>\$ 14,345,226</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	\$ 18,003,772	\$ 18,003,772	\$ -
NET POSITION			
Net investment in capital assets	\$ 6,243,063	\$ 6,243,063	\$ 79,495,252
Restricted:			
Fire revolving loans	1,741,021	1,741,021	-
Drug enforcement	62,470	62,470	-
Unrestricted (deficit)	43,862,461	43,862,461	(2,760,786)
Total net position	<u>\$ 51,909,015</u>	<u>\$ 51,909,015</u>	<u>\$ 76,734,466</u>

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

County of Augusta, Virginia

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 6,214,685	\$ 612,266	\$ 395,299	\$ 34,026
Judicial administration	1,763,311	238,047	1,065,398	-
Public safety	20,223,736	1,180,338	4,118,923	1,968,700
Public works	9,779,172	947,251	56,046	3,215,375
Health and welfare	13,600,850	329,763	10,216,009	-
Education	44,657,620	-	-	34,517
Parks, recreation, and cultural	2,908,027	816,405	159,195	20,530
Community development	3,607,318	-	15,380	450,000
Interest on long-term debt	2,575,695	-	-	-
Total governmental activities	\$ 105,330,414	\$ 4,124,070	\$ 16,026,250	\$ 5,723,148
Total primary government	\$ 105,330,414	\$ 4,124,070	\$ 16,026,250	\$ 5,723,148
COMPONENT UNITS:				
School Board	\$ 101,705,922	\$ 4,216,248	\$ 63,796,761	\$ -
Total component units	\$ 101,705,922	\$ 4,216,248	\$ 63,796,761	\$ -

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

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government		Component Unit	
Governmental Activities	Total	School Board	
\$ (5,173,094)	\$ (5,173,094)	\$	-
(459,866)	(459,866)		-
(12,955,775)	(12,955,775)		-
(5,560,500)	(5,560,500)		-
(3,055,078)	(3,055,078)		-
(44,623,103)	(44,623,103)		-
(1,911,897)	(1,911,897)		-
(3,141,938)	(3,141,938)		-
(2,575,695)	(2,575,695)		-
<u>\$ (79,456,946)</u>	<u>\$ (79,456,946)</u>	\$	-
<u>\$ (79,456,946)</u>	<u>\$ (79,456,946)</u>	\$	-
<u>\$ -</u>	<u>\$ -</u>	\$	(33,692,913)
<u>\$ -</u>	<u>\$ -</u>	\$	<u>(33,692,913)</u>
\$ 46,893,968	\$ 46,893,968	\$	-
4,823,327	4,823,327		-
4,272,272	4,272,272		-
3,183,170	3,183,170		-
2,246,096	2,246,096		-
1,629,127	1,629,127		-
509,635	509,635		43,934
-	-		299,927
4,815,573	4,815,573		38,164,900
375,088	375,088		-
<u>\$ 68,748,256</u>	<u>\$ 68,748,256</u>	\$	<u>38,508,761</u>
(10,708,690)	(10,708,690)		4,815,848
62,617,705	62,617,705		71,918,618
<u>\$ 51,909,015</u>	<u>\$ 51,909,015</u>	\$	<u>76,734,466</u>

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FUND FINANCIAL STATEMENTS

Balance Sheet
 Governmental Funds
 June 30, 2013

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>County Capital Improvements</u>	<u>School Capital Projects Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 19,068,259	\$ -	\$ 3,864,012	\$ 533,685	\$ 23,465,956
Cash in custody of others	293,111	4,300	-	-	297,411
Investments	-	-	21,530,080	-	21,530,080
Receivables (net of allowance for uncollectibles):					
Taxes receivable	20,831,169	-	-	-	20,831,169
Accounts receivable	1,667,651	13,076	357,480	-	2,038,207
Notes receivable	887,920	-	-	-	887,920
Due from other funds	1,071,865	-	-	-	1,071,865
Due from component unit	210,524	-	-	-	210,524
Due from other governmental units	1,610,331	1,054,489	1,733,006	-	4,397,826
Inventories	11,214	-	-	-	11,214
Prepaid items	80,041	-	-	-	80,041
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	-	-	5,059,361	976,827	6,036,188
Total assets	<u>\$ 45,732,085</u>	<u>\$ 1,071,865</u>	<u>\$ 32,543,939</u>	<u>\$ 1,510,512</u>	<u>\$ 80,858,401</u>
LIABILITIES					
Accounts payable	\$ 512,209	\$ -	\$ 1,344,675	\$ 637,942	\$ 2,494,826
Due to other funds	-	1,071,865	-	-	1,071,865
Due to component unit	6,800,550	-	-	-	6,800,550
Unearned revenue	1,306,125	-	-	-	1,306,125
Deposits held in escrow	776,616	-	97,905	-	874,521
Total liabilities	<u>\$ 9,395,500</u>	<u>\$ 1,071,865</u>	<u>\$ 1,442,580</u>	<u>\$ 637,942</u>	<u>\$ 12,547,887</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	\$ 21,170,760	\$ -	\$ -	\$ -	\$ 21,170,760
FUND BALANCES					
Nonspendable	\$ 91,255	\$ -	\$ -	\$ -	\$ 91,255
Restricted	1,803,492	-	4,627,691	301,343	6,732,526
Committed	747,920	-	5,294,761	-	6,042,681
Assigned	203,579	-	21,178,907	571,227	21,953,713
Unassigned	12,319,579	-	-	-	12,319,579
Total fund balances	<u>\$ 15,165,825</u>	<u>\$ -</u>	<u>\$ 31,101,359</u>	<u>\$ 872,570</u>	<u>\$ 47,139,754</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 45,732,085</u>	<u>\$ 1,071,865</u>	<u>\$ 32,543,939</u>	<u>\$ 1,510,512</u>	<u>\$ 80,858,401</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2013

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 47,139,754
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	68,787,003
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	3,166,988
Equity interest in joint venture not reported in the funds.	5,466,538
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(72,651,268)</u>
Net position of governmental activities	<u>\$ 51,909,015</u>

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

County of Augusta, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	General	Virginia Public Assistance	Debt Service	County Capital Improvements
REVENUES				
General property taxes	\$ 47,584,001	\$ -	\$ -	-
Other local taxes	16,153,992	-	-	20,530
Permits, privilege fees, and regulatory licenses	526,622	-	-	-
Fines and forfeitures	239,453	-	-	-
Revenue from the use of money and property	532,900	-	-	4,645
Charges for services	3,028,232	329,763	-	-
Miscellaneous	457,275	-	-	58,088
Recovered costs	198,897	1,124,348	-	153,580
Intergovernmental revenues:				
Commonwealth	9,367,719	4,943,325	-	3,871,126
Federal	1,258,095	5,272,684	-	1,734,242
Total revenues	<u>\$ 79,347,186</u>	<u>\$ 11,670,120</u>	<u>\$ -</u>	<u>\$ 5,842,211</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,625,805	\$ -	\$ -	-
Judicial administration	1,782,776	-	-	-
Public safety	17,314,645	-	-	-
Public works	3,301,565	-	-	-
Health and welfare	1,052,382	13,675,727	-	-
Education	33,822,914	-	-	-
Parks, recreation, and cultural	2,637,783	-	-	-
Community development	1,428,431	-	-	-
Nondepartmental	204,272	-	-	-
Capital projects	-	-	-	13,320,038
Debt service:				
Principal retirement	-	-	5,739,880	-
Interest and other fiscal charges	-	-	2,573,576	-
Total expenditures	<u>\$ 66,170,573</u>	<u>\$ 13,675,727</u>	<u>\$ 8,313,456</u>	<u>\$ 13,320,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 13,176,613</u>	<u>\$ (2,005,607)</u>	<u>\$ (8,313,456)</u>	<u>\$ (7,477,827)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,500	\$ 2,005,607	\$ 8,313,456	\$ 3,136,607
Transfers out	(12,405,108)	-	-	(1,053,062)
Issuance of revenue bonds	-	-	-	5,526,186
Premium on revenue bonds	-	-	-	718,271
Sale of capital assets	-	-	-	375,088
Total other financing sources (uses)	<u>\$ (12,402,608)</u>	<u>\$ 2,005,607</u>	<u>\$ 8,313,456</u>	<u>\$ 8,703,090</u>
Net change in fund balances	\$ 774,005	\$ -	\$ -	\$ 1,225,263
Fund balances - beginning	14,391,820	-	-	29,876,096
Fund balances - ending	<u>\$ 15,165,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,101,359</u>

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

Exhibit 5

		<u>School Capital Improvements</u>	<u>Total</u>
\$	-	\$	47,584,001
	-		16,174,522
	-		526,622
	-		239,453
	7,263		544,808
	-		3,357,995
	27,254		542,617
	-		1,476,825
	-		18,182,170
	-		8,265,021
\$	<u>34,517</u>	\$	<u>96,894,034</u>
\$	-	\$	4,625,805
	-		1,782,776
	-		17,314,645
	-		3,301,565
	-		14,728,109
	-		33,822,914
	-		2,637,783
	-		1,428,431
	-		204,272
	5,088,545		18,408,583
	-		5,739,880
	-		2,573,576
\$	<u>5,088,545</u>	\$	<u>106,568,339</u>
\$	<u>(5,054,028)</u>	\$	<u>(9,674,305)</u>
\$	-	\$	13,458,170
	-		(13,458,170)
	-		5,526,186
	-		718,271
	-		375,088
\$	<u>-</u>	\$	<u>6,619,545</u>
\$	(5,054,028)	\$	(3,054,760)
	5,926,598		50,194,514
\$	<u>872,570</u>	\$	<u>47,139,754</u>

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Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$ (3,054,760)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation and transfers to the component unit school board exceeded capital outlays in the current period.	(6,099,957)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(690,033)
Revenues related to the equity interest in joint venture not reported as revenues in the funds.	(179,490)
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.	(504,577)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(179,873)</u>
Change in net position of governmental activities	<u>\$ (10,708,690)</u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,820,737
Other receivables	96,410
Total assets	<u>\$ 2,917,147</u>
LIABILITIES	
Accounts payable	\$ 338,767
Accrued liabilities	225,101
Amounts held for social services clients	130,629
Amounts held for Shenandoah Valley Regional Program	1,829,942
Amounts held for Valley Alcohol Safety Action Program	204,623
Amounts held for Valley Vocational Technical Education Center	156,883
Amounts held for Valley Children's Center	31,202
Total liabilities	<u>\$ 2,917,147</u>

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

COUNTY OF AUGUSTA, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1—Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - There are no blended component units for the year ended June 30, 2013.

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

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

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's financial accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Augusta County Economic Development Authority and the Augusta County Service Authority. In Fiscal Year 2011 the County chose to early implement GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. Upon review it was determined that the Augusta County Economic Development Authority and the Augusta County Service Authority are related organizations of the County. This determination was based on the justification that the County is able to appoint a voting majority of the Authority's board, but a financial benefit and/or burden relationship does not exist between the two. The Augusta County Economic Development Authority and the Augusta County Service Authority have separate audited financial statements.

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

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

A. Financial Reporting Entity (continued)

Joint Ventures

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of operations for the Augusta Regional Landfill for the year ended June 30, 2013 is as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 1,170,696	\$ 493,647	\$ 795,730
% of Total Revenues	47.59%	20.07%	32.34%

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

The County School Board and the Cities of Staunton and Waynesboro participate in supporting the Valley Vocational Technical Education Center for local residents. The Center provides vocational training to secondary and adult students. Valley Vocational Technical Education Center is governed by a six member board of trustees of which two are appointed by the Augusta County School Board, two by City of Staunton School Board and two by City of Waynesboro School Board. Funding for the Valley Vocational Technical Education Center was provided by the County of Augusta, City of Staunton and City of Waynesboro for the year ended June 30, 2013 as follows:

	<u>County of Augusta</u>	<u>City of Staunton</u>	<u>City of Waynesboro</u>
Operations	\$ 2,683,328	\$ 688,165	\$ 526,155
% of Total Revenues	68.84%	17.66%	13.50%

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 \$117,860 for operations to the Valley Community Services Board, \$124,405 to the Shenandoah Valley Airport, \$117,892 to the Shenandoah Valley Juvenile Detention Home and \$1,780,950 to the Middle River Regional Jail Authority. The School Board contributed \$997,139 to the Shenandoah Valley Regional Program for operations.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

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

The government reports the following major governmental funds:

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

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. Special revenue funds consist 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. Debt service funds consist of the Debt Service Fund.

The *capital project fund* accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the County Capital Improvements Fund.

The *school capital projects fund* accounts for and reports the major construction expenditures for the school system. The majority of financing is provided from bond issues.

Additionally, the government reports the following fund types:

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services and administrative expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net Position Flow Assumption

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

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

1. Deposits and Investments

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

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

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

2. Receivables and Payables

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

3. Inventory and Prepaid Items

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

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$578,127 at June 30, 2013 and is composed solely of property taxes. This allowance represents .20% of the total levies for the previous six years.

6. Use of Estimates

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

7. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

7. Capital Assets (continued)

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, plant, and equipment of the primary government, as well as the component units, is 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
Machinery and equipment	5-10

In accordance with GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, the County determined that retroactive changes were not needed as intangible assets have been appropriately capitalized in the past.

8. Compensated Absences

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

9. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

9. Long-term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

10. Fund Equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

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

10. Fund Equity (continued)

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the GAAP basis general fund revenues at the close of the fiscal year, as adjusted for temporary funding of unanticipated budgetary shortfalls, if applicable. In the event the unassigned general fund balance is used to provide for temporary funding of unanticipated budgetary shortfalls, the County shall restore the unassigned general fund balance to the minimum level of 15% of general fund revenues within three to five fiscal years following the fiscal year in which the event occurred. The plan to restore the unassigned general fund balance shall be included and highlighted in the County's adopted budget. Such adjustments were not needed in the current fiscal year. See Note 18 for more fund balance information.

11. Net Position

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

12. Restricted Assets

The primary government has restricted assets in the amount of \$6,036,188 for unspent debt proceeds at June 30, 2013. These funds will be spent during fiscal year 2014 for school and county capital projects.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County does not have any deferred outflows of resources as of June 30, 2013. .

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category. The County has deferred inflows of resources of \$18,003,772 as of June 30, 2013. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, second half installments levied during the fiscal year but due after June 30, and amounts prepaid on the second half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, second half installments levied during the fiscal year but due after June 30 and amounts prepaid on the second half installments are reported as deferred inflows or resources.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

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

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

14. *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board*

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity’s net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from “net assets” to “net position.” The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

15. *Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board*

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The County decided to early implement this statement in fiscal year 2013. The net equity reported in the financial statements was not changed as a result of implementing this statement and no restatement of prior balances is required.

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

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance total governmental funds* and *net position governmental activities* as reported in the government-wide statements of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of these (\$72,651,268) and (\$4,243,578) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit School Board
Bonds payable	\$ (65,515,916)	\$ -
Unamortized premium on bonds	(3,272,483)	
Accrued interest payable	(1,306,192)	-
Net OPEB obligation	(1,077,000)	(2,164,000)
Compensated absences	(1,479,678)	(2,079,578)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<u>\$ (72,651,269)</u>	<u>\$ (4,243,578)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

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

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$(6,099,957) and \$5,805,543 differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Capital outlay	\$ 2,607,897	\$ 6,954,645
Depreciation expense	(2,967,974)	(6,888,982)
Allocation of debt financed school assets based on current year repayments	<u>(5,739,880)</u>	<u>5,739,880</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (6,099,957)</u>	<u>\$ 5,805,543</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(504,577) difference in the primary government are as follows:

	<u>Primary Government</u>
Principal repayments:	
General obligation bond	\$ <u>5,739,880</u>
Other:	
Issuance of revenue bonds	(5,526,186)
Premium on issuance of revenue bonds	<u>(718,271)</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (504,577)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

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

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of these \$(179,873) and \$(1,068,566) differences for the primary government and discretely presented component unit, respectively, are as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Compensated absences	\$ (7,754)	\$ (329,566)
Net OPEB obligation	(170,000)	(739,000)
Accrued interest payable	(121,002)	-
Amortization of bond premium	<u>118,883</u>	<u>-</u>
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (179,873)</u>	<u>\$ (1,068,566)</u>

Note 3—Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

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

A. Budgetary Information (continued)

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 commit that portion of the applicable appropriations, lapse at year end.
9. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2013, the School Cafeteria Fund had expenditures exceeding appropriations. This was due to a non-cash adjustment for USDA inventories.

The County Capital Projects Fund also had expenditures exceeding appropriations. This was due to projects that were started after the revised appropriations were approved. These projects were related to miscellaneous construction projects and public safety equipment purchases.

C. Deficit Fund Equity

At June 30, 2013, there were no funds with deficit fund balances.

Note 4—Deposits and Investments:

Deposits

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

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, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 4—Deposits and Investments: (Continued)

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, 2013 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, 2013 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAA	AA	A-1
U.S. Agencies	\$ 822,264	\$ 4,155,496	\$ -
Corporate Debt	-	5,243,325	-
Local Government Investment Pool AAAM	146,296	-	-
State Non-Arbitrage Program	6,036,188	-	-
Money Market Mutual Fund	23,970	-	-
Repurchase Agreements-Underlying:			
Municipal Public Bonds	2,921,709	8,363,317	-
Total	\$ 9,950,427	\$ 17,762,138	\$ -

Concentration of Credit Risk

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

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	Fair Value	Less than 1 Year	1-5 Years
Municipal Bonds	\$ 11,285,026	\$ 6,274,215	\$ 5,010,811
Corporate Debt	5,243,323	2,189,463	3,053,860
U.S. Agencies	4,977,760	2,510,172	2,467,588
Total	\$ 21,506,109	\$ 10,973,850	\$ 10,532,259

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 4—Deposits and Investments: (Continued)

External Investment Pools

The fair value of the position in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. LGIP is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

The State Non-arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

Note 5—Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 914,458	\$ -
State sales tax	-	1,809,647
Motor vehicle carrier's tax	91,726	-
State recordation tax	45,243	-
Reimbursement of shared services	355,746	-
Auto rental tax	17,594	-
Fire programs	32,493	-
Wireless PSAP	24,755	-
Transportation	1,279,505	-
School	-	13,371
Other	1,801	-
Comprehensive services act	264,260	-
Virginia public assistance	302,337	-
<u>Federal Government:</u>		
Virginia public assistance	487,894	-
Criminal justice	28,667	-
Homeland security	522,727	-
Rescue Squad Assistance Fund	13,488	-
Community development	11,961	-
Transportation	2,733	-
Other	438	-
School grants	-	375,816
Headstart	-	371,234
Totals	<u>\$ 4,397,826</u>	<u>\$ 2,570,068</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 6—Interfund Obligations:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:				
General Fund	\$ 1,071,865	\$ -	\$ 6,800,550	\$ 210,524
VPA Fund	-	1,071,865	-	-
Total	<u>\$ 1,071,865</u>	<u>\$ 1,071,865</u>	<u>\$ 6,800,550</u>	<u>\$ 210,524</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ -	\$ 6,800,550
General Fund	-	-	210,524	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,524</u>	<u>\$ 6,800,550</u>

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

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 2,500	\$ 12,405,108
Virginia Public Assistance Fund	2,005,607	-
School Debt Service Fund	8,313,456	-
County Capital Improvements Fund	3,136,607	1,053,062
Total	<u>\$ 13,458,170</u>	<u>\$ 13,458,170</u>

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 8—Long-Term Obligations:

Primary Government-Governmental activity Indebtedness

The following is a summary of long-term obligation transactions for the County for the year ended June 30, 2013.

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
General obligation bonds	\$ 65,729,609	\$ -	\$ 5,739,880	\$ 59,989,729
Revenue bonds	-	5,526,186		5,526,186
Premiums on bond issues	2,673,095	718,271	118,883	3,272,483
Net OPEB obligation	907,000	481,000	311,000	1,077,000
Compensated absences	1,471,925	667,380	659,627	1,479,678
Total long-term obligations	<u>\$ 70,781,629</u>	<u>\$ 7,392,837</u>	<u>\$ 6,829,390</u>	<u>\$ 71,345,076</u>

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

Year Ending June 30,	General Obligation Bonds and Revenue Bonds	
	Principal	Interest
2014	\$ 5,856,371	\$ 2,640,773
2015	5,517,064	2,396,345
2016	5,574,234	2,143,672
2017	4,712,439	1,909,693
2018	4,771,266	1,700,044
2019-2023	20,248,663	5,731,477
2024-2028	15,900,298	1,977,799
2029-2033	2,907,800	263,865
2034	27,780	-
Total	<u>\$ 65,515,915</u>	<u>\$ 18,763,668</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Primary Government-Governmental Activity Indebtedness (continued)

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds (issued for school construction):</u>		
\$3,000,000 1993B Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$15,000 through July 15, 2013, plus interest at 5%	\$ 15,000	\$ 15,000
\$12,000,000 1994A Series, issued March 28, 1994, Virginia Public School Authority Bonds, due in annual installments from \$615,000 to \$620,000 through July 15, 2013, plus interest at 6.3%	620,000	620,000
\$6,000,000 1995A Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments of \$300,000 through July 15, 2015, plus semi-annual interest at 5.1%	900,000	300,000
\$10,481,721 1995B Series, issued November 29, 1995, Virginia Public School Authority Bonds, due in annual installments from \$572,281 to \$618,601 through July 15, 2015 plus semi-annual interest at 5.1%	1,818,982	594,261
\$13,037,187 1998A Series, issued November 19, 1998, Virginia Public School Authority Bonds, due in annual installments from \$667,764 to \$742,320 through July 15, 2018, plus semi-annual interest at 4.6% to 5.1%	4,245,276	676,173
\$2,000,000 1999A Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments of \$100,000 through July 15, 2019, plus semi-annual interest at 5.725% to 6.1%	700,000	100,000
\$6,015,170 1999B Series, issued November 18, 1999, Virginia Public School Authority Bonds, due in annual installments from \$306,354 to \$369,360 through July 15, 2019, plus semi-annual interest at 5.975% to 6.1%	2,377,775	313,231
\$5,875,000 2004A Series, issued May 13, 2004, Virginia Public School Authority Bonds, due in annual installments from \$290,000 to \$295,000 through January 15, 2025, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$425,392 which will amortized over the life of the bond.	3,515,000	295,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$309,685 to \$372,067 through January 15, 2024, plus semi-annual interest at 4.1% to 5.1%. The bond was issued at a premium of \$474,102 which will amortized over the life of the bond.	4,121,268	314,348

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 8—Long-Term Obligations (Continued)

Primary Government-Governmental Activity Indebtedness (continued)

Details of long-term indebtedness: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$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 amortized over the life of the bond.	\$ 18,620,000	\$ 1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$584,336 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 amortized over the life of the bond.	9,893,928	591,828
\$7,500,000 2011A Series, issued June 28, 2011, Virginia Public School Authority Bonds as Qualified School Construction Bonds, due in annual installments of \$468,750 through June 1, 2027, plus semi-annual interest which will be reimbursed to VPSA as a federal tax credit and then transferred to the County.	6,562,500	468,750
\$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$210,000 to \$490,000 through July 15, 2033, plus semi-annual interest at 2.55% to 5.05%. The bond was issued at a premium of \$966,694 which will be amortized over the life of the bond.	<u>6,600,000</u>	<u>210,000</u>
Sub-total General obligation bonds	<u>\$ 59,989,729</u>	<u>\$ 5,828,591</u>
Unamortized premium on general obligation bonds	<u>\$ 2,554,212</u>	<u>\$ 167,221</u>
<u>Revenue bonds:</u>		
\$1,853,530 2012B Series, issued August 23, 2012, Virginia Resources Authority Bonds due in annual installments of \$92,677 through December 1, 2033. Loan funds outstanding at June 30, 2013 totaled \$1,111,186.	\$ 1,111,186	\$ 27,780
\$4,415,000 2013A Series, issued June 5, 2013, Virginia Resources Authority Bonds due in annual installments from \$220,000 to \$390,000 through December 1, 2028, plus semi-annual interest at 2.09% to 4.825%. The bond was issued at a premium of \$718,271 which will be amortized over the life of the bond.	<u>4,415,000</u>	<u>-</u>
Sub-total revenue bonds	<u>\$ 5,526,186</u>	<u>\$ 27,780</u>
Unamortized premium on revenue bonds	<u>\$ 718,271</u>	<u>\$ -</u>
Net OPEB obligation (payable from general fund)	<u>\$ 1,077,000</u>	<u>\$ -</u>
Compensated absences (payable from the general fund)	<u>\$ 1,479,678</u>	<u>\$ 133,171</u>
Total	<u>\$ 71,345,076</u>	<u>\$ 6,156,763</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 8—Long-Term Obligations: (Continued)

Primary Government-Governmental Activity Indebtedness (continued)

Arbitrage Rebate Compliance:

As of June 30, 2013 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term obligation transactions of the School Board Component Unit for the year ended June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Net OPEB obligation	\$ 1,425,000	\$ 1,733,000	\$ 994,000	\$ 2,164,000
Compensated absences	1,750,012	782,617	453,051	2,079,578
Total long-term obligations	<u>\$ 3,175,012</u>	<u>\$ 2,515,617</u>	<u>\$ 1,447,051</u>	<u>\$ 4,243,578</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Net OPEB obligation (payable from the School Fund)	\$ 2,164,000	\$ -
Compensated absences (payable from the School Fund)	2,079,578	397,598
Total long-term obligations	<u>\$ 4,243,578</u>	<u>\$ 397,598</u>

Note 9—Defined Benefit Pension Plan:

A. Plan Description

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 9—Defined Benefit Pension Plan: (Continued)

A. Plan Description (continued)

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2012-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
 JUNE 30, 2013 (CONTINUED)

Note 9—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended June 30, 2013 were 12.5% and 8.44%, respectively, of annual covered payroll.

The School's professional employees contribution rate for fiscal year 2013 was 11.66% of covered payroll. The School Board's contributions for professional employees were \$6,177,181, \$3,227,744, and \$2,037,456, to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 6.33%, and 3.93% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year ended June 30, 2013, the County's annual pension cost of \$2,124,761 was equal to the County's required and actual contributions.

For fiscal year ended June 30, 2013, the County School Board's annual pension cost for the board's non-professional employees was \$218,481 which was equal to the board's required and actual contributions.

Three-Year Trend Information for the County and School Board

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
County:			
6/30/13	\$ 2,124,761	100.00%	\$ -
6/30/12	1,463,259	100.00%	-
6/30/11	1,432,865	100.00%	-
Discretely Presented Component Unit:			
School Board Non-Professional			
6/30/13	\$ 218,481	100.00%	\$ -
6/30/12	134,628	100.00%	-
6/30/11	139,281	100.00%	-

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 9—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost (continued)

The FY2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.5% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued liability (UAAL) was 30 years.

D. Funded Status and Funding Progress:

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 74.23% funded. The actuarial accrued liability for benefits was \$77,677,998, and the actuarial value of assets was \$57,659,430, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,018,568. The covered payroll (annual payroll of active employees covered by the plan) was \$15,919,678, and ratio of the UAAL to the covered payroll was 125.75%.

As of June 30, 2012, the most recent actuarial valuation date, the County School Board's plan was 80.32% funded. The actuarial accrued liability for benefits was \$10,624,698, and the actuarial value of assets was \$8,533,471, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,091,227. The covered payroll (annual payroll of active employees covered by the plan) was \$2,371,018, and ratio of the UAAL to the covered payroll was 88.20%.

The schedule of funding progress, presented as Required Supplemental Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial valuation of plan assets is increasing or decreasing over the time relative to the actuarial accrued liability (AAL) for benefits.

Note 10—Other Postemployment Benefits Program:

Beginning in fiscal year 2009, the County and School Board implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the County and School Board retiree health benefit subsidy. Historically, the County and School Board's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County and School Board accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employee's active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the County and School Board. This funding methodology mirrors the funding approach used for pension benefits. A separate audited employment benefit plan is not available for the County or School Board.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

County:

A. Plan Description:

The County offers its employees the option to participate in the group health insurance program offered to other employees upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. The County will pay 75% of the monthly premium, not to exceed \$2,500 per fiscal year. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the County for retirees regardless of age if he/she has been employed by the County for at least 10 years immediately prior to the disability. The County reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$481,000 for fiscal year 2013. The County has paid \$311,000 towards this obligation during FY13. The County's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

County (continued)

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

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

Annual Required Contribution (ARC)	\$	498,000
Interest on OPEB Obligation		36,000
Adjustment to ARC		(53,000)
Annual OPEB cost	\$	481,000
Contributions Made		(311,000)
Increase in Net OPEB Obligation	\$	170,000
Net OPEB Obligation - beginning of year		907,000
Net OPEB Obligation - end of year	\$	<u>1,077,000</u>

For 2013, the County’s expected cash payment of \$311,000 was \$170,000 short of the OPEB cost. The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 481,000	64.66%	\$ 1,077,000
6/30/12	473,000	63.21%	907,000
6/30/11	458,000	58.95%	733,000

D. Funded Status and Funding Progress:

The funded status of the plan as of the June 30, 2011, the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$	4,365,000
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability	\$	4,365,000
Funded ratio (actuarial value of plan assets/ AAL)		0.00%
Covered payroll (active plan members)	\$	14,711,000
UAAL as a percentage of covered payroll		29.70%

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

County (continued)

D. Funded Status and Funding Progress: (continued)

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

E. Actuarial Methods and Assumptions:

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

Cost Method

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

Actuarial Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%
Medical trend rate	9% graded down to 5.0%
Amortization period	20 years
Inflation rate	2.50%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 10—Other Postemployment Benefits: (Continued)

School Board:

Health Insurance Plan

A. Plan Description:

The School Board offers its employees the option to participate in the group health insurance program offered to other employee's upon retirement, through a single-employer defined benefit plan. Employees who retire after June 30, 1997, are 55 years of age, and were employed for at least 10 years of continuous service immediately prior to retirement are eligible to remain enrolled in the health insurance group plan and continue to have the premiums paid for health insurance coverage subject to specific terms. Retirees shall have participated in the group insurance program for the five years preceding retirement. Spouses and dependents listed for coverage by the employee prior to retirement may remain in the group program. Once the employee has retired, only the deletion or termination of coverage will be permitted. Full cost of dependent coverage will be the responsibility of the retired employee. Spouses and dependents may maintain coverage after the death of the retiree as long as they meet the eligibility requirements of the plan and assume full responsibility for the premiums. Eligibility for this benefit terminates at the time the retiree obtains other health coverage or reaches the age of 65. Should an employee be granted full retirement by VRS and/or Social Security because of disability, he/she will be eligible to receive the payments made by the School Board for retirees regardless of age if he/she has been employed by the School Board for at least 10 years immediately prior to the disability. The School Board reserves the right to change the terms of the retirees' health insurance coverage at any time, including the right to terminate any or all coverage provided to retirees.

B. Funding Policy:

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

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits is \$1,733,000 for fiscal year 2013. The School Board has paid \$994,000 towards this obligation during FY13. The School Board's annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on an open basis.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 10—Other Postemployment Benefits: (Continued)

School Board: (continued)

Health Insurance Plan (continued)

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

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

Annual Required Contribution (ARC)	\$ 1,759,000
Interest on OPEB Obligation	57,000
Adjustment to ARC	(83,000)
Annual OPEB cost	<u>\$ 1,733,000</u>
Contributions Made	(994,000)
Increase in Net OPEB Obligation	<u>\$ 739,000</u>
Net OPEB Obligation - beginning of year	<u>1,425,000</u>
Net OPEB Obligation - end of year	<u><u>\$ 2,164,000</u></u>

For 2013, the School Board's expected cash payment of \$994,000 was \$739,000 short of the OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/13	\$ 1,733,000	57.36%	\$ 2,164,000
6/30/12	1,398,000	84.05%	1,425,000
6/30/11	1,376,000	79.36%	1,202,000

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 17,200,000
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability	\$ 17,200,000
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	\$ 55,880,000
UAAL as a percentage of covered payroll	30.80%

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 10—Other Postemployment Benefits: (Continued)

School Board: (continued)

D. Funded Status and Funding Progress (continued)

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

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

E. Actuarial Methods and Assumptions

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

Cost Method

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

Actuarial Assumptions

Funding interest rate	4.00%
Annual amortization increase rate	2.50%
Medical trend	9% graded down to 5.0%
Amortization period	20 years/open funded
Inflation rate	2.50%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 10—Other Postemployment Benefits Program: (Continued)

School Board: (continued)

VRS Health Insurance Credit Program

A. Plan Description

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

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

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

B. Funding Policy

The School board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$588,051, \$305,947, and \$311,062, respectively and equaled the required contributions for each year.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)

Note 11—Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue totaling \$1,306,125 is comprised of the following:

- A. Receivables – Amounts not available to liquidate liabilities of current period totaled \$1,015,771 at June 30, 2013:

Repayment of loans from fire departments	\$	887,920
EMS transport fees		119,860
Animal control fines restitution		7,991
Total	\$	<u>1,015,771</u>

- B. Unearned revenue – Revenue deferred in the amount of \$290,354 paid in advance for federal payment in lieu of taxes.

Note 12—Unavailable Revenue Property Taxes:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unavailable revenue at June 30, 2013 totaled \$18,003,772, and is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2013, but paid in advance by the taxpayers totaled \$839,586 in the general fund at June 30, 2013.
- B. Unbilled Property Taxes – Property taxes for the second half of 2013 that had not been billed as of June 30, 2013 amounted to \$17,164,186.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 13—Capital Assets:

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,510,171	\$ 56,700	\$ (308,225)	\$ 5,258,646
Construction in Progress	151,747	114,226	(151,747)	114,226
Total capital assets not being depreciated	<u>\$ 5,661,918</u>	<u>\$ 170,926</u>	<u>\$ (459,972)</u>	<u>\$ 5,372,872</u>
Capital assets being depreciated:				
Buildings and Improvements	\$ 86,122,159	\$ 112,434	\$ (5,739,880)	\$ 80,494,713
Machinery and Equipment	10,005,423	1,408,854	(420,166)	10,994,111
Land Improvements	1,377,266	-	-	1,377,266
Total capital assets being depreciated	<u>\$ 97,504,848</u>	<u>\$ 1,521,288</u>	<u>\$ (6,160,046)</u>	<u>\$ 92,866,090</u>
Accumulated depreciation:				
Buildings and Improvements	\$ (20,091,534)	\$ (2,043,535)	\$ 1,396,224	\$ (20,738,845)
Machinery and Equipment	(7,625,478)	(834,861)	399,597	(8,060,742)
Land Improvement	(562,794)	(89,578)	-	(652,372)
Total accumulated depreciation	<u>(28,279,806)</u>	<u>(2,967,974)</u>	<u>1,795,821</u>	<u>(29,451,959)</u>
Total capital assets being depreciated, net	<u>\$ 69,225,042</u>	<u>\$ (1,446,686)</u>	<u>\$ (4,364,225)</u>	<u>\$ 63,414,131</u>
Governmental activities capital assets, net	<u>\$ 74,886,960</u>	<u>\$ (1,275,760)</u>	<u>\$ (4,824,197)</u>	<u>\$ 68,787,003</u>

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

Governmental activities:	
General government administration	\$ 872,124
Judicial administration	2,037
Public safety	645,534
Public works	41,774
Health and welfare	15,057
Education	1,334,744
Parks, recreation, and cultural	54,443
Community development	2,261
Total depreciation expenses-governmental activities	<u>\$ 2,967,974</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 (CONTINUED)

Note 13—Capital Assets: (Continued)

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,090,973	\$ -	\$ (248,262)	\$ 1,842,711
Construction in Progress	9,785,410	5,111,919	(170,229)	14,727,100
Total capital assets not being depreciated	<u>\$ 11,876,383</u>	<u>\$ 5,111,919</u>	<u>\$ (418,491)</u>	<u>\$ 16,569,811</u>
Capital assets being depreciated:				
Buildings and Improvements	\$ 105,982,820	\$ 6,142,322	\$ (1,481,746)	\$ 110,643,396
Machinery and Equipment	22,305,629	909,119	(284,346)	22,930,402
Total capital assets being depreciated	<u>\$ 128,288,449</u>	<u>\$ 7,051,441</u>	<u>\$ (1,766,092)</u>	<u>\$ 133,573,798</u>
Accumulated depreciation:				
Buildings and Improvements	\$ (47,782,702)	\$ (5,984,744)	\$ 2,431,401	\$ (51,336,045)
Machinery and Equipment	(18,692,421)	(904,238)	284,347	(19,312,312)
Total accumulated depreciation	<u>\$ (66,475,123)</u>	<u>\$ (6,888,982)</u>	<u>\$ 2,715,748</u>	<u>\$ (70,648,357)</u>
Total capital assets being depreciated, net	<u>\$ 61,813,326</u>	<u>\$ 162,459</u>	<u>\$ 949,656</u>	<u>\$ 62,925,441</u>
School Board Capital assets, net	<u><u>\$ 73,689,709</u></u>	<u><u>\$ 5,274,378</u></u>	<u><u>\$ 531,165</u></u>	<u><u>\$ 79,495,252</u></u>

Reconciliation of increases in accumulated depreciation to depreciation expense:

Depreciation expense	\$ 5,492,759
Transfer of accumulated depreciation from primary government for corresponding debt financed assets	<u>1,396,223</u>
Net increases in accumulated depreciation	<u><u>\$ 6,888,982</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Augusta, Virginia for the year ended June 30, 2013, is that school financed assets in the amount of \$53,389,729 are reported in the Primary Government for financial reporting purposes.

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)**

Note 14—Risk Management:

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

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

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

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

Note 15—Contingent Liabilities:

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

Note 16—Landfill Closure and Post-closure Costs:

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

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)**

Note 16—Landfill Closure and Post-closure Costs: (Continued)

At June 30, 2013 the Augusta Regional Landfill reported as its landfill closure liability \$4,064,631 which represents the cumulative amount reported to date based on the use of 86.0% of the estimated capacity of the Permit #585 (Phases 1-3) landfill and the stockpile financial assurance liability. The Augusta Regional Landfill reported a post-closure monitoring liability of \$2,978,787 at June 30, 2013. 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 86.0% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, of which the County is 56.49% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2013 for both landfill permits are \$7,043,418. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$830,555 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$2,951,503 for the newly constructed Phase 4 cell as it is filled in the next six to eight years. Both Permit #21 and Permit #585 closure and post-closure costs are based on DEQ approved factors which are conservative. The costs are inflated annually based on a DEQ-approved inflation rate. However, actual costs may be higher due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the County Capital Improvements Fund.

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

Note 17—Construction Contracts Outstanding:

The Primary Government had the following material contracts outstanding at June 30, 2013:

Project	Original Contract Amount	Amount Spent as of June 30, 2013	Amount of Contract Remaining at Year End
Real Estate Reassessment	\$ 590,261	\$ 448,290	\$ 141,971
Greenville Sewer Project	2,874,211	1,528,389	1,345,822
Rt. 636 Construction	13,000,000	2,602,950	10,397,050
Wilson Elementary School Design	853,491	847,759	5,732
Wilson Elementary School Renovation	12,892,899	12,017,864	875,035
Total	\$ 30,210,862	\$ 17,445,252	\$ 12,765,610

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 (CONTINUED)**

Note 18—Fund Balance:

Fund balance had the following classifications at June 30, 2013:

	<u>General</u>	<u>County Capital Improvements</u>	<u>School Capital Projects Fund</u>	<u>Total</u>
Fund Balances:				
Nonspendable:				
Inventories	\$ 11,214	\$ -	\$ -	\$ 11,214
Prepaid items	80,041	-	-	80,041
Restricted:				
Fire revolving loan program	\$ 1,741,021	\$ -	\$ -	\$ 1,741,021
Drug enforcement	62,471	-	-	62,471
Capital projects-school renovation	-	4,627,691	301,343	4,929,034
Committed:				
Health and welfare	\$ -	\$ -	\$ -	-
Education	380,118	-	-	380,118
Emergency medical services	367,802	-	-	367,802
Other capital projects	-	5,294,761	-	5,294,761
Assigned:				
Other capital projects	\$ -	\$ 21,178,907	\$ 571,227	\$ 21,750,134
Fire revolving loan program	149,082	-	-	149,082
Drug enforcement	54,497	-	-	54,497
Unassigned:	\$ 12,319,579	\$ -	\$ -	\$ 12,319,579
Total	<u>\$ 15,165,825</u>	<u>\$ 31,101,359</u>	<u>\$ 872,570</u>	<u>\$ 47,139,754</u>

Note 19—Upcoming Pronouncements:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that area administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

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

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 45,269,000	\$ 47,196,500	\$ 47,584,001	\$ 387,501
Other local taxes	15,879,470	15,899,470	16,153,992	254,522
Permits, privilege fees, and regulatory licenses	543,600	537,500	526,622	(10,878)
Fines and forfeitures	232,500	265,000	239,453	(25,547)
Revenue from the use of money and property	613,800	534,900	532,900	(2,000)
Charges for services	2,793,500	2,925,200	3,028,232	103,032
Miscellaneous	251,000	387,455	457,275	69,820
Recovered costs	165,920	197,985	198,897	912
Intergovernmental revenues:				
Commonwealth	9,351,920	9,432,915	9,367,719	(65,196)
Federal	361,230	1,137,730	1,258,095	120,365
Total revenues	\$ 75,461,940	\$ 78,514,655	\$ 79,347,186	\$ 832,531
EXPENDITURES				
Current:				
General government administration	\$ 4,594,607	\$ 4,676,130	\$ 4,625,805	\$ 50,325
Judicial administration	1,789,650	1,809,415	1,782,776	26,639
Public safety	16,640,051	17,686,945	17,314,645	372,300
Public works	3,449,220	3,370,690	3,301,565	69,125
Health and welfare	1,069,782	1,058,612	1,052,382	6,230
Education	34,290,816	34,290,816	33,822,914	467,902
Parks, recreation, and cultural	2,780,795	2,741,865	2,637,783	104,082
Community development	1,469,919	1,503,569	1,428,431	75,138
Nondepartmental	194,894	215,644	204,272	11,372
Total expenditures	\$ 66,279,734	\$ 67,353,686	\$ 66,170,573	\$ 1,183,113
Excess (deficiency) of revenues over (under) expenditures	\$ 9,182,206	\$ 11,160,969	\$ 13,176,613	\$ 2,015,644
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,500	\$ 2,500	\$ -
Transfers out	(9,836,626)	(12,138,802)	(12,405,108)	(266,306)
Total other financing sources (uses)	\$ (9,836,626)	\$ (12,136,302)	\$ (12,402,608)	\$ (266,306)
Net change in fund balances	\$ (654,420)	\$ (975,333)	\$ 774,005	\$ 1,749,338
Fund balances - beginning	654,420	975,333	14,391,820	13,416,487
Fund balances - ending	\$ -	\$ -	\$ 15,165,825	\$ 15,165,825

Special Revenue Fund - Virginia Public Assistance Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 328,261	\$ 332,507	\$ 329,763	\$ (2,744)
Recovered costs	1,124,350	1,124,350	1,124,348	(2)
Intergovernmental revenues:				
Commonwealth	5,333,663	5,185,690	4,943,325	(242,365)
Federal	5,061,152	5,126,629	5,272,684	146,055
Total revenues	<u>\$ 11,847,426</u>	<u>\$ 11,769,176</u>	<u>\$ 11,670,120</u>	<u>\$ (99,056)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 13,944,022	\$ 13,751,022	\$ 13,675,727	\$ 75,295
Total expenditures	<u>\$ 13,944,022</u>	<u>\$ 13,751,022</u>	<u>\$ 13,675,727</u>	<u>\$ 75,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,096,596)</u>	<u>\$ (1,981,846)</u>	<u>\$ (2,005,607)</u>	<u>\$ (23,761)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,096,596	\$ 1,981,846	\$ 2,005,607	\$ 23,761
Total other financing sources (uses)	<u>\$ 2,096,596</u>	<u>\$ 1,981,846</u>	<u>\$ 2,005,607</u>	<u>\$ 23,761</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Pension Funding Progress
As of June 30, 2013

PRIMARY GOVERNMENT:**County Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 57,659,430	\$ 77,677,998	\$ 20,018,568	74.23%	\$ 15,919,678	125.75%
06/30/11	57,974,685	74,674,167	16,699,482	77.64%	15,375,418	108.61%
06/30/10	56,738,257	72,332,855	15,594,598	78.44%	15,540,379	100.35%
06/30/09	57,030,988	65,451,866	8,420,878	87.13%	15,760,844	53.43%
06/30/08	56,837,932	61,807,836	4,969,904	91.96%	15,436,487	32.20%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
06/30/12	\$ 8,533,471	\$ 10,624,698	\$ 2,091,227	80.32%	\$ 2,371,018	88.20%
06/30/11	8,657,002	10,255,458	1,598,456	84.41%	2,496,444	64.03%
06/30/10	8,515,223	9,955,761	1,440,538	85.53%	2,518,663	57.19%
06/30/09	8,506,759	8,964,819	458,060	94.89%	2,536,127	18.06%
06/30/08	8,440,261	8,440,970	709	99.99%	2,293,833	0.03%

Schedule of OPEB Funding Progress
As of June 30, 2013

PRIMARY GOVERNMENT:

County Other Post-Employment Benefit Program

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

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Other Post-Employment Benefit Program

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

Note:

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

OTHER SUPPLEMENTARY INFORMATION

Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 5,990,439	\$ 5,733,712	\$ 5,739,880	\$ (6,168)
Interest and other fiscal charges	3,104,521	2,581,105	2,573,576	7,529
Total expenditures	<u>\$ 9,094,960</u>	<u>\$ 8,314,817</u>	<u>\$ 8,313,456</u>	<u>\$ 1,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (9,094,960)</u>	<u>\$ (8,314,817)</u>	<u>\$ (8,313,456)</u>	<u>\$ 1,361</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,757,460	\$ 8,314,817	\$ 8,313,456	\$ (1,361)
Other	337,500	-	-	-
Total other financing sources (uses)	<u>\$ 9,094,960</u>	<u>\$ 8,314,817</u>	<u>\$ 8,313,456</u>	<u>\$ (1,361)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	\$ -	\$ -	\$ -	\$ -
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County Capital Improvements Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ -	\$ 20,530	\$ 20,530	\$ -
Revenue from the use of money and property	-	4,000	4,645	645
Miscellaneous	-	21,000	58,088	37,088
Recovered costs	-	94,060	153,580	59,520
Intergovernmental revenues:				
Commonwealth	-	3,737,000	3,871,126	134,126
Federal	-	1,328,800	1,734,242	405,442
Total revenues	\$ -	\$ 5,205,390	\$ 5,842,211	\$ 636,821
EXPENDITURES				
Capital projects	\$ 564,726	\$ 11,080,253	\$ 13,320,038	\$ (2,239,785)
Total expenditures	\$ 564,726	\$ 11,080,253	\$ 13,320,038	\$ (2,239,785)
Excess (deficiency) of revenues over (under) expenditures	\$ (564,726)	\$ (5,874,863)	\$ (7,477,827)	\$ (1,602,964)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,726,882	\$ 3,091,355	\$ 3,136,607	\$ 45,252
Transfers out	(2,162,156)	(1,883,062)	(1,053,062)	830,000
Issuance of revenue bonds	-	5,935,614	5,526,186	(409,428)
Premium on revenue bonds	-	-	718,271	718,271
Sale of capital assets	-	272,000	375,088	103,088
Total other financing sources (uses)	\$ 564,726	\$ 7,415,907	\$ 8,703,090	\$ 1,287,183
Net change in fund balances	\$ -	\$ 1,541,044	\$ 1,225,263	\$ (315,781)
Fund balances - beginning	-	(1,541,044)	29,876,096	31,417,140
Fund balances - ending	\$ -	\$ -	\$ 31,101,359	\$ 31,101,359

School Capital Improvements Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 8,500	\$ 8,500	\$ 7,263	\$ (1,237)
Miscellaneous	12,731	12,700	27,254	14,554
Total revenues	<u>\$ 21,231</u>	<u>\$ 21,200</u>	<u>\$ 34,517</u>	<u>\$ 13,317</u>
EXPENDITURES				
Current:				
Capital projects	\$ 6,728,561	\$ 7,605,735	\$ 5,088,545	\$ 2,517,190
Total expenditures	<u>\$ 6,728,561</u>	<u>\$ 7,605,735</u>	<u>\$ 5,088,545</u>	<u>\$ 2,517,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,707,330)</u>	<u>\$ (7,584,535)</u>	<u>\$ (5,054,028)</u>	<u>\$ 2,530,507</u>
Net change in fund balances	\$ (6,707,330)	\$ (7,584,535)	\$ (5,054,028)	\$ 2,530,507
Fund balances - beginning	6,707,330	7,584,535	5,926,598	(1,657,937)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 872,570</u>	<u>\$ 872,570</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>					<u>Total</u>
	<u>Special Welfare</u>	<u>Shenandoah Valley Regional Program</u>	<u>Valley Alcohol Safety Action Program</u>	<u>Valley Vocational Technical Education Center</u>	<u>Valley Children's Center</u>	
ASSETS						
Cash and cash equivalents	\$ 130,629	\$ 2,107,276	\$ 161,989	\$ 388,273	\$ 32,570	\$ 2,820,737
Other receivables	-	-	71,856	24,554	-	96,410
Total assets	<u>\$ 130,629</u>	<u>\$ 2,107,276</u>	<u>\$ 233,845</u>	<u>\$ 412,827</u>	<u>\$ 32,570</u>	<u>\$ 2,917,147</u>
LIABILITIES						
Accounts payable	\$ -	\$ 173,383	\$ 4,480	\$ 159,536	1,368	\$ 338,767
Accrued liabilities	-	103,951	24,742	96,408	-	225,101
Amounts held for social services clients	130,629	-	-	-	-	130,629
Amounts held for Shenandoah Valley Regional Program	-	1,829,942	-	-	-	1,829,942
Amounts held for Valley Alcohol Safety Action Program	-	-	204,623	-	-	204,623
Amounts held for Valley Vocational Technical Education Center	-	-	-	156,883	-	156,883
Amounts held for Valley Children's Center	-	-	-	-	31,202	31,202
Total liabilities	<u>\$ 130,629</u>	<u>\$ 2,107,276</u>	<u>\$ 233,845</u>	<u>\$ 412,827</u>	<u>\$ 32,570</u>	<u>\$ 2,917,147</u>

Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 109,388	\$ 213,897	\$ 192,656	\$ 130,629
Total assets	<u>\$ 109,388</u>	<u>\$ 213,897</u>	<u>\$ 192,656</u>	<u>\$ 130,629</u>
LIABILITIES				
Amounts held for social services clients	\$ 109,388	\$ 213,897	\$ 192,656	\$ 130,629
Total liabilities	<u>\$ 109,388</u>	<u>\$ 213,897</u>	<u>\$ 192,656</u>	<u>\$ 130,629</u>
Shenandoah Valley Regional Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 2,646,903	\$ 9,267,152	\$ 9,806,779	\$ 2,107,276
Total assets	<u>\$ 2,646,903</u>	<u>\$ 9,267,152</u>	<u>\$ 9,806,779</u>	<u>\$ 2,107,276</u>
LIABILITIES				
Accounts payable	\$ 170,492	\$ 173,383	\$ 170,492	\$ 173,383
Accrued liabilities	101,764	103,951	101,764	103,951
Amounts held for Shenandoah Valley Regional Program	2,374,647	9,267,152	9,811,857	1,829,942
Total liabilities	<u>\$ 2,646,903</u>	<u>\$ 9,544,486</u>	<u>\$ 10,084,113</u>	<u>\$ 2,107,276</u>
Valley Alcohol Safety Action Program Fund:				
ASSETS				
Cash and cash equivalents	\$ 181,749	\$ 293,576	\$ 313,336	\$ 161,989
Other receivables	-	71,856	-	71,856
Total assets	<u>\$ 181,749</u>	<u>\$ 365,432</u>	<u>\$ 313,336</u>	<u>\$ 233,845</u>
LIABILITIES				
Accounts payable	\$ 1,905	\$ 4,480	\$ 1,905	\$ 4,480
Accrued liabilities	-	24,742	-	24,742
Amounts held for Valley Alcohol Safety Action Program	179,844	328,947	304,168	204,623
Total liabilities	<u>\$ 181,749</u>	<u>\$ 358,169</u>	<u>\$ 306,073</u>	<u>\$ 233,845</u>
Valley Vocational Technical Education Center Fund:				
ASSETS				
Cash and cash equivalents	\$ 437,059	\$ 4,008,361	\$ 4,057,147	\$ 388,273
Other receivables	16,991	24,554	16,991	24,554
Total assets	<u>\$ 454,050</u>	<u>\$ 4,032,915</u>	<u>\$ 4,074,138</u>	<u>\$ 412,827</u>
LIABILITIES				
Accounts payable	\$ 196,602	\$ 159,536	\$ 196,602	\$ 159,536
Accrued liabilities	114,495	96,408	114,495	96,408
Amounts held for Valley Vocational Technical Education Center	142,953	4,008,361	3,994,431	156,883
Total liabilities	<u>\$ 454,050</u>	<u>\$ 4,264,305</u>	<u>\$ 4,305,528</u>	<u>\$ 412,827</u>
Valley Children's Center Fund:				
ASSETS				
Cash and cash equivalents	\$ 17,983	\$ 111,317	\$ 96,730	\$ 32,570
Total assets	<u>\$ 17,983</u>	<u>\$ 111,317</u>	<u>\$ 96,730</u>	<u>\$ 32,570</u>
LIABILITIES				
Accounts payable	\$ 915	\$ 1,368	\$ 915	\$ 1,368
Amounts held for Valley Children's Center	17,068	111,317	97,183	31,202
Total liabilities	<u>\$ 17,983</u>	<u>\$ 112,685</u>	<u>\$ 98,098</u>	<u>\$ 32,570</u>

Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2013 (Continued)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 3,393,082	\$ 13,894,303	\$ 14,466,648	\$ 2,820,737
Other receivables	16,991	96,410	16,991	96,410
Total assets	<u>\$ 3,410,073</u>	<u>\$ 13,990,713</u>	<u>\$ 14,483,639</u>	<u>\$ 2,917,147</u>
LIABILITIES				
Accounts payable	\$ 369,914	\$ 338,767	\$ 369,914	\$ 338,767
Accrued liabilities	216,259	225,101	216,259	225,101
Amounts held for social services clients	109,388	213,897	192,656	130,629
Amounts held for Shenandoah Valley Regional Program	2,374,647	9,267,152	9,811,857	1,829,942
Amounts held for Valley Alcohol Safety Action Program	179,844	328,947	304,168	204,623
Amounts held for Valley Vocational Technical Education Center	142,953	4,008,361	3,994,431	156,883
Amounts held for Valley Children's Center	17,068	111,317	97,183	31,202
Total liabilities	<u>\$ 3,410,073</u>	<u>\$ 14,493,542</u>	<u>\$ 14,986,468</u>	<u>\$ 2,917,147</u>

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

Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules by Source
 June 30, 2013

	<u>2013</u>	<u>2012</u>
Governmental funds capital assets:		
Land	\$ 5,258,646	\$ 5,510,171
Buildings and improvements	80,494,713	86,122,159
Machinery and equipment	10,994,111	10,005,423
Land improvement	1,377,266	1,377,266
Construction in progress	114,226	151,747
Total governmental funds capital assets	<u>\$ 98,238,962</u>	<u>\$ 103,166,766</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 97,963,872	\$ 102,909,462
Special revenue funds	275,090	257,304
Total governmental funds capital assets by source	<u>\$ 98,238,962</u>	<u>\$ 103,166,766</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2013

Function and Activity	Land	Land Improvements	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 3,629,839	\$ 1,161,436	\$ 26,294,337	\$ 868,648	\$ 18,216	\$ 31,972,476
County administrator	-	-	-	44,171	-	44,171
Commissioner of revenue	-	-	-	53,071	-	53,071
Central accounting	-	-	-	22,175	-	22,175
Management information systems	-	-	-	692,737	-	692,737
Total general government administration	\$ 3,629,839	\$ 1,161,436	\$ 26,294,337	\$ 1,680,802	\$ 18,216	\$ 32,784,630
Judicial administration:						
Clerk of Circuit Court	\$ -	\$ -	\$ -	\$ 187,795	\$ -	\$ 187,795
General District Court	-	-	-	19,252	-	19,252
Total judicial administration	\$ -	\$ -	\$ -	\$ 207,047	\$ -	\$ 207,047
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 2,544,089	\$ -	\$ 2,544,089
Emergency operations	-	-	-	1,448,985	96,010	1,544,995
Fire department	-	-	202,537	3,283,900	-	3,486,437
Emergency services	-	-	-	62,258	-	62,258
Juvenile detention and probation	-	-	12,520	32,313	-	44,833
Building inspections	-	-	-	91,948	-	91,948
Animal control	-	-	-	68,252	-	68,252
Drug enforcement	-	-	-	71,284	-	71,284
Total public safety	\$ -	\$ -	\$ 215,057	\$ 7,603,029	\$ 96,010	\$ 7,914,096
Public works:						
Sanitation and waste removal	\$ 60,446	\$ -	\$ -	\$ 169,209	\$ -	\$ 229,655
Maintenance of buildings and grounds	45,700	162,207	283,628	198,851	-	690,386
Total public works	\$ 106,146	\$ 162,207	\$ 283,628	\$ 368,060	\$ -	\$ 920,041
Education:						
Schools	\$ -	\$ -	\$ 53,389,729	\$ -	\$ -	\$ 53,389,729
Total education	\$ -	\$ -	\$ 53,389,729	\$ -	\$ -	\$ 53,389,729
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 275,090	\$ -	\$ 275,090
Total health and welfare	\$ -	\$ -	\$ -	\$ 275,090	\$ -	\$ 275,090
Parks, recreation, and cultural:						
Parks and recreation	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 477,319	\$ -	\$ 2,365,565
Library	-	-	-	248,397	-	248,397
Total parks, recreation, and cultural	\$ 1,522,661	\$ 53,623	\$ 311,962	\$ 725,716	\$ -	\$ 2,613,962
Community development:						
Community development	\$ -	\$ -	\$ -	\$ 134,367	\$ -	\$ 134,367
Total community development	\$ -	\$ -	\$ -	\$ 134,367	\$ -	\$ 134,367
Total governmental funds capital assets	\$ 5,258,646	\$ 1,377,266	\$ 80,494,713	\$ 10,994,111	\$ 114,226	\$ 98,238,962

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2013

Function and Activity	Governmental Funds Capital Assets June 30, 2012	Additions	Deductions	Governmental Funds Capital Assets June 30, 2013
General government administration:				
Board of supervisors	\$ 32,051,826	\$ 421,968	\$ (501,318)	\$ 31,972,476
County administrator	44,171	-	-	44,171
Commissioner of revenue	53,071	-	-	53,071
Central accounting	22,175	-	-	22,175
Management information systems	634,669	98,088	(40,020)	692,737
Total general government administration	<u>\$ 32,805,912</u>	<u>\$ 520,056</u>	<u>\$ (541,338)</u>	<u>\$ 32,784,630</u>
Judicial administration:				
Clerk of Circuit Court	\$ 187,795	\$ -	\$ -	\$ 187,795
General District Court	19,252	-	-	19,252
Total judicial administration	<u>\$ 207,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,047</u>
Public safety:				
Sheriff	\$ 2,472,622	\$ 376,551	\$ (305,084)	\$ 2,544,089
Emergency operations	1,448,985	96,010	-	1,544,995
Fire department	2,987,764	498,673	-	3,486,437
Emergency services	62,258	-	-	62,258
Juvenile detention and probation	44,833	-	-	44,833
Building inspections	91,948	-	-	91,948
Animal control	68,252	-	-	68,252
Drug enforcement	71,284	-	-	71,284
Total public safety	<u>\$ 7,247,946</u>	<u>\$ 971,234</u>	<u>\$ (305,084)</u>	<u>\$ 7,914,096</u>
Public works:				
Sanitation and waste removal	\$ 229,655	\$ -	\$ -	\$ 229,655
Maintenance of buildings and grounds	601,562	104,536	(15,712)	690,386
Total public works	<u>\$ 831,217</u>	<u>\$ 104,536</u>	<u>\$ (15,712)</u>	<u>\$ 920,041</u>
Education:				
Schools	\$ 59,129,609	\$ -	\$ (5,739,880)	\$ 53,389,729
Total education	<u>\$ 59,129,609</u>	<u>\$ -</u>	<u>\$ (5,739,880)</u>	<u>\$ 53,389,729</u>
Health and welfare:				
Social services	\$ 257,304	\$ 17,786	\$ -	\$ 275,090
Total health and welfare	<u>\$ 257,304</u>	<u>\$ 17,786</u>	<u>\$ -</u>	<u>\$ 275,090</u>
Parks, recreation, and cultural:				
Parks and recreation	\$ 2,316,581	\$ 48,984	\$ -	\$ 2,365,565
Library	234,607	13,790	-	248,397
Total parks, recreation, and cultural	<u>\$ 2,551,188</u>	<u>\$ 62,774</u>	<u>\$ -</u>	<u>\$ 2,613,962</u>
Community development:				
Community development	\$ 136,543	\$ 15,828	\$ (18,004)	\$ 134,367
Total community development	<u>\$ 136,543</u>	<u>\$ 15,828</u>	<u>\$ (18,004)</u>	<u>\$ 134,367</u>
Total governmental funds capital assets	<u>\$ 103,166,766</u>	<u>\$ 1,692,214</u>	<u>\$ (6,620,018)</u>	<u>\$ 98,238,962</u>

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2013

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,846,135	\$ 274,444	\$ 2,120,579
Cash in custody of others	3,000	-	-	3,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	270,672	-	-	270,672
Due from primary government	6,800,090	-	460	6,800,550
Due from other governmental units	2,198,834	-	371,234	2,570,068
Total assets	<u>\$ 9,272,596</u>	<u>\$ 1,846,135</u>	<u>\$ 646,138</u>	<u>\$ 11,764,869</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ 180,429	\$ 180,429
Accounts payable	4,211,919	167,198	108,506	4,487,623
Accrued liabilities	5,060,677	138,419	146,679	5,345,775
Due to primary government	-	-	210,524	210,524
Unearned revenue	-	57,726	-	57,726
Total liabilities	<u>\$ 9,272,596</u>	<u>\$ 363,343</u>	<u>\$ 646,138</u>	<u>\$ 10,282,077</u>
Fund balances:				
Assigned	\$ -	\$ 1,482,792	\$ -	\$ 1,482,792
Total fund balances	<u>\$ -</u>	<u>\$ 1,482,792</u>	<u>\$ -</u>	<u>\$ 1,482,792</u>
Total liabilities and fund balances	<u>\$ 9,272,596</u>	<u>\$ 1,846,135</u>	<u>\$ 646,138</u>	<u>\$ 11,764,869</u>

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

Total fund balances per above	\$ 1,482,792
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	79,495,252
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,243,578)</u>
Net position of governmental activities	<u>\$ 76,734,466</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 36,365	\$ 7,569	\$ -	\$ 43,934
Charges for services	1,422,491	2,079,997	713,760	4,216,248
Miscellaneous	292,964	-	6,963	299,927
Intergovernmental revenues:				
Local government	33,821,243	-	-	33,821,243
Commonwealth	51,008,139	72,361	529,325	51,609,825
Federal	7,232,821	2,672,867	2,281,248	12,186,936
Total revenues	<u>\$ 93,814,023</u>	<u>\$ 4,832,794</u>	<u>\$ 3,531,296</u>	<u>\$ 102,178,113</u>
EXPENDITURES				
Current:				
Education	\$ 93,814,023	\$ 4,753,923	\$ 3,527,967	\$ 102,095,913
Contribution to Primary Government	-	-	3,329	3,329
Total expenditures	<u>\$ 93,814,023</u>	<u>\$ 4,753,923</u>	<u>\$ 3,531,296</u>	<u>\$ 102,099,242</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 78,871	\$ -	\$ 78,871
Net change in fund balances	\$ -	\$ 78,871	\$ -	\$ 78,871
Fund balances - beginning	-	1,403,921	-	1,403,921
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,482,792</u>	<u>\$ -</u>	<u>\$ 1,482,792</u>

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

Net change in fund balances - total governmental funds - per above	\$ 78,871
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	5,805,543
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	<u>(1,068,566)</u>
Change in net position of governmental activities	<u>\$ 4,815,848</u>

County of Augusta, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 36,150	\$ 36,150	\$ 36,365	\$ 215
Charges for services	947,107	975,701	1,422,491	446,790
Miscellaneous	595,829	659,332	292,964	(366,368)
Intergovernmental revenues:				
Local government	34,865,816	34,285,816	33,821,243	(464,573)
Commonwealth	49,798,115	50,719,560	51,008,139	288,579
Federal	4,844,206	7,276,532	7,232,821	(43,711)
Total revenues	<u>\$ 91,087,223</u>	<u>\$ 93,953,091</u>	<u>\$ 93,814,023</u>	<u>\$ (139,068)</u>
EXPENDITURES				
Current:				
Education	\$ 91,087,223	\$ 93,953,091	\$ 93,814,023	\$ 139,068
Total expenditures	<u>\$ 91,087,223</u>	<u>\$ 93,953,091</u>	<u>\$ 93,814,023</u>	<u>\$ 139,068</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 16,000	\$ 13,000	\$ 7,569	\$ (5,431)
2,397,176	2,203,122	2,079,997	(123,125)
-	-	-	-
83,874	83,874	72,361	(11,513)
2,216,175	2,295,500	2,672,867	377,367
<u>\$ 4,713,225</u>	<u>\$ 4,595,496</u>	<u>\$ 4,832,794</u>	<u>\$ 237,298</u>
<u>\$ 4,713,225</u>	<u>\$ 4,595,496</u>	<u>\$ 4,753,923</u>	<u>\$ (158,427)</u>
<u>\$ 4,713,225</u>	<u>\$ 4,595,496</u>	<u>\$ 4,753,923</u>	<u>\$ (158,427)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,871</u>	<u>\$ 78,871</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,871</u>	<u>\$ 78,871</u>
<u>-</u>	<u>-</u>	<u>1,403,921</u>	<u>1,403,921</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,482,792</u>	<u>\$ 1,482,792</u>

Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2013

	<u>Matthews Training Private- Purpose Trust</u>
ASSETS	
Cash and cash equivalents	\$ <u>80,975</u>
NET POSITION	
Held in trust for scholarships	\$ <u>80,975</u>

Statement of Changes in Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2013

	Matthews Training Private- Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 2,590
Total additions	<u>\$ 2,590</u>
DEDUCTIONS	
Scholarships	\$ -
Total deductions	<u>\$ -</u>
Change in net position	\$ 2,590
Net position - beginning	78,385
Net position - ending	<u><u>\$ 80,975</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 June 30, 2013

	<u>Head Start Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 274,444	\$ 274,444
Due from primary government	460	-	460
Due from other governmental units	371,234	-	371,234
Total assets	<u>\$ 371,694</u>	<u>\$ 274,444</u>	<u>\$ 646,138</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Reconciled overdraft	\$ 180,429	\$ -	\$ 180,429
Accounts payable	81,684	26,822	108,506
Accrued liabilities	109,581	37,098	146,679
Due to primary government	-	210,524	210,524
Total liabilities	<u>\$ 371,694</u>	<u>\$ 274,444</u>	<u>\$ 646,138</u>
Total liabilities and fund balances	<u>\$ 371,694</u>	<u>\$ 274,444</u>	<u>\$ 646,138</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	Head Start Fund	Governor's School Fund	Total
REVENUES			
Charges for services	\$ -	\$ 713,760	\$ 713,760
Miscellaneous	-	6,963	6,963
Intergovernmental revenues:			
Local government	-	-	-
Commonwealth	-	529,325	529,325
Federal	2,281,248	-	2,281,248
Total revenues	<u>\$ 2,281,248</u>	<u>\$ 1,250,048</u>	<u>\$ 3,531,296</u>
EXPENDITURES			
Current:			
Education	\$ 2,281,083	\$ 1,246,884	\$ 3,527,967
Contribution to Augusta County	165	3,164	3,329
Total expenditures	<u>\$ 2,281,248</u>	<u>\$ 1,250,048</u>	<u>\$ 3,531,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Augusta, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	Head Start Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	-	-	-	-
Federal	2,218,306	2,310,745	2,281,248	(29,497)
Total revenues	<u>\$ 2,218,306</u>	<u>\$ 2,310,745</u>	<u>\$ 2,281,248</u>	<u>\$ (29,497)</u>
EXPENDITURES				
Current:				
Education	\$ 2,218,306	\$ 2,310,745	\$ 2,281,083	\$ 29,662
Contribution to County of Augusta, Virginia	-	-	165	(165)
Total expenditures	<u>\$ 2,218,306</u>	<u>\$ 2,310,745</u>	<u>\$ 2,281,248</u>	<u>\$ 29,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Exhibit 27

Governor's School Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 694,098	\$ 714,701	\$ 713,760	\$ (941)
10,000	10,000	6,963	(3,037)
30,000	-	-	-
530,191	530,191	529,325	(866)
-	-	-	-
<u>\$ 1,264,289</u>	<u>\$ 1,254,892</u>	<u>\$ 1,250,048</u>	<u>\$ (4,844)</u>
\$ 1,264,289	\$ 1,269,892	\$ 1,246,884	\$ 23,008
-	-	3,164	(3,164)
<u>\$ 1,264,289</u>	<u>\$ 1,269,892</u>	<u>\$ 1,250,048</u>	<u>\$ 19,844</u>
\$ -	\$ (15,000)	\$ -	\$ 15,000
-	-	-	-
\$ -	\$ (15,000)	\$ -	\$ 15,000
-	-	-	-
<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ 15,000</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Comparative Schedules by Source
 June 30, 2013

	<u>2013</u>	<u>2012</u>
Governmental funds capital assets:		
Land	\$ 1,842,711	\$ 2,090,973
Buildings and improvements	110,643,396	105,982,820
Machinery and equipment	22,930,402	22,305,629
Construction in progress	14,727,100	9,785,410
Total governmental funds capital assets	<u>\$ 150,143,609</u>	<u>\$ 140,164,832</u>
Investments in governmental funds capital assets by source:		
School operating fund	\$ 150,023,494	\$ 140,052,700
Special revenue funds	120,115	112,132
Total governmental funds capital assets	<u>\$ 150,143,609</u>	<u>\$ 140,164,832</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
Schedule by Function and Activity
June 30, 2013

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Education:					
Schools	\$ <u>1,842,711</u>	\$ <u>110,643,396</u>	\$ <u>22,930,402</u>	\$ <u>14,727,100</u>	\$ <u>150,143,609</u>
Total governmental funds capital assets	\$ <u>1,842,711</u>	\$ <u>110,643,396</u>	\$ <u>22,930,402</u>	\$ <u>14,727,100</u>	\$ <u>150,143,609</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2013

<u>Function and Activity</u>	<u>Funds Capital Assets June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2013</u>
Education:				
Schools	\$ 140,164,832	\$ 12,163,360	\$ (2,184,583)	\$ 150,143,609
Total governmental funds capital assets	<u>\$ 131,224,977</u>	<u>\$ 12,163,360</u>	<u>\$ (2,184,583)</u>	<u>\$ 150,143,609</u>

Statement of Changes in Assets and Liabilities - Agency Funds
 Discretely Presented Component Unit - School Board
 June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>School Activity Funds</u>				
Assets:				
Cash and temporary investments	\$ 1,762,906	\$ 4,146,098	\$ 4,131,542	\$ 1,777,462
Total assets	<u>\$ 1,762,906</u>	<u>\$ 4,146,098</u>	<u>\$ 4,131,542</u>	<u>\$ 1,777,462</u>
Liabilities:				
Collections held in trust	\$ 1,762,906	\$ 4,146,098	\$ 4,131,542	\$ 1,777,462
Total liabilities	<u>\$ 1,762,906</u>	<u>\$ 4,146,098</u>	<u>\$ 4,131,542</u>	<u>\$ 1,777,462</u>

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SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 31,712,500	\$ 32,632,500	\$ 32,724,166	\$ 91,666
Real and personal public service corporation taxes	1,336,500	1,541,000	1,582,897	41,897
Personal property taxes	8,384,000	9,045,000	9,155,787	110,787
Mobile home taxes	168,000	171,000	176,764	5,764
Machinery and tools taxes	3,113,000	3,252,000	3,257,206	5,206
Penalties	315,000	315,000	355,623	40,623
Interest	240,000	240,000	331,558	91,558
Total general property taxes	<u>\$ 45,269,000</u>	<u>\$ 47,196,500</u>	<u>\$ 47,584,001</u>	<u>\$ 387,501</u>
Other local taxes:				
Local sales and use taxes	\$ 4,700,000	\$ 4,600,000	\$ 4,823,327	\$ 223,327
Consumers' utility taxes	4,275,000	4,275,000	4,272,272	(2,728)
Business license taxes	3,100,000	3,200,000	3,183,170	(16,830)
Utility license taxes	270,000	270,000	272,210	2,210
Bank stock taxes	215,000	220,000	213,457	(6,543)
Taxes on recordation and wills	630,000	630,000	640,074	10,074
Hotel and motel room taxes	445,000	445,000	450,677	5,677
Restaurant food taxes	2,204,470	2,219,470	2,246,096	26,626
Interest on local taxes	40,000	40,000	52,709	12,709
Total other local taxes	<u>\$ 15,879,470</u>	<u>\$ 15,899,470</u>	<u>\$ 16,153,992</u>	<u>\$ 254,522</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 55,000	\$ 55,000	\$ 45,921	\$ (9,079)
Land use application fees	31,000	47,000	46,412	(588)
Transfer fees	2,000	2,000	1,796	(204)
Cellular tower fees	14,700	14,700	4,500	(10,200)
Permits and other licenses	440,900	418,800	427,993	9,193
Total permits, privilege fees, and regulatory licenses	<u>\$ 543,600</u>	<u>\$ 537,500</u>	<u>\$ 526,622</u>	<u>\$ (10,878)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 215,000	\$ 250,000	\$ 224,888	\$ (25,112)
Dog violation fines	17,500	15,000	14,565	(435)
Total fines and forfeitures	<u>\$ 232,500</u>	<u>\$ 265,000</u>	<u>\$ 239,453</u>	<u>\$ (25,547)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 276,700	\$ 191,800	\$ 193,576	\$ 1,776
Revenue from use of property	337,100	343,100	339,324	(3,776)
Total revenue from use of money and property	<u>\$ 613,800</u>	<u>\$ 534,900</u>	<u>\$ 532,900</u>	<u>\$ (2,000)</u>
Charges for services:				
Excess fees of clerk	\$ 34,000	\$ 34,000	\$ 43,173	\$ 9,173
Charges for law enforcement and traffic control	7,600	7,600	10,321	2,721
Charges for courthouse maintenance	85,000	80,000	69,371	(10,629)
Treasurer's collection fees	93,000	83,000	85,644	2,644
Concealed weapons permits	7,000	40,000	43,001	3,001
Courthouse security fees	130,000	130,000	119,441	(10,559)
Charges for Commonwealth's Attorney	7,000	7,000	6,062	(938)
Miscellaneous jail and inmate fees	15,000	15,000	12,063	(2,937)
Charges for sanitation and waste removal	1,000,000	1,000,000	947,251	(52,749)
Charges for parks and recreation	427,000	438,600	404,067	(34,533)
Charges for after school programs	303,000	303,000	298,745	(4,255)
Charges for day care	100,000	100,000	99,712	(288)
Charges for library	17,900	17,000	13,881	(3,119)
EMS transport service	567,000	670,000	875,500	205,500
Total charges for services	<u>\$ 2,793,500</u>	<u>\$ 2,925,200</u>	<u>\$ 3,028,232</u>	<u>\$ 103,032</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 79,000	\$ 82,000	\$ 80,346	\$ (1,654)
Repayment of loans from fire companies	172,000	303,455	303,455	-
Seized funds	-	2,000	16,774	14,774
Contribution	-	-	56,700	56,700
Total miscellaneous revenue	<u>\$ 251,000</u>	<u>\$ 387,455</u>	<u>\$ 457,275</u>	<u>\$ 69,820</u>
Recovered costs:				
Fiscal agent fees-MRRJ	\$ 86,405	\$ 86,405	\$ 86,404	\$ (1)
Juvenile and domestic relations court costs	21,215	20,000	19,549	(451)
Other recovered costs	58,300	91,580	92,944	1,364
Total recovered costs	<u>\$ 165,920</u>	<u>\$ 197,985</u>	<u>\$ 198,897</u>	<u>\$ 912</u>
Total revenue from local sources	<u>\$ 65,748,790</u>	<u>\$ 67,944,010</u>	<u>\$ 68,721,372</u>	<u>\$ 777,362</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 78,500	\$ 88,000	\$ 103,000	\$ 15,000
Mobile home titling tax	115,000	115,000	110,525	(4,475)
Timber sales	1,600	39,350	44,267	4,917
Motor vehicle rental tax	40,000	70,000	80,153	10,153
State recordation tax	210,000	175,000	176,908	1,908
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Reduction in state aid	(164,000)	(180,030)	(287,790)	(107,760)
Total noncategorical aid	<u>\$ 4,577,100</u>	<u>\$ 4,603,320</u>	<u>\$ 4,523,056</u>	<u>\$ (80,264)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 527,200	\$ 537,000	\$ 536,480	\$ (520)
Sheriff	2,703,700	2,726,400	2,716,066	(10,334)
Commissioner of revenue	200,200	200,200	199,544	(656)
Treasurer	150,700	150,700	150,657	(43)
Registrar/electoral board	48,000	45,100	44,659	(441)
Clerk of the Circuit Court	418,300	418,300	414,772	(3,528)
Total shared expenses	<u>\$ 4,048,100</u>	<u>\$ 4,077,700</u>	<u>\$ 4,062,178</u>	<u>\$ (15,522)</u>
Other categorical aid:				
Emergency medical services	\$ 80,600	\$ 78,000	\$ 79,293	\$ 1,293
Department of health fire instructional grant	5,000	10,000	7,860	(2,140)
Litter control grant	14,200	20,300	20,258	(42)
Library grant	151,100	154,200	154,195	(5)
Grant for restoration of records	25,000	16,200	16,205	5
Victim-witness grant	71,920	71,920	71,895	(25)
Performing arts grant	5,100	5,000	5,000	-
Fireman's insurance fund	185,800	203,000	207,707	4,707
Technology trust fund	40,000	45,275	26,046	(19,229)
Seized funds	10,000	10,000	13,987	3,987
Saturation patrol grant	-	-	23,438	23,438
E-911 wireless funding	136,000	136,000	154,629	18,629
Spay and neuter funds	2,000	2,000	1,972	(28)
Total other categorical aid	<u>\$ 726,720</u>	<u>\$ 751,895</u>	<u>\$ 782,485</u>	<u>\$ 30,590</u>
Total categorical aid	<u>\$ 4,774,820</u>	<u>\$ 4,829,595</u>	<u>\$ 4,844,663</u>	<u>\$ 15,068</u>
Total revenue from the Commonwealth	<u>\$ 9,351,920</u>	<u>\$ 9,432,915</u>	<u>\$ 9,367,719</u>	<u>\$ (65,196)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental revenues: (continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 264,000	\$ 272,000	\$ 272,017	\$ 17
Categorical aid:				
DMV ground transportation safety grant	\$ 33,000	\$ 35,000	\$ 32,384	\$ (2,616)
Domestic violence grant	31,020	31,020	32,221	1,201
Sane grant	18,210	18,210	13,449	(4,761)
Seized funds	-	2,000	986	(1,014)
DEQ royalty grant	-	-	1,031	1,031
Justice assistance grant	5,000	10,300	35,788	25,488
Homeland security grant	-	693,600	780,059	86,459
Hazardous material grant	-	-	3,416	3,416
Community development block grant	10,000	20,500	20,500	-
FEMA disaster relief	-	55,100	50,425	(4,675)
Voting access grant	-	-	439	439
Stomwater program development grant	-	-	15,380	15,380
Total categorical aid	<u>\$ 97,230</u>	<u>\$ 865,730</u>	<u>\$ 986,078</u>	<u>\$ 120,348</u>
Total revenue from the federal government	<u>\$ 361,230</u>	<u>\$ 1,137,730</u>	<u>\$ 1,258,095</u>	<u>\$ 120,365</u>
Total General Fund	<u>\$ 75,461,940</u>	<u>\$ 78,514,655</u>	<u>\$ 79,347,186</u>	<u>\$ 832,531</u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 328,261	\$ 332,507	\$ 329,763	\$ (2,744)
Recovered costs:				
City of Staunton, Virginia	\$ 544,590	\$ 544,590	\$ 544,588	\$ (2)
City of Waynesboro, Virginia	579,760	579,760	579,760	-
Total recovered costs	<u>\$ 1,124,350</u>	<u>\$ 1,124,350</u>	<u>\$ 1,124,348</u>	<u>\$ (2)</u>
Total revenue from local sources	<u>\$ 1,452,611</u>	<u>\$ 1,456,857</u>	<u>\$ 1,454,111</u>	<u>\$ (2,746)</u>
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,881,438	\$ 2,918,715	\$ 2,894,625	\$ (24,090)
Other grants and programs	157,225	157,225	157,224	(1)
Comprehensive Services Act program	2,295,000	2,109,750	1,891,476	(218,274)
Total categorical aid	<u>\$ 5,333,663</u>	<u>\$ 5,185,690</u>	<u>\$ 4,943,325</u>	<u>\$ (242,365)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 5,061,152	\$ 5,126,629	\$ 5,084,315	\$ (42,314)
Comprehensive Services Act program	-	-	188,369	188,369
Total categorical aid	<u>5,061,152</u>	<u>5,126,629</u>	<u>5,272,684</u>	<u>146,055</u>
Total revenue from the federal government	<u>\$ 5,061,152</u>	<u>\$ 5,126,629</u>	<u>\$ 5,272,684</u>	<u>\$ 146,055</u>
Total Virginia Public Assistance Fund	<u>\$ 11,847,426</u>	<u>\$ 11,769,176</u>	<u>\$ 11,670,120</u>	<u>\$ (99,056)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Improvement Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Other local taxes:				
Restaurant food taxes	\$ -	\$ 20,530	\$ 20,530	\$ -
Total other local taxes	\$ -	\$ 20,530	\$ 20,530	\$ -
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 597	\$ 597
Revenue from the use of property	-	4,000	4,048	48
Total revenue from use of money and property	\$ -	\$ 4,000	\$ 4,645	\$ 645
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 21,000	\$ 58,088	\$ 37,088
Total miscellaneous revenue	\$ -	\$ 21,000	\$ 58,088	\$ 37,088
Recovered costs:				
Other recovered costs	\$ -	\$ 94,060	\$ 153,580	\$ 59,520
Total recovered costs	\$ -	\$ 94,060	\$ 153,580	\$ 59,520
Total revenue from local sources	\$ -	\$ 139,590	\$ 236,843	\$ 97,253
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Hazardous Material Grant	\$ -	\$ 10,000	\$ 21,590	\$ 11,590
Rescue squad assistance fund grant	-	102,000	198,698	96,698
Reimbursement Department of Transportation	-	2,200,000	2,602,507	402,507
Commonwealth Governor Opportunity Funds	-	950,000	450,000	(500,000)
Virginia Water Facilities Revolving Fund	-	475,000	598,331	123,331
Total categorical aid	\$ -	\$ 3,737,000	\$ 3,871,126	\$ 134,126
Revenue from the federal government:				
Categorical aid:				
Homeland security grant, regional radio communications	\$ -	\$ 1,275,000	\$ 1,710,956	\$ 435,956
Hazardous material grant	-	12,000	9,346	(2,654)
Homeland security grant, flood map survey, Back Creek	-	16,800	-	(16,800)
Transportation enhancement	-	25,000	13,940	(11,060)
Total categorical aid	\$ -	\$ 1,328,800	\$ 1,734,242	\$ 405,442
Total County Capital Improvements Fund	\$ -	\$ 5,205,390	\$ 5,842,211	\$ 636,821
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,500	\$ 8,500	\$ 7,263	\$ (1,237)
Total revenue from use of money and property	\$ 8,500	\$ 8,500	\$ 7,263	\$ (1,237)
Miscellaneous revenue:				
Other miscellaneous	\$ 12,731	\$ 12,700	\$ 27,254	\$ 14,554
Total miscellaneous revenue	\$ 12,731	\$ 12,700	\$ 27,254	\$ 14,554
Total revenue from local sources	\$ 21,231	\$ 21,200	\$ 34,517	\$ 13,317
Total School Capital Improvements Fund	\$ 21,231	\$ 21,200	\$ 34,517	\$ 13,317
Total Primary Government	\$ 87,330,597	\$ 95,510,421	\$ 96,894,034	\$ 1,383,613

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 36,150	\$ 36,150	\$ 36,365	\$ 215
Total revenue from use of money and property	<u>\$ 36,150</u>	<u>\$ 36,150</u>	<u>\$ 36,365</u>	<u>\$ 215</u>
Charges for services:				
Charges for education	\$ 476,825	\$ 468,561	\$ 430,868	\$ (37,693)
Tuition and payments from other divisions	470,282	507,140	991,623	484,483
Total charges for services	<u>\$ 947,107</u>	<u>\$ 975,701</u>	<u>\$ 1,422,491</u>	<u>\$ 446,790</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 595,829	\$ 659,332	\$ 292,964	\$ (366,368)
Total revenue from local sources	<u>\$ 1,579,086</u>	<u>\$ 1,671,183</u>	<u>\$ 1,751,820</u>	<u>\$ 80,637</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 34,865,816	\$ 34,285,816	\$ 33,821,243	\$ (464,573)
Total revenues from local governments	<u>\$ 34,865,816</u>	<u>\$ 34,285,816</u>	<u>\$ 33,821,243</u>	<u>\$ (464,573)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,750,000	\$ 10,750,000	\$ 10,697,927	\$ (52,073)
Basic school aid	27,402,960	27,125,406	27,414,919	289,513
Regular foster care	95,005	85,413	63,276	(22,137)
Adult secondary education	75,305	100,483	84,854	(15,629)
Gifted and talented	301,220	302,246	305,308	3,062
Remedial education	615,536	617,633	623,890	6,257
Special education	1,060,818	1,064,431	1,075,215	10,784
Textbook payment	611,018	589,577	595,550	5,973
Standards of learning-project graduation	-	38,600	43,600	5,000
Vocational standards of quality payments	962,594	1,340,395	1,353,974	13,579
Vocational adult education	21,087	27,485	26,133	(1,352)
Social security fringe benefits	1,558,485	1,596,647	1,612,822	16,175
Retirement fringe benefits	2,311,535	2,661,078	2,688,037	26,959
Group life insurance instructional	98,224	98,558	99,557	999
Early reading intervention	133,311	115,403	115,403	-
Homebound education	39,857	20,453	20,453	-
Regional program tuition	688,983	630,877	601,558	(29,319)
Vocational education - equipment	29,077	29,077	28,885	(192)
Vocational occupational preparedness	161,352	177,727	187,771	10,044
Mentor teacher program	7,810	8,585	8,585	-
Special education - foster children	57,357	51,567	73,704	22,137
At risk payments	462,684	458,954	463,526	4,572
Primary class size	864,360	875,668	875,668	-
Technology	596,000	596,000	596,000	-
Standards of Learning algebra readiness	93,703	95,693	95,693	-
At risk four-year olds	573,570	573,570	573,570	-
English as a second language	108,069	109,817	109,817	-
Race to GED	-	33,291	-	(33,291)
Additional retirement inflation - preschool	-	482,561	482,561	-
Other state funds	118,195	62,365	89,883	27,518
Total categorical aid	<u>\$ 49,798,115</u>	<u>\$ 50,719,560</u>	<u>\$ 51,008,139</u>	<u>\$ 288,579</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental revenues: (continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 175,801	\$ 175,801	\$ 174,746	\$ (1,055)
Adult literacy	155,887	153,069	-	(153,069)
Title I	1,369,970	1,698,617	1,847,289	148,672
Title VI-B, special education flow-through	2,482,900	2,529,835	2,506,953	(22,882)
Vocational education	134,393	139,125	135,731	(3,394)
Title VI-B, special education pre-school	66,218	55,309	54,066	(1,243)
Language acquisition	16,564	24,839	5,166	(19,673)
Title II Part A	292,674	297,463	290,428	(7,035)
ITCV grant	93,911	55,645	55,645	-
FEMA disaster relief	-	-	4,095	4,095
Longitudinal data system grant	-	-	32,307	32,307
ARRA-Education jobs fund	55,888	2,146,829	2,126,395	(20,434)
Total categorical aid	<u>\$ 4,844,206</u>	<u>\$ 7,276,532</u>	<u>\$ 7,232,821</u>	<u>\$ (43,711)</u>
Total School Operating Fund	<u>\$ 91,087,223</u>	<u>\$ 93,953,091</u>	<u>\$ 93,814,023</u>	<u>\$ (139,068)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 16,000</u>	<u>\$ 13,000</u>	<u>\$ 7,569</u>	<u>\$ (5,431)</u>
Charges for services:				
Cafeteria sales	<u>\$ 2,397,176</u>	<u>\$ 2,203,122</u>	<u>\$ 2,079,997</u>	<u>\$ (123,125)</u>
Total revenue from local sources	<u>\$ 2,413,176</u>	<u>\$ 2,216,122</u>	<u>\$ 2,087,566</u>	<u>\$ (128,556)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	<u>\$ 83,874</u>	<u>\$ 83,874</u>	<u>\$ 72,361</u>	<u>\$ (11,513)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 2,216,175	\$ 2,295,500	\$ 2,319,362	\$ 23,862
USDA donated food	-	-	353,505	353,505
Total categorical aid	<u>\$ 2,216,175</u>	<u>\$ 2,295,500</u>	<u>\$ 2,672,867</u>	<u>\$ 377,367</u>
Total revenue from the federal government	<u>\$ 2,216,175</u>	<u>\$ 2,295,500</u>	<u>\$ 2,672,867</u>	<u>\$ 377,367</u>
Total School Cafeteria Fund	<u>\$ 4,713,225</u>	<u>\$ 4,595,496</u>	<u>\$ 4,832,794</u>	<u>\$ 237,298</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
Head Start Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Head Start grant	\$ 2,218,306	\$ 2,310,745	\$ 2,281,248	\$ (29,497)
Total categorical aid	<u>\$ 2,218,306</u>	<u>\$ 2,310,745</u>	<u>\$ 2,281,248</u>	<u>\$ (29,497)</u>
Total revenue from the federal government	<u>\$ 2,218,306</u>	<u>\$ 2,310,745</u>	<u>\$ 2,281,248</u>	<u>\$ (29,497)</u>
Total Head Start Fund	<u>\$ 2,218,306</u>	<u>\$ 2,310,745</u>	<u>\$ 2,281,248</u>	<u>\$ (29,497)</u>
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 694,098	\$ 714,701	\$ 713,760	\$ (941)
Total charges for services	<u>\$ 694,098</u>	<u>\$ 714,701</u>	<u>\$ 713,760</u>	<u>\$ (941)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 10,000	\$ 10,000	\$ 6,963	\$ (3,037)
Total miscellaneous revenue	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 6,963</u>	<u>\$ (3,037)</u>
Total revenue from local sources	<u>\$ 704,098</u>	<u>\$ 724,701</u>	<u>\$ 720,723</u>	<u>\$ (3,978)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	\$ 30,000	\$ -	\$ -	\$ -
Total revenues from local governments	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 504,191	\$ 504,191	\$ 503,325	\$ (866)
Technology funds	26,000	26,000	26,000	-
Total categorical aid	<u>\$ 530,191</u>	<u>\$ 530,191</u>	<u>\$ 529,325</u>	<u>\$ (866)</u>
Total revenue from the Commonwealth	<u>\$ 530,191</u>	<u>\$ 530,191</u>	<u>\$ 529,325</u>	<u>\$ (866)</u>
Total Governor's School Fund	<u>\$ 1,264,289</u>	<u>\$ 1,254,892</u>	<u>\$ 1,250,048</u>	<u>\$ (4,844)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 99,283,043</u>	<u>\$ 102,114,224</u>	<u>\$ 102,178,113</u>	<u>\$ 63,889</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 155,447	\$ 145,205	\$ 137,532	\$ 7,673
General and financial administration:				
County administrator	\$ 545,590	\$ 560,065	\$ 544,126	\$ 15,939
Personnel	177,890	182,140	180,498	1,642
Legal services	236,155	249,510	228,556	20,954
Commissioner of revenue	769,830	804,990	784,856	20,134
Reassessment office	408,000	463,800	458,238	5,562
Treasurer	525,460	533,225	533,288	(63)
Central accounting	359,635	356,020	354,488	1,532
Management information systems	615,345	616,250	595,282	20,968
Other general and financial administration	557,445	483,100	538,322	(55,222)
Total general and financial administration	<u>\$ 4,195,350</u>	<u>\$ 4,249,100</u>	<u>\$ 4,217,654</u>	<u>\$ 31,446</u>
Board of elections:				
Electoral board and officials	\$ 243,810	\$ 281,825	\$ 270,619	\$ 11,206
Total board of elections	<u>\$ 243,810</u>	<u>\$ 281,825</u>	<u>\$ 270,619</u>	<u>\$ 11,206</u>
Total general government administration	<u>\$ 4,594,607</u>	<u>\$ 4,676,130</u>	<u>\$ 4,625,805</u>	<u>\$ 50,325</u>
Judicial administration:				
Courts:				
Circuit court	\$ 93,340	\$ 97,975	\$ 95,049	\$ 2,926
General district court	5,600	6,100	6,267	(167)
Special magistrates	3,975	3,975	3,405	570
Clerk of the circuit court	755,225	763,840	743,732	20,108
Total courts	<u>\$ 858,140</u>	<u>\$ 871,890</u>	<u>\$ 848,453</u>	<u>\$ 23,437</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 931,510	\$ 937,525	\$ 934,323	\$ 3,202
Total commonwealth's attorney	<u>\$ 931,510</u>	<u>\$ 937,525</u>	<u>\$ 934,323</u>	<u>\$ 3,202</u>
Total judicial administration	<u>\$ 1,789,650</u>	<u>\$ 1,809,415</u>	<u>\$ 1,782,776</u>	<u>\$ 26,639</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,302,105	\$ 5,514,135	\$ 5,510,330	\$ 3,805
Emergency operations center	1,550,185	1,540,940	1,482,221	58,719
Total law enforcement and traffic control	<u>\$ 6,852,290</u>	<u>\$ 7,055,075</u>	<u>\$ 6,992,551</u>	<u>\$ 62,524</u>
Fire and rescue services:				
Fire department	\$ 4,191,235	\$ 4,944,750	\$ 4,828,749	\$ 116,001
Volunteer emergency operations	2,015,941	1,901,366	1,812,990	88,376
Fire training center	283,820	277,505	250,563	26,942
Fire revolving fund disbursements	505,000	405,000	317,831	87,169
EMS transport service	578,300	578,545	604,823	(26,278)
Total fire and rescue services	<u>\$ 7,574,296</u>	<u>\$ 8,107,166</u>	<u>\$ 7,814,956</u>	<u>\$ 292,210</u>
Correction and detention:				
Probation and detention	\$ 1,360,955	\$ 1,663,259	\$ 1,661,347	\$ 1,912
Total correction and detention	<u>\$ 1,360,955</u>	<u>\$ 1,663,259</u>	<u>\$ 1,661,347</u>	<u>\$ 1,912</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 387,865	\$ 384,175	\$ 380,772	\$ 3,403
Total inspections	<u>\$ 387,865</u>	<u>\$ 384,175</u>	<u>\$ 380,772</u>	<u>\$ 3,403</u>
Other protection:				
Animal control	\$ 369,025	\$ 373,920	\$ 361,485	\$ 12,435
Drug enforcement funds	95,620	103,350	103,534	(184)
Total other protection	<u>\$ 464,645</u>	<u>\$ 477,270</u>	<u>\$ 465,019</u>	<u>\$ 12,251</u>
Total public safety	<u>\$ 16,640,051</u>	<u>\$ 17,686,945</u>	<u>\$ 17,314,645</u>	<u>\$ 372,300</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 19,950	\$ 19,980	\$ 18,821	\$ 1,159
Streetlights	116,000	120,000	103,836	16,164
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 135,950</u>	<u>\$ 139,980</u>	<u>\$ 122,657</u>	<u>\$ 17,323</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,810,330	\$ 1,803,750	\$ 1,836,983	\$ (33,233)
Recycling program	145,750	148,750	145,920	2,830
Total sanitation and waste removal	<u>\$ 1,956,080</u>	<u>\$ 1,952,500</u>	<u>\$ 1,982,903</u>	<u>\$ (30,403)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,357,190	\$ 1,278,210	\$ 1,196,005	\$ 82,205
Total maintenance of general buildings and grounds	<u>\$ 1,357,190</u>	<u>\$ 1,278,210</u>	<u>\$ 1,196,005</u>	<u>\$ 82,205</u>
Total public works	<u>\$ 3,449,220</u>	<u>\$ 3,370,690</u>	<u>\$ 3,301,565</u>	<u>\$ 69,125</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 516,300	\$ 517,600	\$ 517,262	\$ 338
Total health	<u>\$ 516,300</u>	<u>\$ 517,600</u>	<u>\$ 517,262</u>	<u>\$ 338</u>
Mental health and mental retardation:				
Community services board	\$ 117,860	\$ 117,860	\$ 117,860	\$ -
Total mental health and mental retardation	<u>\$ 117,860</u>	<u>\$ 117,860</u>	<u>\$ 117,860</u>	<u>\$ -</u>
Welfare:				
Valley Education Alliance	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Valley Program for the Aging	15,404	15,404	15,404	-
Coordinated Area Transportation Services	38,848	38,848	38,848	-
Community Centers	11,250	11,250	11,250	-
Verona Food Pantry	39,540	39,540	39,540	-
Lions Sight and Hearing/Oak Grove Theatre	3,070	3,070	3,065	5
CAPSAW	41,650	41,650	41,650	-
Craigsville personal property	21,860	22,390	22,390	-
Tax relief for the elderly	263,000	250,000	244,113	5,887
Total welfare	<u>\$ 435,622</u>	<u>\$ 423,152</u>	<u>\$ 417,260</u>	<u>\$ 5,892</u>
Total health and welfare	<u>\$ 1,069,782</u>	<u>\$ 1,058,612</u>	<u>\$ 1,052,382</u>	<u>\$ 6,230</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Contribution to County School Board	34,285,816	34,285,816	33,817,914	467,902
Total education	<u>\$ 34,290,816</u>	<u>\$ 34,290,816</u>	<u>\$ 33,822,914</u>	<u>\$ 467,902</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,575,580	\$ 1,486,700	\$ 1,404,711	\$ 81,989
Total parks and recreation	<u>\$ 1,575,580</u>	<u>\$ 1,486,700</u>	<u>\$ 1,404,711</u>	<u>\$ 81,989</u>
Cultural enrichment:				
Fine Arts Grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total cultural enrichment	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Library:				
Contribution to county library	\$ 1,089,670	\$ 1,135,480	\$ 1,115,080	\$ 20,400
Churchville library	105,545	109,685	107,992	1,693
Total library	<u>\$ 1,195,215</u>	<u>\$ 1,245,165</u>	<u>\$ 1,223,072</u>	<u>\$ 22,093</u>
Total parks, recreation, and cultural	<u>\$ 2,780,795</u>	<u>\$ 2,741,865</u>	<u>\$ 2,637,783</u>	<u>\$ 104,082</u>
Community development:				
Planning and community development:				
Community development	\$ 929,345	\$ 948,540	\$ 895,982	\$ 52,558
Tourism development	61,555	61,590	53,861	7,729
Economic development	211,259	228,219	231,886	(3,667)
Contribution to Industrial Development Authority	74,000	74,000	73,285	715
Total planning and community development	<u>\$ 1,276,159</u>	<u>\$ 1,312,349</u>	<u>\$ 1,255,014</u>	<u>\$ 57,335</u>
Environmental management:				
Contribution to soil and water district	\$ 41,195	\$ 41,195	\$ 41,560	\$ (365)
Other environmental management	44,905	42,365	41,613	752
Total environmental management	<u>\$ 86,100</u>	<u>\$ 83,560</u>	<u>\$ 83,173</u>	<u>\$ 387</u>
Cooperative extension program:				
Extension office	\$ 104,660	\$ 104,660	\$ 88,435	\$ 16,225
Agricultural development	3,000	3,000	1,809	1,191
Total cooperative extension program	<u>\$ 107,660</u>	<u>\$ 107,660</u>	<u>\$ 90,244</u>	<u>\$ 17,416</u>
Total community development	<u>\$ 1,469,919</u>	<u>\$ 1,503,569</u>	<u>\$ 1,428,431</u>	<u>\$ 75,138</u>
Nondepartmental:				
Shenandoah Valley Regional Airport	\$ 124,405	\$ 124,405	\$ 124,405	\$ -
Contingencies	70,489	91,239	79,867	11,372
Total nondepartmental	<u>\$ 194,894</u>	<u>\$ 215,644</u>	<u>\$ 204,272</u>	<u>\$ 11,372</u>
Total General Fund	<u>\$ 66,279,734</u>	<u>\$ 67,353,686</u>	<u>\$ 66,170,573</u>	<u>\$ 1,183,113</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 7,422,022	\$ 7,422,022	\$ 7,385,099	\$ 36,923
Public assistance	2,737,000	2,924,000	2,910,672	13,328
Comprehensive services	3,500,000	3,200,000	3,190,035	9,965
Family resource center	285,000	205,000	189,921	15,079
Total welfare and social services	<u>\$ 13,944,022</u>	<u>\$ 13,751,022</u>	<u>\$ 13,675,727</u>	<u>\$ 75,295</u>
Total health and welfare	<u>\$ 13,944,022</u>	<u>\$ 13,751,022</u>	<u>\$ 13,675,727</u>	<u>\$ 75,295</u>
Total Virginia Public Assistance Fund	<u>\$ 13,944,022</u>	<u>\$ 13,751,022</u>	<u>\$ 13,675,727</u>	<u>\$ 75,295</u>
Debt Service Fund:				
School Debt Service:				
Debt service:				
Principal retirement	\$ 5,990,439	\$ 5,733,712	\$ 5,739,880	\$ (6,168)
Interest and other fiscal charges	3,104,521	2,581,105	2,573,576	7,529
Total School Debt Service Fund	<u>\$ 9,094,960</u>	<u>\$ 8,314,817</u>	<u>\$ 8,313,456</u>	<u>\$ 1,361</u>
Capital Improvement Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
Landfill	\$ -	\$ -	\$ 64,534	\$ (64,534)
County schools	-	176,224	-	176,224
Road construction	-	3,105,000	3,499,932	(394,932)
Greenville sewer construction project	-	2,082,000	2,264,442	(182,442)
Programs	295,000	1,042,930	1,141,781	(98,851)
Equipment replacement	16,350	2,517,005	2,958,768	(441,763)
Building renovations and construction	253,376	859,786	1,028,069	(168,283)
Economic development	-	1,173,259	2,107,289	(934,030)
Community contributions	-	102,049	236,238	(134,189)
Grants	-	22,000	18,985	3,015
Total capital projects	<u>\$ 564,726</u>	<u>\$ 11,080,253</u>	<u>\$ 13,320,038</u>	<u>\$ (2,239,785)</u>
Total Capital Improvements Fund	<u>\$ 564,726</u>	<u>\$ 11,080,253</u>	<u>\$ 13,320,038</u>	<u>\$ (2,239,785)</u>
School Capital Improvements Fund:				
Capital projects expenditures:				
Transportation	\$ -	\$ 85,000	\$ -	\$ 85,000
Equipment	-	495,000	-	495,000
WES Renovations	6,728,561	6,760,918	5,080,228	1,680,690
Other school projects	-	8,317	8,317	-
Building renovations	-	256,500	-	256,500
Total capital projects	<u>\$ 6,728,561</u>	<u>\$ 7,605,735</u>	<u>\$ 5,088,545</u>	<u>\$ 2,517,190</u>
Total School Capital Improvements Fund	<u>\$ 6,728,561</u>	<u>\$ 7,605,735</u>	<u>\$ 5,088,545</u>	<u>\$ 2,517,190</u>
Total Primary Government	<u>\$ 96,612,003</u>	<u>\$ 108,105,513</u>	<u>\$ 106,568,339</u>	<u>\$ 1,537,174</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 169,142	\$ 182,888	\$ 148,513	\$ 34,375
Executive administration services	493,896	538,051	513,148	24,903
Personnel	272,777	281,278	261,478	19,800
Fiscal services	443,412	460,624	456,917	3,707
Data processing services	368,985	490,282	710,733	(220,451)
Total administration of schools	<u>\$ 1,748,212</u>	<u>\$ 1,953,123</u>	<u>\$ 2,090,789</u>	<u>\$ (137,666)</u>
Instruction costs:				
Elementary and secondary schools	\$ 59,244,998	\$ 61,039,847	\$ 60,706,144	\$ 333,703
Guidance services	2,414,016	2,503,202	2,459,819	43,383
Social worker services	413,141	452,022	437,192	14,830
Other instructional costs	1,579,081	1,706,567	1,622,516	84,051
Media services	1,806,566	1,870,620	1,849,504	21,116
Technology services	2,420,556	2,217,949	2,524,547	(306,598)
Office of the principal	5,775,920	5,977,487	5,909,108	68,379
Total instruction costs	<u>\$ 73,654,278</u>	<u>\$ 75,767,694</u>	<u>\$ 75,508,830</u>	<u>\$ 258,864</u>
Operating costs:				
Attendance and health services	\$ 1,212,313	\$ 1,302,351	\$ 1,298,738	\$ 3,613
Pupil transportation	5,708,308	5,764,565	6,171,659	(407,094)
Operation and maintenance of school plant	8,764,112	9,165,358	8,744,007	421,351
Total operating costs	<u>\$ 15,684,733</u>	<u>\$ 16,232,274</u>	<u>\$ 16,214,404</u>	<u>\$ 17,870</u>
Total education	<u>\$ 91,087,223</u>	<u>\$ 93,953,091</u>	<u>\$ 93,814,023</u>	<u>\$ 139,068</u>
Total School Fund	<u>\$ 91,087,223</u>	<u>\$ 93,953,091</u>	<u>\$ 93,814,023</u>	<u>\$ 139,068</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 4,713,225	\$ 4,595,496	\$ 4,753,923	\$ (158,427)
Total School Cafeteria Fund	<u>\$ 4,713,225</u>	<u>\$ 4,595,496</u>	<u>\$ 4,753,923</u>	<u>\$ (158,427)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013 (Continued)

<u>Fund, Function, Activity, and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds:				
Head Start Fund:				
Education:				
Instruction	\$ 1,776,198	\$ 1,852,511	\$ 1,783,807	\$ 68,704
Administration, attendance, and health	351,827	337,416	356,189	(18,773)
Transportation services	65,789	95,953	97,874	(1,921)
Operations and maintenance services	24,492	24,865	43,213	(18,348)
Contribution to primary government	-	-	165	(165)
Total education	<u>\$ 2,218,306</u>	<u>\$ 2,310,745</u>	<u>\$ 2,281,248</u>	<u>\$ 29,497</u>
Total Head Start Fund	<u>\$ 2,218,306</u>	<u>\$ 2,310,745</u>	<u>\$ 2,281,248</u>	<u>\$ 29,497</u>
Governor's School Fund:				
Education:				
Instruction	\$ 1,233,089	\$ 1,238,692	\$ 1,217,647	\$ 21,045
Operations and maintenance services	31,200	31,200	29,237	1,963
Contribution to primary government	-	-	3,164	(3,164)
Total education	<u>\$ 1,264,289</u>	<u>\$ 1,269,892</u>	<u>\$ 1,250,048</u>	<u>\$ 19,844</u>
Total Governor's School Fund	<u>\$ 1,264,289</u>	<u>\$ 1,269,892</u>	<u>\$ 1,250,048</u>	<u>\$ 19,844</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 99,283,043</u>	<u>\$ 102,129,224</u>	<u>\$ 102,099,242</u>	<u>\$ 29,982</u>

STATISTICAL SECTION

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

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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.

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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.

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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.

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

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 8,436,443	\$ 4,137,028	\$ 18,782,488	\$ 19,304,458
Restricted	-	-	-	-
Unrestricted	<u>36,014,503</u>	<u>48,379,253</u>	<u>38,592,768</u>	<u>50,066,709</u>
Total governmental activities net position	<u>\$ 44,450,946</u>	<u>\$ 52,516,281</u>	<u>\$ 57,375,256</u>	<u>\$ 69,371,167</u>
Business-type activities				
Net investment in capital assets	\$ 58,257,453	\$ -	\$ -	\$ -
Restricted	3,769,136	-	-	-
Unrestricted	<u>11,340,625</u>	-	-	-
Total business-type activities net position	<u>\$ 73,367,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government				
Net investment in capital assets	\$ 66,693,896	\$ 4,137,028	\$ 18,782,488	\$ 19,304,458
Restricted	3,769,136	-	-	-
Unrestricted	<u>47,355,128</u>	<u>48,379,253</u>	<u>38,592,768</u>	<u>50,066,709</u>
Total primary government net position	<u>\$ 117,818,160</u>	<u>\$ 52,516,281</u>	<u>\$ 57,375,256</u>	<u>\$ 69,371,167</u>

Note: In fiscal year 2005, the Augusta County Service Authority was no longer required to be a component unit of the County; therefore, business type activities were not included in the audit report.

Table 1

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	\$ 6,505,638	\$ 14,050,950	\$ 6,243,063	
-	-	-	-	1,700,541	1,803,491	
<u>55,895,205</u>	<u>55,696,593</u>	<u>53,752,359</u>	<u>59,575,180</u>	<u>46,866,214</u>	<u>43,862,461</u>	
<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>	<u>\$ 66,869,090</u>	<u>\$ 66,080,818</u>	<u>\$ 62,617,705</u>	<u>\$ 51,909,015</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 11,932,321	\$ 11,284,834	\$ 13,116,731	\$ 6,505,638	\$ 14,050,950	\$ 6,243,063	
-	-	-	-	1,700,541	1,803,491	
<u>55,895,205</u>	<u>55,696,593</u>	<u>53,752,359</u>	<u>59,575,180</u>	<u>46,866,214</u>	<u>43,862,461</u>	
<u>\$ 67,827,526</u>	<u>\$ 66,981,427</u>	<u>\$ 66,869,090</u>	<u>\$ 66,080,818</u>	<u>\$ 62,617,705</u>	<u>\$ 51,909,015</u>	

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 3,839,477	\$ 2,478,683	\$ 4,079,044	\$ 4,311,447
Judicial administration	1,094,059	2,679,389	1,240,876	1,594,317
Public safety	11,938,546	15,189,283	16,101,838	13,644,513
Public works	4,852,479	5,034,373	6,895,780	5,247,249
Health and welfare	9,478,679	10,821,758	11,961,725	11,680,282
Education	32,275,983	32,680,676	35,060,055	37,298,801
Parks, recreation and cultural	1,899,918	1,956,779	2,375,514	2,501,010
Community development	1,284,739	1,095,394	2,047,389	1,628,788
Interest on long-term debt	2,027,895	2,348,501	2,314,508	2,653,362
Total governmental activities expenses	\$ 68,691,775	\$ 74,284,836	\$ 82,076,729	\$ 80,559,769
Business-type activities:				
Service Authority	\$ 9,843,983	\$ -	\$ -	\$ -
Total primary government expenses	\$ 78,535,758	\$ 74,284,836	\$ 82,076,729	\$ 80,559,769
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 29,817	\$ 201,308	\$ 38,174	\$ 723,199
Judicial administration	484,901	358,190	525,703	614,220
Public safety	46,749	1,818,693	1,963,916	50,341
Public works	1,032,628	1,218,967	1,210,912	2,257,679
Health and welfare	58,451	789,387	796,865	188,485
Parks, recreation and cultural	491,250	552,890	564,861	649,233
Community development	805,954	794,058	747,914	-
Operating grants and contributions	13,902,305	14,256,910	15,401,030	13,542,540
Capital grants and contributions	547,745	2,747,769	2,777,194	2,227,600
Total governmental activities program revenues	\$ 17,399,800	\$ 22,738,172	\$ 24,026,569	\$ 20,253,297
Business-type activities:				
Charges for services:				
Service Authority	\$ 9,165,628	\$ -	\$ -	\$ -
Capital grants and contributions	3,333,111	-	-	-
Total business-type activities program revenues	\$ 12,498,739	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 29,898,539	\$ 22,738,172	\$ 24,026,569	\$ 20,253,297
Net (expense) / revenue				
Governmental activities	\$ (51,291,975)	\$ (51,546,664)	\$ (58,050,160)	\$ (60,306,472)
Business-type activities	2,654,756	-	-	-
Total primary government net expense	\$ (48,637,219)	\$ (51,546,664)	\$ (58,050,160)	\$ (60,306,472)

Table 2

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 5,509,093	\$ 5,065,770	\$ 4,184,974	\$ 4,692,239	\$ 5,596,300	\$ 6,214,685	
1,851,046	1,842,573	1,757,348	1,708,402	1,679,718	1,763,311	
15,262,308	15,832,972	15,364,669	15,980,626	16,383,625	20,223,736	
5,696,530	7,711,226	4,314,949	3,612,340	4,913,232	9,779,172	
12,994,411	11,340,693	13,092,468	12,853,535	13,531,460	13,600,850	
42,733,092	39,022,157	37,563,872	39,017,924	39,414,225	44,657,620	
3,291,280	3,604,760	3,029,700	3,488,980	3,686,421	2,908,027	
2,213,214	1,944,793	1,777,548	1,575,691	1,987,718	3,607,318	
3,353,767	3,445,502	3,058,358	2,771,393	2,506,373	2,575,695	
<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>	<u>\$ 84,143,886</u>	<u>\$ 85,701,130</u>	<u>\$ 89,699,072</u>	<u>\$ 105,330,414</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>\$ 92,904,741</u>	<u>\$ 89,810,446</u>	<u>\$ 84,143,886</u>	<u>\$ 85,701,130</u>	<u>\$ 89,699,072</u>	<u>\$ 105,330,414</u>	
\$ 744,154	\$ 662,395	\$ 570,568	\$ 666,334	\$ 566,517	\$ 612,266	
433,807	371,909	299,426	298,686	238,266	238,047	
226,257	237,223	405,743	879,276	831,899	1,180,338	
1,332,972	1,111,324	1,149,190	987,779	947,668	947,251	
326,113	361,690	382,719	352,321	388,108	329,763	
654,110	722,807	749,885	722,413	791,546	816,405	
-	-	-	-	-	-	
15,423,055	15,777,283	15,052,450	15,042,625	15,109,815	16,026,250	
2,769,821	3,241,550	197,886	432,880	1,319,142	5,723,148	
<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>	<u>\$ 18,807,867</u>	<u>\$ 19,382,314</u>	<u>\$ 20,192,961</u>	<u>\$ 25,873,468</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
<u>\$ 21,910,289</u>	<u>\$ 22,486,181</u>	<u>\$ 18,807,867</u>	<u>\$ 19,382,314</u>	<u>\$ 20,192,961</u>	<u>\$ 25,873,468</u>	
\$ (70,994,452)	\$ (67,324,265)	\$ (65,336,019)	\$ (66,318,816)	\$ (69,506,111)	\$ (79,456,946)	
-	-	-	-	-	-	
<u>\$ (70,994,452)</u>	<u>\$ (67,324,265)</u>	<u>\$ (65,336,019)</u>	<u>\$ (66,318,816)</u>	<u>\$ (69,506,111)</u>	<u>\$ (79,456,946)</u>	

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2004	2005	2006	2007
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 31,126,142	\$ 35,098,887	\$ 36,591,540	\$ 40,998,297
Local sales and use taxes	3,974,946	4,387,914	4,738,044	4,846,918
Motor vehicle licenses taxes	1,741,200	1,785,822	1,823,862	1,823,630
Consumer utility taxes	2,657,186	2,688,223	3,600,361	4,281,024
Business licenses taxes	2,338,263	2,662,780	2,879,209	3,009,798
Restaurant food taxes	1,875,801	1,990,184	2,128,691	2,255,343
Other local taxes	2,796,657	3,287,426	2,786,138	2,000,072
Unrestricted grants and contributions	5,851,264	5,030,068	5,338,644	5,209,278
Unrestricted revenues from use of money and property	645,491	1,461,575	2,263,684	3,554,050
Gain on disposal of capital assets	998,142	-	-	-
Miscellaneous	229,622	1,219,120	758,962	475,137
Loss on disposal of assets	-	-	-	(622,633)
Transfers	-	-	-	-
Total governmental activities	\$ 54,234,714	\$ 59,611,999	\$ 62,909,135	\$ 67,830,914
Business-type activities:				
Unrestricted grants and contributions				
Unrestricted revenues from use of money and property	\$ 188,833	\$ -	\$ -	\$ -
Gain on disposal of capital assets	24,895	-	-	-
Transfers	-	-	-	-
Total business-type activities	\$ 213,728	\$ -	\$ -	\$ -
Total primary government	\$ 54,448,442	\$ 59,611,999	\$ 62,909,135	\$ 67,830,914
Change in Net Position				
Governmental activities	\$ 2,942,739	\$ 8,065,335	\$ 4,858,975	\$ 7,524,442
Business-type activities	2,868,484	-	-	-
Total primary government	\$ 5,811,223	\$ 8,065,335	\$ 4,858,975	\$ 7,524,442

Note: In fiscal year 2005, the Augusta County Service Authority was no longer required to be a component unit of County; therefore, business type activities were not included in the audit report.

Table 2

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	41,016,853	\$	43,396,769	\$	42,723,198	\$	44,520,421	\$	44,920,894	\$	46,893,968
	5,016,195		4,477,956		4,384,864		4,493,294		4,532,643		4,823,327
	1,798,392		55,167		-		-		-		-
	4,532,958		4,278,675		4,295,733		4,298,171		4,236,210		4,272,272
	3,142,260		3,141,510		2,655,872		3,034,935		3,241,549		3,183,170
	2,294,098		2,250,640		2,169,738		2,169,324		2,193,920		2,246,096
	1,871,161		1,656,024		1,638,634		1,594,562		1,557,871		1,629,127
	5,012,362		4,905,684		4,639,546		4,614,673		4,601,015		4,815,573
	2,817,589		1,822,584		883,653		773,458		594,536		509,635
	-		-		-		-		-		375,088
	1,948,943		493,157		1,832,444		31,706		164,360		-
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	<u>69,450,811</u>	\$	<u>66,478,166</u>	\$	<u>65,223,682</u>	\$	<u>65,530,544</u>	\$	<u>66,042,998</u>	\$	<u>68,748,256</u>
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>
\$	<u>69,450,811</u>	\$	<u>66,478,166</u>	\$	<u>65,223,682</u>	\$	<u>65,530,544</u>	\$	<u>66,042,998</u>	\$	<u>68,748,256</u>
\$	(1,543,641)	\$	(846,099)	\$	(112,337)	\$	(788,272)	\$	(3,463,113)	\$	(10,708,690)
	-		-		-		-		-		-
\$	<u>(1,543,641)</u>	\$	<u>(846,099)</u>	\$	<u>(112,337)</u>	\$	<u>(788,272)</u>	\$	<u>(3,463,113)</u>	\$	<u>(10,708,690)</u>

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax ⁽¹⁾	Restaurant Tax	Business License Tax	Total
2013	\$ 46,893,968	\$ 4,823,327	\$ 4,272,272	\$ -	\$ 2,246,096	\$ 3,183,170	\$ 61,418,833
2012	44,920,894	4,532,643	4,236,210	-	2,193,920	3,241,549	59,125,216
2011	44,520,421	4,493,294	4,298,171	-	2,169,324	3,034,935	58,516,145
2010	42,723,198	4,384,864	4,295,733	-	2,169,738	2,655,872	56,229,405
2009	43,396,769	4,477,956	4,278,675	55,167	2,250,640	3,141,510	57,600,717
2008	41,016,853	5,016,195	4,532,958	1,798,392	2,294,098	3,142,260	57,800,756
2007	40,998,297	4,846,918	4,281,024	1,823,630	2,255,343	3,009,798	57,215,010
2006	36,591,540	4,738,044	2,879,209	1,823,862	2,128,691	2,879,209	51,040,555
2005	35,098,887	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,613,810
2004	31,126,142	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,713,538

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

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General fund					
Reserved	\$ 407,538	\$ 407,017	\$ 741,541	\$ 1,085,858	\$ 1,332,428
Unreserved	12,800,893	17,598,056	16,263,261	20,592,646	17,289,242
Nonspendable					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 13,208,431</u>	<u>\$ 18,005,073</u>	<u>\$ 17,004,802</u>	<u>\$ 21,678,504</u>	<u>\$ 18,621,670</u>
All other governmental funds					
Reserved	\$ 26,779,004	\$ 28,523,195	\$ 25,442,249	\$ 34,275,104	\$ 34,894,572
Unreserved, reported in:					
Capital projects funds	-	-	-	(7,541,836)	581,874
Debt services funds	-	-	-	-	(500)
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 26,779,004</u>	<u>\$ 28,523,195</u>	<u>\$ 25,442,249</u>	<u>\$ 26,733,268</u>	<u>\$ 35,475,946</u>

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

Table 4

Fiscal Year				
2009	2010	2011 ⁽¹⁾	2012	2013
\$ 1,135,867	\$ 1,631,079	\$ -	\$ -	\$ -
13,363,450	12,201,976	-	-	-
-	-	5,000	143,157	91,255
-	-	1,442,518	1,700,541	1,803,492
-	-	645,660	407,722	747,920
-	-	631,426	199,905	203,579
-	-	13,416,628	11,940,495	12,319,579
<u>\$ 14,499,317</u>	<u>\$ 13,833,055</u>	<u>\$ 16,141,232</u>	<u>\$ 14,391,820</u>	<u>\$ 15,165,825</u>
\$ 35,887,286	\$ 35,477,239	\$ -	\$ -	\$ -
650,341	644,894	-	-	-
(500)	-	-	-	-
-	-	6,572,262	5,374,308	4,929,034
-	-	10,250,894	8,134,044	5,294,761
-	-	20,820,221	22,294,342	21,750,134
<u>\$ 36,537,127</u>	<u>\$ 36,122,133</u>	<u>\$ 37,643,377</u>	<u>\$ 35,802,694</u>	<u>\$ 31,973,929</u>

COUNTY OF AUGUSTA, VIRGINIA

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
General property taxes	\$ 31,292,004	\$ 34,616,279	\$ 37,850,345	\$ 40,945,162
Other local taxes	15,384,053	16,802,349	17,956,305	18,216,785
Permits, privilege fees and regulatory licenses	819,021	794,058	765,606	702,238
Fines and forfeitures	173,891	176,852	186,124	224,266
Revenue from use of money and property	623,962	1,445,113	2,224,715	3,498,183
Charges for services	1,956,838	2,307,499	2,456,587	2,521,143
Miscellaneous	1,343,728	1,237,864	742,133	536,046
Recovered costs	1,968,868	2,455,084	2,440,028	1,181,549
Intergovernmental:				
Commonwealth	14,982,073	16,756,534	17,387,178	14,935,463
Federal	5,319,241	5,287,054	6,129,690	6,043,955
Total revenues	\$ 73,863,679	\$ 81,878,686	\$ 88,138,711	\$ 88,804,790
Expenditures				
General government administration	\$ 3,126,493	\$ 3,210,610	\$ 3,237,610	\$ 3,515,136
Judicial administration	1,034,224	1,117,543	1,268,300	1,502,163
Public safety	12,863,042	14,827,604	15,314,641	13,410,881
Public works	2,296,943	2,515,917	2,886,088	3,034,064
Health and welfare	10,003,750	10,789,063	11,868,923	12,395,465
Education	27,089,804	25,895,416	28,010,867	30,072,708
Parks, recreation and cultural	2,084,593	2,287,135	2,340,685	2,515,714
Community development	1,068,521	1,325,598	1,495,977	1,635,706
Capital projects	9,597,824	15,182,609	19,805,811	36,605,957
Debt service				
Principal	3,164,847	2,994,266	3,572,479	3,580,578
Interest and other fiscal charges	2,090,813	2,120,675	2,418,547	1,973,221
Total expenditures	\$ 74,420,854	\$ 82,266,436	\$ 92,219,928	\$ 110,241,593
Excess (deficiency) of revenues over (under) expenditures	\$ (557,175)	\$ (387,750)	\$ (4,081,217)	\$ (21,436,803)
Other financing sources (uses)				
Transfers in	\$ 13,706,738	\$ 13,201,991	\$ 22,610,887	\$ 15,973,349
Transfers out	(13,706,738)	(13,201,991)	(22,610,887)	(15,973,349)
Bonds issued	6,300,392	6,454,481	-	26,610,000
Premium on bonds issued	-	474,102	-	791,524
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	\$ 6,300,392	\$ 6,928,583	\$ -	\$ 27,401,524
Net change in fund balances	\$ 5,743,217	\$ 6,540,833	\$ (4,081,217)	\$ 5,964,721
Debt service as a percentage of noncapital expenditures	7.52%	7.04%	7.51%	7.00%

Table 5

		Fiscal Year					
		2008	2009	2010	2011	2012	2013
\$	40,856,658	\$ 42,760,266	\$ 42,548,270	\$ 43,846,031	\$ 44,460,692	\$ 47,584,001	
	18,655,064	15,859,972	15,144,841	15,590,286	15,787,363	16,174,522	
	697,717	590,168	503,698	570,514	487,988	526,622	
	195,626	206,887	237,312	268,311	209,963	239,453	
	2,766,852	1,792,056	876,207	771,283	609,792	544,808	
	2,824,070	2,670,293	2,816,521	3,067,984	3,066,053	3,357,995	
	1,930,812	437,853	346,108	418,728	322,129	542,617	
	848,945	841,161	952,433	1,138,069	1,267,077	1,476,825	
	17,115,948	17,557,521	12,703,348	14,269,074	15,076,076	18,182,170	
	6,089,290	6,366,997	7,186,534	5,665,700	5,870,864	8,265,021	
\$	<u>91,980,982</u>	<u>\$ 89,083,174</u>	<u>\$ 83,315,272</u>	<u>\$ 85,605,980</u>	<u>\$ 87,157,997</u>	<u>\$ 96,894,034</u>	
\$	4,227,869	\$ 4,036,220	\$ 3,343,925	\$ 3,616,106	\$ 4,075,387	\$ 4,625,805	
	1,885,147	1,789,570	1,699,758	1,684,155	1,685,862	1,782,776	
	14,790,155	14,791,170	14,011,363	14,505,659	15,098,509	17,314,645	
	3,144,129	3,624,473	3,070,550	3,172,573	3,159,713	3,301,565	
	13,686,090	14,605,119	13,843,889	13,822,278	14,531,194	14,728,109	
	31,763,370	31,884,595	31,615,617	32,297,967	31,821,633	33,822,914	
	2,678,852	2,718,695	2,534,024	2,527,128	2,684,847	2,637,783	
	1,743,298	1,721,192	1,552,743	1,535,833	1,596,841	1,632,703	
	17,424,291	7,868,417	4,092,663	7,853,227	15,232,499	18,408,583	
	4,921,853	5,400,528	5,332,496	5,327,893	5,802,775	5,739,880	
	3,446,208	3,704,367	3,299,500	3,019,293	2,740,438	2,573,576	
\$	<u>99,711,262</u>	<u>\$ 92,144,346</u>	<u>\$ 84,396,528</u>	<u>\$ 89,362,112</u>	<u>\$ 98,429,698</u>	<u>\$ 106,568,339</u>	
\$	<u>(7,730,280)</u>	<u>\$ (3,061,172)</u>	<u>\$ (1,081,256)</u>	<u>\$ (3,756,132)</u>	<u>\$ (11,271,701)</u>	<u>\$ (9,674,305)</u>	
\$	20,031,363	\$ 16,999,833	\$ 15,170,842	\$ 13,694,038	\$ 16,250,701	\$ 13,458,170	
	(20,031,363)	(16,999,833)	(15,170,842)	(13,608,485)	(16,250,701)	(13,458,170)	
	12,729,426	-	-	7,500,000	6,600,000	5,526,186	
	686,698	-	-	-	966,694	718,271	
	-	-	-	-	-	375,088	
\$	<u>13,416,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,585,553</u>	<u>\$ 7,566,694</u>	<u>\$ 6,619,545</u>	
\$	<u>5,685,844</u>	<u>\$ (3,061,172)</u>	<u>\$ (1,081,256)</u>	<u>\$ 3,829,421</u>	<u>\$ (3,705,007)</u>	<u>\$ (3,054,760)</u>	
	<u>9.24%</u>	<u>10.16%</u>	<u>10.83%</u>	<u>9.73%</u>	<u>9.70%</u>	<u>8.00%</u>	

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax ⁽¹⁾	Restaurant Tax	Business License Tax	Total
2013	\$ 47,584,001	\$ 4,823,327	\$ 4,272,272	-	\$ 2,246,096	\$ 3,183,170	\$ 62,108,866
2012	44,460,692	4,532,643	4,236,210	-	2,193,920	3,241,549	58,665,014
2011	43,846,031	4,493,294	4,298,171	-	2,169,324	3,034,935	57,841,755
2010	42,548,270	4,384,864	4,295,733	-	2,169,738	2,655,872	56,054,477
2009	42,760,266	4,477,956	4,278,675	55,167	2,250,640	3,141,510	56,964,214
2008	40,856,658	5,016,195	4,532,958	1,798,392	2,294,098	3,142,260	57,640,561
2007	40,945,162	4,846,918	3,420,384	1,823,630	2,263,351	3,009,798	56,309,243
2006	37,850,345	4,738,044	2,719,884	1,823,862	2,128,691	2,879,209	52,140,035
2005	34,616,279	4,387,914	2,688,223	1,785,822	1,990,184	2,662,780	48,131,202
2004	31,292,004	3,974,946	2,657,186	1,741,200	1,875,801	2,338,263	43,879,400

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

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⁾
2013	\$ 6,627,699,412	\$ 610,670,920	\$ 169,345,780	\$ 306,388,610	\$ 7,714,104,722	\$ 0.67	\$ 7,714,104,722	100.00%
2012	6,605,841,389	587,378,990	163,603,880	270,112,744	7,626,937,003	0.63	7,626,937,003	100.00%
2011	6,574,353,920	571,552,370	160,112,380	271,260,646	7,577,279,316	0.63	7,860,248,253	96.40%
2010	6,523,317,700	545,724,160	157,441,730	221,103,702	7,447,587,292	0.63	8,016,778,571	92.90%
2009	5,877,675,585	623,193,070	156,511,140	168,363,142	6,825,742,937	0.70	8,426,843,132	81.00%
2008	5,206,226,035	597,497,180	150,731,330	172,858,139	6,127,312,684	0.73	8,703,569,153	70.40%
2007	5,093,036,897	586,582,760	147,337,390	177,676,959	6,004,634,006	0.73	8,305,164,600	72.30%
2006	4,956,905,910	549,490,860	88,306,340	202,847,610	5,797,550,720	0.72	7,558,736,271	76.70%
2005	4,383,324,880	521,161,070	133,732,440	172,866,940	5,211,085,330	0.73	5,726,467,396	91.00%
2004	3,828,661,520	521,559,370	128,012,550	189,376,250	4,667,609,690	0.75	5,923,362,551	78.80%

Source: Commissioner of Revenue

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

⁽²⁾ Includes PPTRA

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

⁽⁴⁾ Source: Virginia Department of Taxation.

Property Tax Rates ⁽¹⁾
 Last Ten Fiscal Years

Property Tax Rates					
Fiscal Years	Real Estate	Personal Property Vehicle	Other	Mobile Homes	Machinery and Tools
2013	0.51	2.50	1.90	0.48	1.90
2012	0.48	2.25	1.90	0.48	1.90
2011	0.48	2.25	1.90	0.48	1.90
2010	0.48	2.25	1.90	0.48	1.90
2009	0.48	2.25	1.90	0.48	1.90
2008	0.58	1.90	1.90	0.58	1.90
2007	0.58	1.90	1.90	0.58	1.90
2006	0.58	1.90	1.90	0.58	1.90
2005	0.58	1.90	1.90	0.58	1.90
2004	0.58	1.90	1.90	0.58	1.90

⁽¹⁾ Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2013		Fiscal Year 2004	
		2012 Assessed Valuation	% of Total Assessed Valuation	2003 Assessed Valuation	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 167,534,651	2.17%	\$ 64,702,590	1.39%
Hershey Foods Corporation	Food Manufacturer	119,539,540	1.55%	90,191,900	1.93%
McKee Baking Company	Food Manufacturer	93,774,070	1.22%	69,469,580	1.49%
Shenandoah Valley Electric	Public Utility	51,972,850	0.67%	27,394,240	0.59%
Target Corporation	Distribution Center	41,576,260	0.54%	44,103,280	0.94%
MeadWestvaco ⁽¹⁾	Paper Mfg. Warehouse	20,540,400	0.27%	-	0.00%
Staunton Mall Realty Management ⁽¹⁾	Real Estate	17,066,800	0.22%	-	0.00%
Hollister, Inc	Medical Supplies Mfg.	16,623,809	0.22%	11,149,749	0.24%
Daikin McQuay	Industrial Air Cond. Equip.	16,302,250	0.21%	13,157,080	0.28%
Verizon	Public Utility	15,677,829	0.20%	25,560,011	0.55%
		<u>\$ 560,608,459</u>	<u>7.27%</u>	<u>\$ 345,728,430</u>	<u>7.41%</u>

Source: Commissioner of Revenue

⁽¹⁾ New principal taxpayer in Fiscal Year 2009.

Property Tax Levies and Collections
Last Ten Calendar Years

Calendar Year	Total Tax Levy for the Calendar Year	Collected within the Calendar Year of the Levy ⁽¹⁾		Collections in Subsequent Calendar Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013 ⁽²⁾	\$ 33,917,107	\$ 16,074,279	\$ 47.39%	\$ -	\$ 16,074,279	47.39%
2012	44,774,638	43,464,667	97.07%	- ⁽³⁾	43,464,667	97.07%
2011	43,112,259	41,527,999	96.33%	528,609	42,056,608	97.55%
2010	42,384,976	41,069,985	96.90%	706,772	41,776,757	98.57%
2009	42,508,211	41,069,985	96.62%	811,966	41,881,951	98.53%
2008	42,260,206	40,234,384	95.21%	759,860	40,994,244	97.00%
2007	39,794,687	38,607,594	97.02%	539,363	39,146,957	98.37%
2006	39,595,968	38,618,690	97.53%	495,113	39,113,803	98.78%
2005	36,798,517	35,259,148	95.82%	489,825	35,748,973	97.15%
2004	30,553,266	29,665,905	97.10%	413,058	30,078,963	98.45%

Source: Commissioner of Revenue, County Treasurer's office

Note:

⁽¹⁾ Includes PPTRA collections from the Commonwealth of Virginia.

⁽²⁾ Taxes levied for the current calendar year include real estate taxes only; which are levied in May and due 50% in June and 50% in December. Personal property taxes are levied by September.

⁽³⁾ The calendar year levy is not considered delinquent and a subsequent year collection until July 1 of the following fiscal year.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Other Notes/ Bonds	General Obligation Bonds	Capital Leases			
2013	\$ 59,989,729	\$ 5,526,186	\$ -	\$ -	\$ 65,515,915	2.65%	889
2012	65,729,609	-	-	-	65,729,609	2.66%	892
2011	64,932,384	-	-	-	64,932,384	2.56%	883
2010	62,760,277	-	-	-	62,760,277	2.54%	851
2009	68,092,773	-	-	-	68,092,773	2.89%	945
2008	73,493,301	-	-	-	73,493,301	3.04%	1,027
2007	65,685,728	-	-	-	65,685,728	2.82%	928
2006	42,656,306	-	-	-	42,656,306	1.94%	609
2005	46,228,785	-	-	-	46,228,785	2.23%	671
2004	42,768,570	-	33,375,167	84,235	76,227,972	3.90%	1,128

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

⁽¹⁾ See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt ⁽³⁾	Ratio of Net General Obligation Debt to Assessed Value ⁽²⁾	Net Bonded Debt per Capita ⁽¹⁾
2013	\$ 65,515,915	\$ -	\$ 65,515,915	0.85%	\$ 889
2012	65,729,609	-	65,729,609	0.86%	892
2011	64,932,384	-	64,932,384	0.86%	883
2010	62,760,277	-	62,760,277	0.84%	851
2009	68,092,773	-	68,092,773	1.00%	945
2008	73,493,301	-	73,493,301	1.20%	1,027
2007	65,685,728	-	65,685,728	1.09%	928
2006	42,656,306	-	42,656,306	0.74%	609
2005	46,228,785	-	46,228,785	0.89%	671
2004	42,768,570	-	42,768,570	0.92%	633

⁽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, Literary Fund Loans, excludes capital leases and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2013	\$ 73,658	\$ 33,502	45.48%	50-54	10,415	5.30%
2012	73,658	33,502	45.48%	50-54	10,405	5.90%
2011	73,549	34,442	46.83%	50-54	10,457	6.20%
2010	73,750	33,502	45.43%	45-49	10,515	6.60%
2009	72,020	32,764	45.49%	45-49	10,688	6.60%
2008	71,586	33,776	47.18%	45-49	10,716	3.60%
2007	70,747	32,877	46.47%	45-49	10,798	2.60%
2006	70,034	31,453	44.91%	40	10,769	2.60%
2005	68,900	30,146	43.75%	40	10,691	2.90%
2004	67,600	28,918	42.78%	N/A	10,662	2.90%

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

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

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Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	3.97%	1000+	1	4.18%
Augusta Health	1000+	2	3.97%	1000+	2	4.18%
Hershey Chocolate of Virginia	500-999	3	1.98%	500-999	5	2.09%
McKee Foods Corporation	500-999	4	1.98%	1000+	3	4.18%
Target Corp.	500-999	5	1.98%	500-999	4	2.09%
Hollister, Inc.	250-499	6	0.99%	250-499	9	1.04%
Daikin McQuay	250-499	7	0.99%	250-499	10	1.04%
Blue Ridge Community College	250-499	8	0.99%			
County of Augusta	250-499	9	0.99%			
Ply Gem Siding Group (Alcoa Building Products)	250-499	10	0.99%	250-499	7	1.04%
Western State Hospital				500-999	6	2.09%
American Safety Razor Co, Inc.				250-499	8	1.04%
Totals-average	<u>7,125</u>		<u>18.84%</u>	<u>8,250</u>		<u>22.97%</u>
Total County Employment	<u>37,823</u>			<u>35,915</u>		

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

COUNTY OF AUGUSTA, VIRGINIA

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

Function	Fiscal Year					
	2004	2005	2006	2007	2008	2009
General government administration	51	53	48	52	52	50
Judicial administration	21	19	22	22	22	26
Public safety						
Sheriffs department (1)	129	129	85	81	81	76
Emergency communication center	17	18	18	21	20	19
Fire & rescue	27	27	37	44	44	48
Building inspections	7	8	9	9	9	7
Animal control	2	2	2	3	3	3
Public works						
General maintenance	22	21	20	19	18	18
Health and welfare						
Department of social services (2)	110	116	118	121	120	121
Culture and recreation						
Parks and recreation	7	8	9	11	11	10
Library	16	16	16	17	16	17
Community development	10	12	13	13	13	12
Economic development	-	-	-	-	-	-
Totals	419	429	397	413	409	407

Source: Individual county departments

- (1) Reduction in personnel in 2006 is due to opening of Middle River Regional Jail
- (2) Addition of personnel in 2004 due to Waynesboro personnel

Table 15

Fiscal Year			
2010	2011	2012	2013
46	46	46	47
26	26	26	23
74	74	74	74
18	19	19	18
47	51	59	80
7	6	6	6
3	3	3	3
17	17	17	17
129	129	129	121
11	11	10	10
15	15	15	15
12	12	12	10
1	1	1	1
<u>406</u>	<u>410</u>	<u>417</u>	<u>425</u>

COUNTY OF AUGUSTA, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2004	2005	2006	2007	2008
Public safety					
Sheriffs department:					
Number of police personnel and officers	131	131	79	79	81
Physical arrests	3,639	3,838	5,899	3,975	3,692
Traffic violations	4,624	4,492	5,980	7,000	6,434
Parking violations	5	-	-	-	-
Fire and rescue:					
Number of calls answered	17,421	16,699	16,716	17,974	19,401
Number of volunteers (1)	1,327	882	912	923	1,001
Number of paid fire personnel and officers	26	29	37	43	43
Building inspections:					
Permits issued	1,528	1,458	1,337	1,241	1,117
Animal control:					
Number of calls answered	4,039	5,007	4,603	4,056	3,866
Public works					
General maintenance:					
Trucks/vehicles	7	7	7	7	7
Health and welfare					
Department of Social Services:					
Caseload	7,390	7,934	8,695	8,734	9,034
Culture and recreation					
Parks and recreation:					
After-school program participants	276	306	261	323	377
Community development					
Planning:					
Zoning permits issued	573	597	512	539	598
Component Unit - School Board					
Education:					
Number of teachers:					
Instruction	1,065	1,079	1,098	1,135	1,140
Other	444	442	453	465	478
Total	1,509	1,521	1,551	1,600	1,618
Local expenditures per pupil (2)	\$ 3,034	\$ 2,901	\$ 3,157	\$ 3,299	\$ 3,745

Source: Individual county departments

- (1) All County funded stations
- (2) Includes debt service

Table 16

Fiscal Year				
2009	2010	2011	2012	2013
76	76	74	74	74
3,421	2,203	1,935	1,608	1,642
6,656	6,124	5,608	4,079	3,367
-	-	-	-	-
17,508	18,065	17,800	18,093	18,884
1,003	1,006	802	884	890
48	47	51	59	80
868	791	763	780	N/A
3,948	3,218	2,858	2,884	N/A
7	7	7	7	7
9,889	11,053	12,148	12,153	12,389
349	324	300	291	304
565	494	565	525	N/A
1,147	1,155	1,136	1,111	1,105
483	485	481	467	474
1,630	1,640	1,617	1,578	1,579
\$ 3,835	\$ 3,828	\$ 3,887	\$ 3,879	\$ 4,046

COUNTY OF AUGUSTA, VIRGINIA

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General government administration							
Administration buildings	16	16	16	16	17	17	17
Vehicles	4	5	5	5	5	5	5
Public safety							
Sheriffs department:							
Number of stations	3	3	3	3	3	3	1
Patrol units	59	59	68	68	79	71	71
Other vehicles	15	18	17	18	10	10	9
Fire and rescue:							
Number of fire stations	14	14	14	14	14	14	14
Number of rescue stations	8	8	8	8	8	8	8
Number of apparatus	163	159	162	161	169	172	177
Building inspections:							
Vehicles	6	5	6	6	6	6	5
Animal control:							
Vehicles	3	2	2	3	3	3	3
Mobile Command Units	0	0	1	1	1	1	1
Public works							
General maintenance:							
Trucks/vehicles	7	7	7	7	7	7	7
Compactor sites	10	10	10	10	10	10	10
Health and welfare							
Department of Social Services:							
Vehicles	15	17	22	24	24	26	27
Culture and recreation							
Parks and recreation:							
Community centers	6	6	6	6	6	6	6
Vehicles	6	6	8	8	8	8	13
Parks	2	2	2	4	4	4	5
Parks acreage	32	55	55	115	115	115	210
Swimming pools	0	1	1	1	1	1	2
Tennis courts (1)	8	18	18	18	18	18	18
Library:							
Vehicles	2	2	2	2	2	1	1
Community development							
Planning:							
Vehicles	4	4	7	7	7	7	4
Component Unit - School Board							
Education:							
Number of schools:							
Elementary	12	12	12	12	12	12	12
Middle	3	3	3	4	4	4	4
High	5	5	5	5	5	5	5

Source: Individual county departments

(1) At high and middle schools.

Table 17

Fiscal Year		
2011	2012	2013
17	17	17
5	5	5
1	1	1
71	71	72
11	11	17
15	15	15
10	10	12
166	155	159
5	4	3
3	3	3
1	1	1
7	7	7
10	10	10
27	27	28
6	6	6
13	14	15
5	5	5
210	210	210
2	2	2
18	18	18
1	1	1
4	4	4
12	12	12
4	4	4
5	5	5

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COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' 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 VERONA, VIRGINIA

We have audited, in accordance with the 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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Augusta, Virginia's basic financial statements, and have issued our report thereon dated November 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Augusta, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Augusta, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Augusta, Virginia'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 that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Augusta, Virginia'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 29, 2013

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

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF AUGUSTA, VIRGINIA
VERONA, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited County of Augusta, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Augusta, Virginia's major federal programs for the year ended June 30, 2013. County of Augusta, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Augusta, Virginia 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, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 29, 2013

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Direct Payments:			
Head Start	93.600	Unavailable	\$ 2,280,760
ARRA Head Start	93.708	Unavailable	488
Pass Through Payments:			
Administration for Children and Families:			
Voting Access for Individuals with Disabilities-Grants to States	93.617	Unavailable	\$ 439
Department of Social Services:			
Promoting Safe and Stable Families	93.556	Unavailable	21,153
Temporary Assistance to Needy Families (TANF)	93.558	Unavailable	1,375,624
Refugee and Entrant Assistance - State Administered Programs	93.566	Unavailable	3,595
Low Income Home Energy Assistance	93.568	Unavailable	47,316
Child Care and Development Cluster:			
Child Care and Development Block Grant	93.575	Unavailable	(2,242)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Unavailable	148,350
Chafee Education and Training Vouchers Program	93.599	Unavailable	2,097
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Unavailable	5,316
Foster Care - Title IV-E	93.658	Unavailable	618,280
Adoption Assistance	93.659	Unavailable	463,203
Social Services Block Grant	93.667	Unavailable	677,441
Social Services Block Grant-CSA	93.667	Unavailable	188,369
Chafee Foster Care Independence Program	93.674	Unavailable	16,338
Children's Health Insurance Program	93.767	Unavailable	26,422
Medical Assistance Program (Title XIX)	93.778	Unavailable	634,200
Total Department Health and Human Services			<u>\$ 6,507,149</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	Unavailable	463,756
National School Lunch Program	10.555	Unavailable	1,855,606
Department of Agriculture:			
Food Distribution	10.555	Unavailable	\$ 353,505
Schools and Roads - Grants to States	10.665	Unavailable	174,746
Department of Social Services:			
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	<u>1,047,223</u>
Total Department of Agriculture			<u>\$ 3,894,836</u>
Department of Housing and Urban Development:			
Pass through payments:			
Office of Community Planning and Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Unavailable	<u>\$ 20,500</u>
Department of Justice:			
Pass Through Payments:			
Asset Forfeiture Proceeds	16.000	Unavailable	\$ 986
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0313	10,203
Byrne/JAG-Comprehensive Anti-Gang Strategies	16.738	12-A2553AD10	<u>25,585</u>
Total Department of Justice			<u>\$ 36,774</u>

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice: (Continued)			
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	12-H4704VA11, 13-14704VA12, 12-N3161VA11 and 13-O3161VA12	\$ 45,670
Total Department of Justice			\$ 82,444
Environmental Protection Agency:			
Pass Through Payments:			
Department of Environmental Quality:			
Chesapeake Bay Program	66.466	SWM-2012-P04	\$ 15,380
DEQ Royalty Grants	66.000	Unavailable	1,031
Total Environmental Protection Agency			\$ 16,411
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2012-52004-5382, 154AL-2013-53121-4836	\$ 32,383
Department of Transportation:			
Highway Planning and Construction	20.205	EN08-007-123	13,940
Total Department of Transportation			\$ 46,323
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Assistance to Firefighters Grant	97.044	EMW-2010-FR-00273	\$ 592,800
Staffing for Adequate Fire and Emergency Response	97.083	Unavailable	780,059
State Homeland Security Grant-Haz-Mat Team Equipment & Training	97.073	2012 SHSP, Grant year 2010, Unavailable	1,130,918
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4072-DR-VA, Unavailable, FEMA-1905-DR-VA, Grant Year FY2010	54,520
Total Department of Homeland Security			\$ 2,558,297
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	Unavailable	\$ 1,847,289
Special Education Cluster:			
Special Education-Grants to States	84.027	Unavailable	2,506,953
Special Education Preschool Grants	84.173	Unavailable	54,066
English Language Acquisition Grants	84.365	Unavailable	\$ 5,166
Special Education - Grants for Infants and Families	84.181	Unavailable	55,645
Improving Teacher Quality -State Grants	84.367	Unavailable	290,428
Career and Technology Education: Basic Grants to States	84.048	Unavailable	135,731
ARRA-Statewide Data Systems	84.384	Unavailable	32,307
ARRA-Education Jobs Fund	84.410	Unavailable	2,126,395
Total Department of Education			\$ 7,053,980
Total Expenditures of Federal Awards			\$ 20,179,940

County of Augusta, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
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NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Augusta, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Augusta, Virginia, it not intended to and does not present the financial position, changes in net position, or cash flows of the County of Augusta, Virginia.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE C-FOOD DISTRIBUTION

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

NOTE D-RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	\$ 8,265,021
Less: Payments in lieu of taxes	<u>(272,017)</u>
Total primary government	<u>\$ 7,993,004</u>
Discretely presented component unit - School Board:	
School operating fund	\$ 7,232,821
School cafeteria fund	2,672,867
Head start fund	<u>2,281,248</u>
Total discretely presented component unit - School Board	<u>\$ 12,186,936</u>
Total federal expenditures per basic financial statements	<u>\$ 20,179,940</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 20,179,940</u>

County of Augusta, Virginia

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no

- Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes x no

- Significant deficiency(ies) identified? ___ yes x none reported

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

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133? ___ yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
84.410	ARRA Education Jobs Fund
93.658	Foster Care-Title IV-E
93.667	Social Services Block Grant
97.073	State Homeland Security Program
97.044	Assistance to Firefighters Grant
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between type A and type B programs: \$605,398

Auditee qualified as low-risk auditee? x yes ___ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary Schedule of Prior Year Findings

There were no prior year findings.