



County of Augusta, Virginia

**Annual Comprehensive Financial Report
For the Fiscal Year Ended: June 30, 2021**

Cassidy Farms, Mt. Solon, VA. Photo used by permission.

COUNTY OF AUGUSTA, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2021



Prepared by
Misty Cook, Director of Finance
Lora Swartzel, Accountant
Augusta County, Virginia

COUNTY OF AUGUSTA, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION



COUNTY OF AUGUSTA

Finance Department

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Verona, VA 24482-0590

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

December 2, 2021

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

The annual comprehensive financial report of the County of Augusta for the year ended June 30, 2021, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the County of Augusta issue annually a report on its financial position and activity, and this report be audited by an independent firm of certified public accountants.

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

The accounting firm of PBMares, LLP, Certified Public Accountants, have audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This audit was conducted using guidelines set forth by *Government Auditing Standards* and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Based upon this audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

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

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

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

Although primarily a rural county, Augusta County's 2021 population was 77,487. Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 22.7% of the jobs in the County. Manufacturing employs approximately 6,100 of 35,300 workers in the County's labor force and makes up approximately 3.5% of the total local property taxes. Agriculture is a large portion of the overall economy of the County. Augusta County is one of the top producers of many commodities in the state and this wealth of production overflows into many other industries of the County; including farm equipment manufacturers and dealers, transportation, energy, retail, and the ever growing agritourism business. The unemployment rate for the County decreased from 5.8% in 2020 to 3.5% in 2021. This decrease is directly related to the nation's continued recovery from the Coronavirus pandemic in 2020. The County's rate remains lower than that of the State's unemployment rate of 4.5% and compares favorably to the national unemployment rate of 6.1%.

In fiscal year 2021, local revenues increased by 2.2%. The main contributor to this increase was sales and use tax, which were up by approximately 14.7% over the prior year. The total taxable sales for Augusta County as reported by the Virginia Department of Taxation, increased by approximately 3.38% over the prior year. Taxes on recordation and wills also contributed to the growth, with an increase of 50%, or \$480,992 over last year. Lodging taxes increased by approximately 9% or \$42,084 over last year, this increase can be directly linked to the nation's rebounding after Coronavirus pandemic, which has limited travel since March 2020. Meals taxes also increased 7% over last year, or \$180,879. This increase can also be attributed to continued economic rebound from the pandemic. Personal property taxes are due in December 2021 and Business License tax is due in March 2022, both of which are important to the overall tax base. Personal Property taxes are expected to increase due to a \$.10 increase per \$100 on the personal property tax rate.

□ Major Initiatives and Goals □

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

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

During Fiscal Year 2021, the County utilized Federal CARES funding to combat effects of the Coronavirus pandemic throughout the County.

Augusta County partnered with Staunton City and the Community Foundation of the Central Blue Ridge to distribute grants to 42 nonprofit organizations. The grants, which originated from CARES Act allocations to the city and county, were intended to support the sustainability of the local nonprofit sector which, along with for-profit businesses, has faced many financial challenges as a direct result of the pandemic. Both Staunton and Augusta County partnered with the Community Foundation of the Central Blue Ridge to administer their Nonprofit Sustainability Grants programs. Staunton provided \$300,000 and Augusta County committed \$100,000. Nonprofit organizations were eligible for grants of up to \$20,000 based upon the size of the operating budgets and certain categories of expenses that they incurred between March 1 and November 15. The grants reimburse eligible expenses, including costs associated with modifying organizations' service models in order to ensure that the public could access their services.

The County also applied for and was awarded three broadband grants, totaling \$900,440, from the Commonwealth of Virginia as part of the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

- The first grant award for \$352,133 was used towards the New Hope Telephone Cooperative fiber project that will serve the northeast part of the county. The grant was used to purchase and construct fiber optic cable and equipment for an underground fiber-to-the-home (FTTH), outside plant network that replaced the current infrastructure that is over 35 years old and discontinued by the manufacturer. The FTTH project provides high speed and reliable internet and telephone access for 36 households, including six home-based businesses. The New Hope project total is \$440,166 of which 80% (\$352,132) was CARES Act funded. Augusta County and New Hope Telephone Cooperative both contributed 10% of the total cost – or \$44,016 each.
- The second grant award for \$214,929 was used toward the Lingo Networks project that provided last-mile broadband connection and middle-mile infrastructure for a remote and rural area of the county that has historically been very difficult to provide adequate service for both topographic and financial reasons. Fixed wireless technology, providing broadband service from the 488 ft. tower in Swoope, and FTTH connections will provide service for 310 residents, students, teleworkers, and businesses and farms. The total cost for the Swoope Tower project is \$268,661 of which 80% (or \$214,929) will be CARES Act funded. Augusta County and Lingo Networks will each contribute 10% of the total cost – or \$26,866 each.

- The third grant award for \$333,378 will be used towards the Lingo Networks Fiber project that will serve the area between Churchville and Buffalo Gap. This rural fiber project will serve the Mountain Run residential area and households near the intersection of Heizer Tanyard and Jerusalem Chapel Roads located between Churchville and Buffalo Gap. Last-mile FTTH for 36 households are included in this project along with middle-mile fiber infrastructure which can serve additional FTTH customers. It was estimated that out of the initial 36 households, at least 25 households need broadband for income-related reasons. The total cost for the Lingo Networks Fiber Project is \$416,722 of which 80% (or \$333,378) will be CARES Act funded. Augusta County and Lingo Networks will each contribute 10% of the total cost – or \$41,672 each.

The County also partnered with the Augusta County Economic Development Authority to provide disaster recovery grant funding to small businesses who suffered the cost of business interruptions due to the pandemic. The County allocated \$200,000 to this program.

CARES Act funds were also allocated to the School Board in the amount of \$1,755,498 to aid in the safe reopening of the local schools and allow for distance learning.

A distance learning project in the Fire & Rescue training center included upgrades to the audio-visual equipment in the center, laptops for student use, as well as upgrades in the stations. This project allowed for virtual meetings and training with all Fire & Rescue personnel as well as volunteer agencies during the pandemic. Future use will require less travel by agencies for training opportunities and allows for greater participation due to the virtual format. Total costs for upgrades totaled \$202,094.

Other CARES Act funding was utilized for various projects throughout the County related to the pandemic. These projects include but are not limited to: upgrades to Circuit Court to allow for social distancing and AV upgrades in the courtroom; upgrades to the boardroom and audio-visual equipment to allow for live streaming of public meetings; infrastructure upgrades in County-owned buildings to allow for touchless options for citizens when entering the building; permanent barriers placed for the safety of staff; and software upgrades to allow for more online transactions when conducting County business, to include online options for bill pay, and online access for real estate records.

During Fiscal Year 2021, the County completed facility improvements to Deerfield Community Center for a roof replacement. Funding for this project was provided by the County's Capital account and the cost totaled \$110,138.

During Fiscal Year 2021, the County also completed pool resurfacing at the Stuart's Draft Community Pool. With the swimming season typically being Memorial Day weekend through Labor Day, the Stuarts Draft Pool has averaged 72 days of operation per season over the past 10 years at 8 hours per day of operation. The pool has hosted an average of 6,768 users or guests per season over those same 10 years, which translates to 94 users/day. This pool was originally constructed in 2004 and this is the first major renovation since its completion. This renovation work included water jetting current plaster liner to remove, replacing all drain covers, repair and seal any cracks within pool, replacing all coping blocks around the perimeter of the pool, re-caulking coping block area and around skimmers, and then replastering the pool. Funding for this project came from the County Capital Fund and totaled \$85,045.

Augusta County Fire-Rescue maintains a fleet of ambulances to respond to emergency medical calls. The ambulance ordered in FY2021 is part of a strategic replacement plan to keep the fleet in the County current and rotate fleet within the County agencies to ensure optimal use of each unit. This new unit is estimated to be delivered in early FY22.

□ Financial Information □

Financial Planning

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. The County has established a Fund Balance policy to maintain an unassigned General Fund balance of no less than two months of General Fund expenditures. Unassigned General Fund balance would provide the County with financial resources to address unforeseen revenue fluctuations, unanticipated expenditures and emergencies, which result in unanticipated budgetary shortfalls. As of June 30, 2021, the County has more than two months of General Fund operating expenditures by \$2,905,494. However, the County recognizes its obligation to the Debt Service Fund and Virginia Public Assistance. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$4,522,616. The County will consider this requirement as it reviews the fund balance policy and prepares for the fiscal year 2022 revised budget.

Capital Improvement Plan

The Capital Improvement Plan provides a systematic approach to planning and financing capital improvements including future capital facility needs, correlating projects to community goals and growth, eliminating poorly planned expenditures, encouraging cooperation with other governmental units, and facilitation of private sector improvements consistent with the County Comprehensive Plan. As part of the budget process each year, the County Administrator proposes a capital improvements plan. Each year, based on the availability of funds and specific general operating revenues, amounts are budgeted as a transfer from the general operating budget to the Capital Improvement Fund. These transfers may vary year to year depending on the anticipation or demand of new projects, the availability of revenues in the General Fund, and year end fund balance surpluses. The County Capital Improvements Fund includes balances assigned to depreciation accounts for future capital replacement costs for fire apparatus, emergency communications equipment, information technology, vehicle replacements, and building capital improvements. It also includes balances assigned to develop and maintain County parks and recreational facilities, infrastructure improvements and economic development initiatives, renovations and improvements to County buildings, and fund support for local organizations capital improvements, such as Blue Ridge Community College and Shenandoah Valley Regional Airport Commission. The Capital Improvement Plan is based on a five-year outlook of replacement costs and needs. It anticipates future replacement costs by incorporating an inflationary factor into the original purchase cost and allocating that amount over the life of the capital asset. The Capital Improvement Plan has enabled the County to afford needed projects without bonding the cost. At June 30, 2021, the County had a number of debt issues outstanding related to school construction. These issues totaled \$59,396,894 in general obligation bonds. At June 30, 2021, the County also had revenue bonds for construction of a gravity sewage system, a roadway and bridge construction, and Mill Place water tank outstanding. These issues totaled \$4,664,048.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, money market funds, U.S. Agency Securities, corporate debt, and municipal bonds. The yield on investments ranged from .180% to 2.50%. LGIP interest rates have fallen with a range of rates of 0.03% to .05% in 2021. The County continues to carry a balance in a money market account and checking with a range rate of .50%. LGIP funds daily rates have fallen offering lower yields than what may be earned on the standard checking accounts. All County deposits are insured by either federal depository insurance or the Virginia Security for Public Deposits Act.

□ Awards and Acknowledgements □

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Augusta, Virginia for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This is the twenty-third consecutive year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Budget Presentation to the County of Augusta, Virginia for its Budget preparation document for the 2022 Fiscal Year Budget. This is the fifth year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Budget document. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this is an important goal to strive for yearly and we will continue to make it a goal for our budget documents.

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

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

Sincerely,



Misty Cook
Director of Finance



Lora Swortzel
Accountant



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Augusta County
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

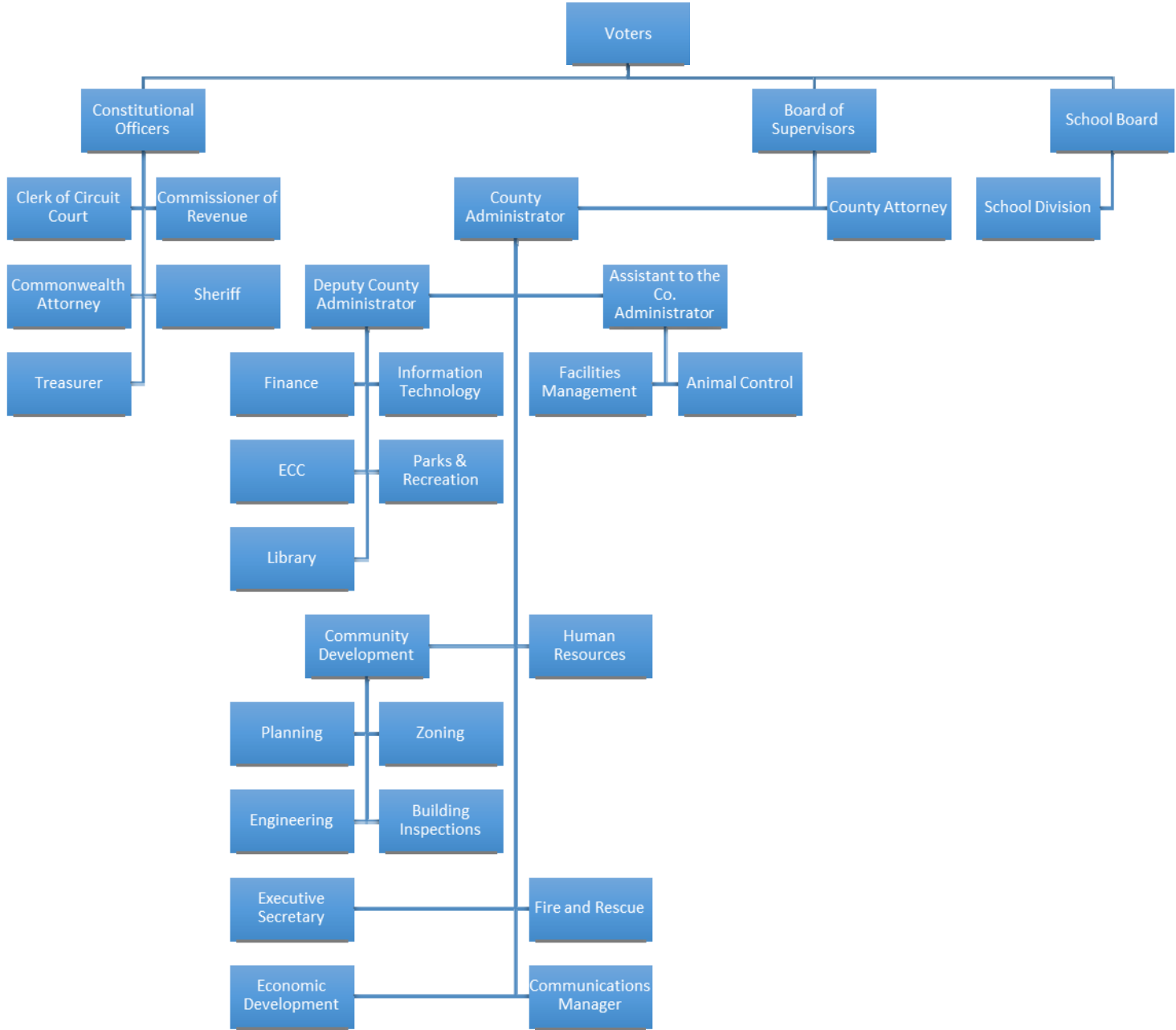
June 30, 2020

Christopher P. Morill

Executive Director/CEO

COUNTY OF AUGUSTA, VIRGINIA

ORGANIZATIONAL CHART



COUNTY OF AUGUSTA, VIRGINIA

LIST OF ELECTED AND APPOINTED OFFICIALS

Board of Supervisors

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

Scott Seaton
Pamela L. Carter
Jeffrey A. Slaven

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

County School Board

John M. Ward, Chairman
John L. Ocheltree, Jr., Vice-Chairman

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

Timothy Z. Swortzel
Tom Goforth
Marsha K. Buehner, Clerk

Other Officials

Judges of the Circuit Court	Hon. W. Chapman Goodwin, Hon. Paul A. Dryer, Hon. Christopher B Russell, Hon. Joel R. Branscom, Hon. Anne M. Reed, and Hon. Edward K. Stein
Judges of the General District Court	Hon. William H. Cleaveland (Chief Judge), Hon. Christopher M. Billias, Hon. Robin J. Mayer, and Hon. Rupen Shah
Judges of the Juvenile & Domestic Court	Hon. Correy R. Smith (Chief Judge), Hon. Robert C. Hagan Jr., Hon. Susan B. Read, Hon Linda S. Jones., Hon. Paul A. Tucker
Clerk of the General District Court	Ashleigh H. Simmons
Clerk of the Juvenile & Domestic Court	Teresa L. Smith
Clerk of the Circuit Court	R. Steven Landes
Commonwealth Attorney	Timothy Martin
Commissioner of the Revenue	W. Jean Shrewsbury
Treasurer	Richard T. Homes
Sheriff	Donald Smith
Superintendent of Schools	Dr. Eric Bond
Director of Augusta County Service Authority	Phil Martin
Director of Social Services	Anita Harris
General Registrar	Constance Evans
Chief Building Inspector	G.W. Wiseman
Director of Community Development	John Wilkinson
Director of Economic Development & Marketing	Rebekah Castle
Director of Information Technology	Jacquelyn A. Zetwick
Director of Parks and Recreation	Andy Wells
Director of Emergency Operation Center	Donna J. Good
Chief of Fire and Rescue	David Nichols
Facilities Management	Rusty Sprouse
Library Director	Jennifer Brown
Human Resources Director	Faith H. Duncan
County Attorney	James R. Benkahla
County Administrator	Timothy K. Fitzgerald
Deputy County Administrator	Jennifer M. Whetzel
Assistant to the County Administrator	Candy Hensley
Director of Finance	Misty D. Cook

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, Virginia (County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 24 to the financial statements, the County restated beginning net position of the governmental activities and the discretely presented component unit and beginning fund balance of the General Fund, Internal Services Fund, Fiduciary Fund, and the Discretely Presented Component Unit – School Board – Nonmajor Governmental Funds in accordance with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 13-22 and 124-148, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedules listed in the table of contents as other supplementary information, supporting schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Harrisonburg, Virginia
December 2, 2021

COUNTY OF AUGUSTA, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the County of Augusta, Virginia for the fiscal year ended June 30, 2021. This narrative is to be read in conjunction with the additional information we have furnished in our letter of transmittal which can be found earlier in this report.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$83,151,289 (net position). Of this amount, \$62,473,568 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$(27,384,626) of which \$(110,660,711) is unrestricted. (See Exhibit 1.)
- The County's total net position increased by \$14,931,877. The School Board's total net position decreased by \$234,895. (See Exhibit 2.)
- The primary government and School Board general revenues, charges for services, operating grants and contributions, and capital grants and contributions were \$142,939,093 and \$127,800,577, respectively, for fiscal year 2021. (See Exhibit 2.)
- Expenses were \$128,007,216 for governmental activities and \$128,035,472 for the School Board. (See Exhibit 2.)

Fund Financial Statements

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,958,451, or 13.8 percent, of the total General Fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2021 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 \$71,055,064, an increase of \$15,574,013 in comparison with the prior year. Approximately 18.2 percent of this total amount, or \$12,958,451, is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

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

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

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Augusta, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$83,151,289 at the end of the fiscal year.

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

County of Augusta, Virginia
Summary Statement of Net Position
June 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Current and other assets	\$ 137,463,082	\$ 107,251,577
Capital assets, net	83,404,127	87,770,014
Total assets	\$ 220,867,209	\$ 195,021,591
 Deferred outflows of resources	 \$ 8,922,074	 \$ 6,027,952
 Long-term liabilities	 \$ 97,849,865	 \$ 96,894,157
Other liabilities	22,678,581	12,794,422
Total liabilities	\$ 120,528,446	\$ 109,688,579
 Deferred inflows of resources	 \$ 26,109,548	 \$ 27,357,168
 Net position:		
Net investment in capital assets	\$ 17,804,738	\$ 16,560,315
Restricted	2,872,983	2,858,862
Unrestricted	62,473,568	44,584,619
Total net position	\$ 83,151,289	\$ 64,003,796

The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt used to acquire those assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents 3.4 percent of total net position and are resources that are subject to external restrictions on how they may be used. The majority of restricted net position is used for capital projects, fire service, education and training, as well as, law enforcement operations to support drug education, awareness, and enforcement. The balance of unrestricted net position, which is \$62,473,568, or 75.1 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. These obligations include public safety and future construction projects.

During the current fiscal year, the government's net position increased by \$14,931,877.

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

Governmental Activities

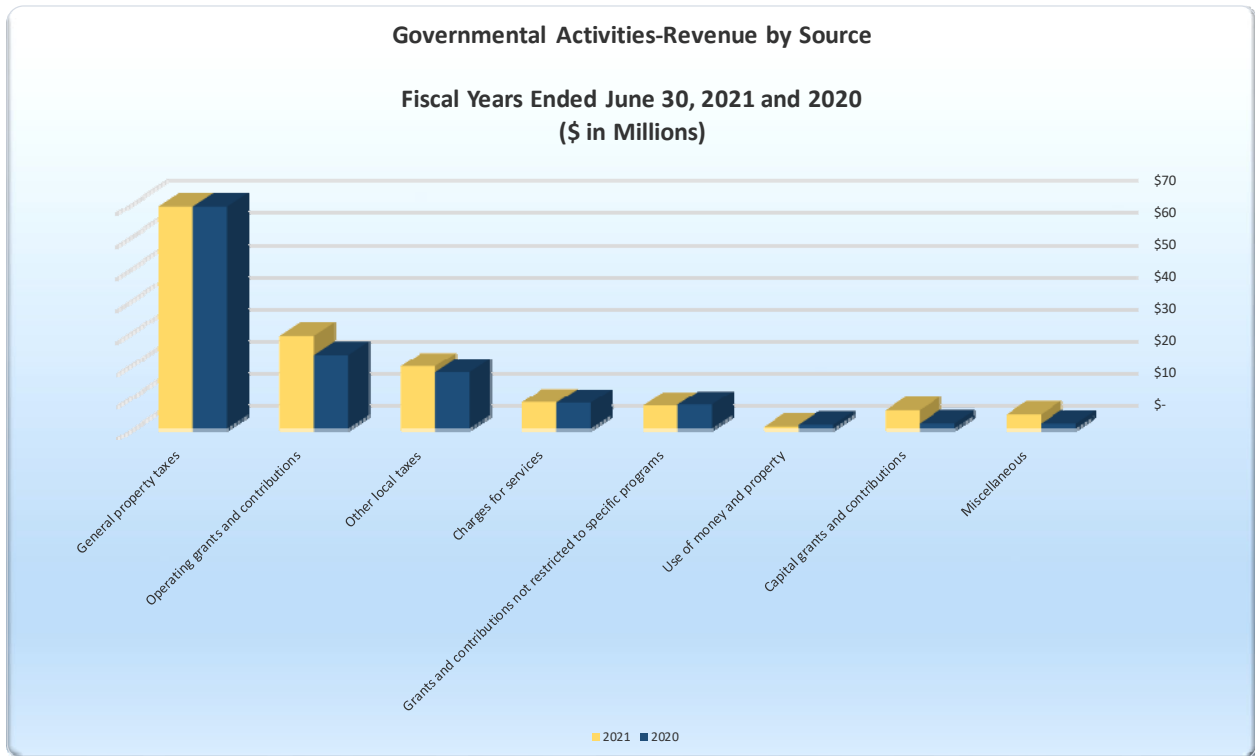
Governmental activities increased the County's net position by \$14,931,877. Key elements of this increase are as follows:

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 8,142,624	\$ 7,927,419
Operating grants and contributions	28,670,410	22,870,708
Capital grants and contributions	5,639,809	1,635,216
General revenues:		
General property taxes	69,028,670	68,989,644
Other local taxes	19,297,764	17,461,921
Use of money and property	685,333	1,272,079
Miscellaneous	4,357,975	1,576,340
Grants and contributions not restricted to specific programs	7,116,508	7,399,577
Total revenues	142,939,093	129,132,904
Expenses:		
General government	10,368,248	7,547,543
Judicial administration	3,201,680	2,103,246
Public safety	30,145,981	30,057,120
Public works	5,660,252	8,891,842
Health and welfare	19,449,540	19,625,147
Education	51,977,469	53,373,007
Parks, recreation and cultural	2,713,834	2,870,905
Community development	2,498,072	2,051,382
Interest on long-term debt	1,992,140	2,167,209
Total expenses	128,007,216	128,687,401
Increase in net position	14,931,877	445,503
Net position, beginning, as restated	68,219,412	63,558,293
Net position, ending	\$ 83,151,289	\$ 64,003,796

Governmental Activities – Revenues

- General property taxes increased by approximately \$39,026. This revenue remained relatively flat when compared to the prior year.
- Operating grants and contributions had an increase of \$5,799,702 over the prior year or 25.3 percent. This increase was due to additional federal CARES funding.
- Miscellaneous increased \$2,781,635 primarily due to the sale of property for \$3,039,500.
- Sales tax revenue increased \$1,005,727 which accounts for much of the increase in other local taxes and could be due to Federal stimulus money prompting increased consumer spending.

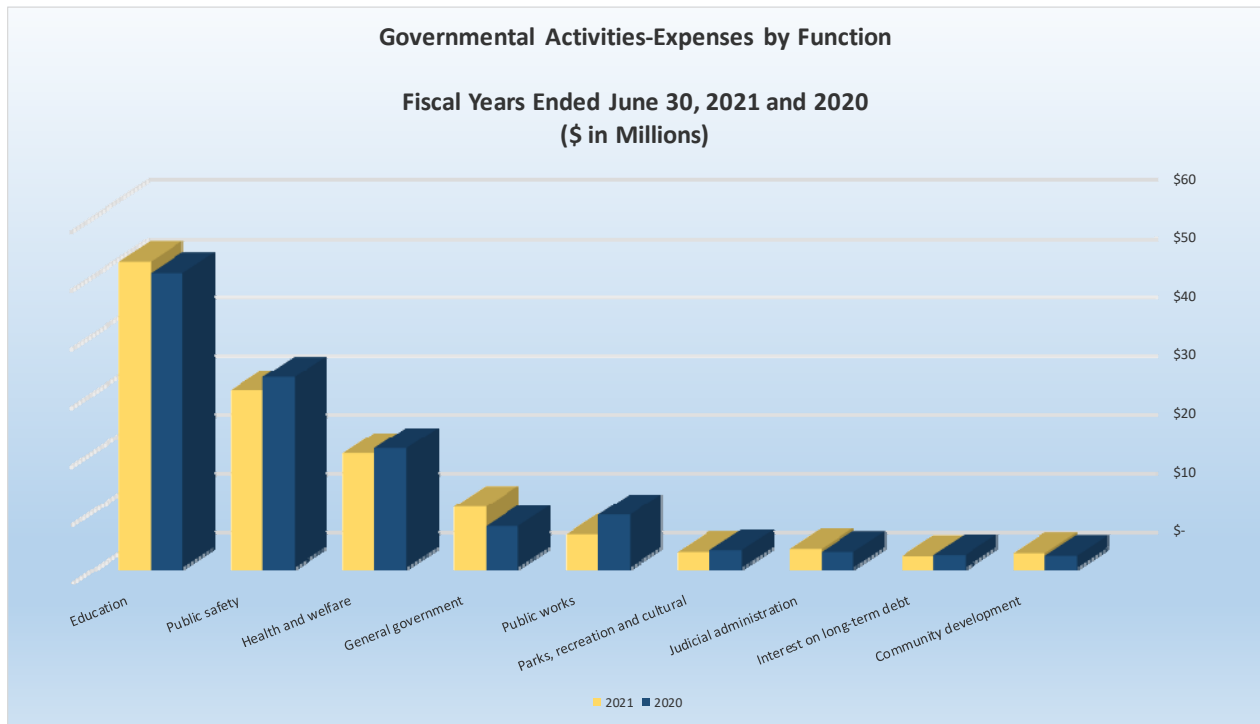
**Governmental Activities – Revenues by Source
Years Ended June 30, 2021 and 2020**



Governmental Activities – Expenses

- Expenses allocated to education were 2.6 percent lower than the prior year due to a disposal of capital assets.
- Expenses allocated to general government were 37.3 percent higher than the prior year due to an increase in allocations for nondepartmental expenses. Nondepartmental expenses for fiscal year 2021 included special CARES projects that were not department specific.
- Expenses allocated to judicial administration were 52.2 percent higher than the prior year due to an increase in pension liability.
- Expenses allocated to Community development were 21.7 percent higher than the prior year due to an increase in pension liability.
- Expenses allocated to Public Works were 36.3 percent lower than the prior year due to a decrease in allocations for capital outlays.

**Governmental Activities – Expenses by Function
Years Ended June 30, 2021 and 2020**



Financial Analysis of the Government’s Funds

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

Governmental Funds

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

At the end of the fiscal year, the County’s governmental funds reported combined ending fund balances of \$71,055,064. Approximately 18.2 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance falls within the categories of nonspendable, restricted, committed, or assigned. Nonspendable fund balance totals \$727,134, which is inventories and prepaid items reported in the governmental funds, as well as land held for sale and long-term loans receivable. Restricted fund balance includes funds that have been constrained for specific purposes by sources outside the government. Restricted fund balance includes funds received from the state for fire programs, state and federal asset forfeiture funds. Committed and assigned fund balances have been constrained by the government itself, depending on the level of decision-making authority. These fund balance amounts include funds for issuing fire revolving loans, work in drug enforcement operations, EMS contributions related to EMS transport services, and capital projects. Of the capital projects, the most prominent are public safety equipment replacement and general government renovations.

The General Fund is the chief operating fund of the County. As of June 30, 2021, total fund balance of the General Fund was \$22,112,352, of which \$12,958,451 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 13.8 percent of total General Fund expenditures, which includes transfers to the School Board component unit of \$45,044,041.

The fund balance of the County's General Fund decreased by \$3,031,617 during the current fiscal year due to an increase in transfers out to the Capital Projects Fund.

Other governmental funds consist of the Virginia Public Assistance (VPA) Fund, Debt Service Fund, County Capital Improvements Fund, and School Capital Improvements Fund. As of June 30, 2021, total fund balances of these funds were \$0, \$0, \$46,485,387, and \$2,457,325, respectively. The VPA Fund accounts for revenues and expenditures related to welfare. The Debt Service Fund accounts for debt service payments made by the County. The County Capital Improvements Fund accounts for funds used for the acquisition or construction of major capital facilities. Significant changes in the County Capital Improvement Fund are attributable to the completion of construction in progress projects as noted in the capital assets section of the Management's Discussion and Analysis. The School Capital Improvements Fund accounts for construction expenditures for the school system.

General Fund Budgetary Highlights

Differences between the original budgeted expenditure appropriations and the final amended budgeted expenditure appropriations were a \$8,614,702 increase. Budgeted revenues increased by \$13,635,427. The increase in budgeted revenues can be attributed to increases in sales tax revenue and additional federal funding under the CARES Relief Act. 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, 2021 is \$83,404,127 (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:

- Completion of the pool resurfacing at the Stuarts Draft Park. This project, the first major renovation to the pool since its construction in 2004, included; removing the existing plastic liner and re-plastering the pool, replacing all coping blocks around the perimeter, repairing and sealing any cracks and replacing all drain covers (\$85,045).
- Replacement of the roof at the Deerfield Community Center (\$110,138).
- Construction in progress includes the Courts Complex design and the Jennings Branch Stream restoration construction and the Verona Pedestrian project construction design and engineering.

County of Augusta, Virginia
Capital Assets for Governmental Activities (net of depreciation)
June 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Land	\$ 5,449,063	\$ 5,449,063
Buildings and system	59,484,739	64,964,481
Machinery and equipment	12,821,994	11,882,347
Land improvements	4,276,246	4,199,198
Construction in progress	1,372,085	1,274,925
Total assets	\$ 83,404,127	\$ 87,770,014

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

Long-Term Debt

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

	Governmental Activities	
	2021	2021
General obligation bonds	\$ 59,396,894	\$ 64,344,898
Premium on general obligation bonds	4,119,607	4,468,275
Revenue bonds	4,664,048	5,221,725
premium on revenue bonds	506,917	585,762
Capital lease	1,750,669	1,375,872
Compensated absences	2,346,633	2,267,362
Total assets	\$ 72,784,768	\$ 78,263,894

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

Additional information on the County’s long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

- The annual unemployment rate for Augusta County in 2021 was 3.5 percent. The County’s rate is slightly better than the state’s unemployment rate of 4.5 percent and still compares favorably to the national average rate of 6.1 percent. The unemployment rate continues to be affected by the nationwide pandemic.
- The County depends on financial resources flowing from, or associated with, both the federal government and the Commonwealth of Virginia. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. Revenues from the Commonwealth of Virginia represent approximately 10.2 percent, 42.8 percent, and 52.1 percent of total revenues for the General Fund, Virginia Public Assistance Fund, and the School Operating Fund, respectively. Revenues from the Federal government represent 9.3 percent, 44.6 percent, and 10.7 percent of total revenues for the General Fund, Virginia Public Assistance Fund, and the School Operating Fund, respectively.

- Investment earnings are subject to changes associated with the U.S. treasury securities because of actions by the Federal Reserve.
- Real Estate tax rates for fiscal year 2021 are \$0.63 per \$100 of assessed value. Personal Property tax rates for autos and motorcycles are \$2.60 per \$100 of assessed value. Other Personal Property tax rates are \$2.50 per \$100 of assessed value for campers, boats, and airplanes and \$2.50 per \$100 assessed valued value for business personal property, large trucks and machinery and tools.

All of these factors were considered in preparing the County's budget for the 2022 fiscal year.

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund expenditures at the close of the fiscal year. As of June 30, 2021, the County has more than the required two months of General Fund operating expenditures by \$2,905,494. The County also recognizes its obligation to the Debt Service Fund and Virginia Public Assistance Fund. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$4,522,616. The County will consider this requirement as it reviews its fund balance policy and prepares for the fiscal year 2022 revised budget.

Appropriations for County funds lapse at fiscal year-end, with the exception of the County Capital Improvements Fund. It is anticipated that fund balance will not be used to finance daily operations for the 2022 budget year, although as in some previous fiscal years, it is a possibility.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

STATEMENT OF NET POSITION
June 30, 2021

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Cash and cash equivalents	\$ 67,831,791	\$ 9,315,062
Cash in custody of others	529,368	5,000
Investments	21,318,659	-
Investments - land held for sale	685,866	-
Receivables, net:		
Taxes receivable	28,165,643	-
Accounts receivable	5,384,738	79,264
Notes receivable	4,065,705	-
Due from primary government	-	3,268,659
Due from component unit	530,349	-
Due from other governmental units	3,181,069	4,973,605
Inventories	5,130	-
Prepaid expenses	36,138	-
Equity interest in joint venture	5,728,626	-
Capital assets, net of accumulated depreciation and amortization:		
Land	5,449,063	1,551,430
Buildings and system	59,484,739	74,990,128
Machinery and equipment	12,821,994	5,830,454
Land improvement	4,276,246	-
Construction in progress	1,372,085	904,073
Total assets	220,867,209	100,917,675
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	7,123,268	25,582,129
Other postemployment benefits	1,798,806	4,754,169
Total deferred outflows of resources	8,922,074	30,336,298

STATEMENT OF NET POSITION (Continued)
June 30, 2021

	Primary Government	Component Unit
	Governmental Activities	School Board
LIABILITIES		
Reconciled overdraft	\$ -	\$ 285,099
Accounts payable	3,677,859	4,974,757
Accrued liabilities	2,261,912	3,803,901
Accrued interest payable	1,071,323	-
Due to primary government	-	530,349
Due to component unit	3,268,659	-
Due to other governments	2,545,334	-
Unearned revenue	7,935,220	116,616
Deposits held in escrow	1,918,274	-
Long-term liabilities:		
Due within one year	6,814,600	461,681
Due in more than one year	65,970,168	2,057,684
Net pension liability	16,383,623	103,158,237
Other postemployment benefits	8,681,474	28,650,543
Total liabilities	120,528,446	144,038,867
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	23,981,351	-
Deferred revenue - other	1,423,103	-
Pension plan	281	8,726,867
Other postemployment benefits	704,813	5,872,865
Total deferred inflows of resources	26,109,548	14,599,732
NET POSITION		
Net investment in capital assets	17,804,738	83,276,085
Restricted:		
Fire revolving loans	2,803,348	-
Drug enforcement	69,635	-
Unrestricted (deficit)	62,473,568	(110,660,711)
Total net position	\$ 83,151,289	\$ (27,384,626)

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Activities	School Board
Primary Government:						
Governmental activities:						
General government administration	\$ 10,368,248	\$ 735,644	\$ 449,881	\$ -	\$ (9,182,723)	\$ -
Judicial administration	3,201,680	237,672	1,365,361	-	(1,598,647)	-
Public safety	30,145,981	3,447,974	14,149,675	110,682	(12,437,650)	-
Public works	5,660,252	1,714,279	-	73,157	(3,872,816)	-
Health and welfare	19,449,540	1,783,934	12,512,612	-	(5,152,994)	-
Education	51,977,469	-	-	2,582,459	(49,395,010)	-
Parks, recreation and cultural	2,713,834	223,121	192,881	-	(2,297,832)	-
Community development	2,498,072	-	-	2,873,511	375,439	-
Interest on long-term debt	1,992,140	-	-	-	(1,992,140)	-
Total governmental activities	128,007,216	8,142,624	28,670,410	5,639,809	(85,554,373)	-
Total primary government	\$ 128,007,216	\$ 8,142,624	\$ 28,670,410	\$ 5,639,809	(85,554,373)	-
Component Unit:						
School Board	\$ 128,035,472	\$ 2,448,647	\$ 82,508,442	\$ -	-	(43,078,383)
Total component units	\$ 128,035,472	\$ 2,448,647	\$ 82,508,442	\$ -	-	(43,078,383)
General revenues:						
Taxes:						
General property taxes					69,028,670	-
Local sales tax					7,827,992	-
Consumers' utility tax					1,834,845	-
Business license taxes					4,384,814	-
Restaurant food taxes					2,599,472	-
Other local taxes					2,650,641	-
Unrestricted revenues from use of money and property					685,333	11,608
Miscellaneous					4,357,975	391,957
Grants and contributions not restricted to specific programs					7,116,508	42,439,923
Total general revenues					100,486,250	42,843,488
Change in net position					14,931,877	(234,895)
Net position (deficit), beginning, as restated					68,219,412	(27,149,731)
Net position (deficit), ending					\$ 83,151,289	\$ (27,384,626)

Fund Financial Statements

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2021**

	General	Virginia Public Assistance	County Capital Improvements	School Capital Improvements	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 10,577,829	\$ -	\$ 43,878,584	\$ 1,953,346	\$ 56,409,759
Cash in custody of others	525,068	4,300	-	-	529,368
Investments	21,318,659	-	-	-	21,318,659
Receivables, net:					
Taxes receivable	28,165,643	-	-	-	28,165,643
Accounts receivable	1,805,289	-	3,040,100	539,349	5,384,738
Notes receivable	736,908	-	-	-	736,908
Due from other funds	564,797	-	-	-	564,797
Due from component unit	530,349	-	-	-	530,349
Due from other governmental units	2,154,922	966,193	59,954	-	3,181,069
Inventories	5,130	-	-	-	5,130
Prepaid items	36,138	-	-	-	36,138
Land held for sale	685,866	-	-	-	685,866
Total assets	\$ 67,106,598	\$ 970,493	\$ 46,978,638	\$ 2,492,695	\$ 117,548,424
LIABILITIES					
Accounts payable	\$ 980,149	\$ 84,772	\$ 493,251	\$ 35,370	\$ 1,593,542
Accrued liabilities	627,588	320,924	-	-	948,512
Due to other funds	-	564,797	-	-	564,797
Due to component unit	3,268,659	-	-	-	3,268,659
Unearned revenue	7,935,220	-	-	-	7,935,220
Deposits held in escrow	1,918,274	-	-	-	1,918,274
Total liabilities	14,729,890	970,493	493,251	35,370	16,229,004
DEFERRED INFLOWS OF RESOURCES					
Property taxes collected in advance	1,127,235	-	-	-	1,127,235
Unavailable revenue - property taxes	27,714,018	-	-	-	27,714,018
Unavailable revenue - other	1,423,103	-	-	-	1,423,103
Total deferred inflows of resources	30,264,356	-	-	-	30,264,356
FUND BALANCES					
Nonspendable	727,134	-	-	-	727,134
Restricted	2,872,983	-	-	-	2,872,983
Committed	5,099,049	-	-	-	5,099,049
Assigned	454,735	-	46,485,387	2,457,325	49,397,447
Unassigned	12,958,451	-	-	-	12,958,451
Total fund balances	22,112,352	-	46,485,387	2,457,325	71,055,064
Total liabilities, deferred inflows of resources and fund balances	\$ 67,106,598	\$ 970,493	\$ 46,978,638	\$ 2,492,695	\$ 117,548,424

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2021**

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 71,055,064
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets, net of accumulated depreciation and amortization	83,404,127
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds	4,859,902
Notes receivable - EDA loan	120,000
Notes receivable - Middle River Regional Jail Buy-In	3,208,797
Equity interest in joint venture not reported in the funds.	5,728,626
Internal Service Funds are used by management to charge the cost of goods provided to other departments or funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	5,478,981
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds, including unamortized premiums	\$ (68,687,466)
Capital leases	(1,750,669)
Compensated absences	(2,346,633)
Interest payable	(1,071,323)
Other postemployment benefits	(8,681,474)
Net pension liability	<u>(16,383,623)</u>
	(98,921,188)
Deferred outflows of resources represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.	
Pension plan	7,123,268
Other postemployment benefits	<u>1,798,806</u>
	8,922,074
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.	
Pension plan	(281)
Other postemployment benefits	<u>(704,813)</u>
	<u>(705,094)</u>
Net position of governmental activities	<u><u>\$ 83,151,289</u></u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	School Capital Improvements	Total Governmental Funds
Revenues:						
General property taxes	\$ 69,199,131	\$ -	\$ -	\$ -	\$ -	\$ 69,199,131
Other local taxes	19,297,764	-	-	-	-	19,297,764
Permits, privilege fees and regulatory licenses	643,011	-	-	-	-	643,011
Fines and forfeitures	253,102	-	-	-	-	253,102
Revenue from the use of money and property	637,994	-	-	31,198	16,141	685,333
Charges for services	4,251,646	211,035	33,919	-	-	4,496,600
Miscellaneous	614,982	-	-	3,061,454	681,539	4,357,975
Recovered costs	250,114	1,572,899	-	926,898	-	2,749,911
Intergovernmental:						
Commonwealth	12,174,090	6,131,687	-	1,840,250	-	20,146,027
Federal	11,100,216	6,380,925	-	1,217,100	-	18,698,241
Augusta County School Board	-	-	-	-	2,582,459	2,582,459
Total revenues	118,422,050	14,296,546	33,919	7,076,900	3,280,139	143,109,554
Expenditures:						
Current:						
General government administration	6,379,278	-	-	-	-	6,379,278
Judicial administration	2,716,093	-	-	-	-	2,716,093
Public safety	26,513,291	-	-	-	-	26,513,291
Public works	4,676,980	-	-	-	-	4,676,980
Health and welfare	1,312,895	17,634,642	-	-	-	18,947,537
Education	45,049,041	-	-	-	-	45,049,041
Parks, recreation and cultural	2,115,538	-	-	-	-	2,115,538
Community development	2,197,780	-	-	-	-	2,197,780
Nondepartmental	2,679,548	-	-	-	-	2,679,548
Capital projects	-	-	-	6,077,809	2,528,567	8,606,376
Debt service:						
Principal retirement	-	-	5,505,681	-	376,077	5,881,758
Interest and other fiscal charges	-	-	2,436,100	-	87,095	2,523,195
Total expenditures	93,640,444	17,634,642	7,941,781	6,077,809	2,991,739	128,286,415
Excess (deficiency) of revenues over (under) expenses	24,781,606	(3,338,096)	(7,907,862)	999,091	288,400	14,823,139
Other financing sources (uses):						
Issuance of capital lease	-	-	-	-	750,874	750,874
Transfers in	-	3,338,096	7,907,862	16,124,132	1,115,456	28,485,546
Transfers out	(27,813,223)	-	-	(672,323)	-	(28,485,546)
Other financing sources (uses), net	(27,813,223)	3,338,096	7,907,862	15,451,809	1,866,330	750,874
Net change in fund balances	(3,031,617)	-	-	16,450,900	2,154,730	15,574,013
Fund balances, beginning	25,143,969	-	-	30,034,487	302,595	55,481,051
Fund balances, ending	\$ 22,112,352	\$ -	\$ -	\$ 46,485,387	\$ 2,457,325	\$ 71,055,064

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

	Governmental Funds	
Net change in fund balances - total governmental funds	\$ 15,574,013	
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$ 4,002,960	
Less depreciation and amortization expense	<u>(3,012,867)</u>	
Excess of capital outlays over depreciation and amortization		990,093
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		(5,355,980)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		(170,461)
Notes receivable - EDA loan		(60,000)
Notes receivable - Middle River Regional Jail Buy-In		(760,062)
Revenues related to the equity interest in joint venture not reported as revenues in the funds.		243,024
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of capital lease		(750,874)
Principal repayments:		
General obligation debt	5,505,681	
Capital leases	<u>376,077</u>	
		5,881,758
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest	103,542	
Compensated absences	(79,271)	
Amortization of premium	427,513	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(624,245)	
Changes in pension liabilities and related deferred outflows and inflows of resources	<u>(1,750,538)</u>	
		(1,922,999)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service fund is reported with governmental activities.		
Total revenues	17,476,733	
Total expenses	<u>(16,213,368)</u>	
		<u>1,263,365</u>
Change in net position of governmental activities		<u><u>\$ 14,931,877</u></u>

**STATEMENT OF NET POSITION –
INTERNAL SERVICE FUND
June 30, 2021**

	Self - Insurance
<hr/>	
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 17,306,109
	<hr/>
Total current assets	17,306,109
	<hr/>
Total assets	17,306,109
	<hr/>
LIABILITIES	
Current liabilities:	
Accounts payable	3,158,056
Due to other governments	2,545,334
Insurance and benefit claims	1,990,000
	<hr/>
Total liabilities	7,693,390
	<hr/>
NET POSITION	
Unrestricted	9,612,719
	<hr/>
Total net position	\$ 9,612,719
	<hr/> <hr/>

**STATEMENT REVENUES, EXPENSES AND
CHANGES IN NET POSITION –
INTERNAL SERVICE FUND
Year Ended June 30, 2021**

	Self - Insurance
Operating revenues:	
Charges for services	\$ 26,479,899
	<hr/>
Total operating revenues	26,479,899
	<hr/>
Operating expenses:	
Contractual services	2,916,150
Risk financing and benefit payments	21,332,836
	<hr/>
Total operating expenses	24,248,986
	<hr/>
Operating income	2,230,913
	<hr/>
Change in net position	2,230,913
	<hr/>
Total net position, beginning, as restated	7,381,806
	<hr/>
Total net position, ending	<u><u>\$ 9,612,719</u></u>

**STATEMENT OF CASH FLOWS –
INTERNAL SERVICE FUND
Year Ended June 30, 2021**

	Self - Insurance
<hr/>	
Cash flows from operating activities:	
Receipts from interfund services provided	\$ 26,479,899
Claims and benefits paid	(20,440,021)
Payments to suppliers for goods and services	<u>(985,294)</u>
 Net cash provided by operating activities	 <u>5,054,584</u>
 Net change in cash and cash equivalents	 5,054,584
 Cash and cash equivalents:	
Beginning	<u>12,251,525</u>
 Ending	 <u><u>\$ 17,306,109</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,230,913
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in liabilities:	
Increase in:	
Accounts payable	1,930,856
Due to other governments	614,815
Insurance and benefit claims	<u>278,000</u>
 Net cash provided by operating activities	 <u><u>\$ 5,054,584</u></u>

COUNTY OF AUGUSTA, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
June 30, 2021

EXHIBIT 10

	<u>Custodial Fund</u> <u>Special Welfare</u>
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 146,105
	<hr/>
Total assets	146,105
	<hr/>
NET POSITION	
Restricted for:	
Individuals	146,105
	<hr/>
Total net position	\$ 146,105
	<hr/> <hr/>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUNDS
Year Ended June 30, 2021**

	<u>Custodial Fund</u> <u>Special Welfare</u>
ADDITIONS	
Benefits collected on behalf of others	\$ 591,714
Total additions	<u>591,714</u>
DEDUCTIONS	
Payments to participants or beneficiaries	<u>596,998</u>
Total deductions	<u>596,998</u>
Net decrease in fiduciary net position	(5,284)
Total net position, beginning, as restated	<u>151,389</u>
Total net position, ending	<u><u>\$ 146,105</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

Blended Component Units

There are no blended component units for the year ended June 30, 2021.

Discretely Presented Component Unit

The County has one discretely presented component unit, the Augusta County School Board.

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

Related Organizations

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

Undivided Interests

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Ventures

The County and the Cities of Staunton and Waynesboro participate in supporting the Augusta Regional Landfill for local residents. The Augusta Regional Landfill is a hybrid undivided interest/joint venture contractually formed by the City of Staunton, Virginia, the County of Augusta, Virginia and the City of Waynesboro, Virginia. A summary of revenues for the Augusta Regional Landfill for the year ended June 30, 2021 is as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Revenues	\$ 1,941,795	\$ 586,331	\$ 691,899
% of total revenues	60.30%	18.21%	21.49%

The County's net investment is recorded on the Statement of Net Position. The County's equity interest as of June 30, 2021 was \$5,728,626.

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

The County School Board and the Cities of Staunton and Waynesboro participate in supporting the Valley Career and Technical Center (Center) for local residents. The Center provides vocational training to secondary and adult students. The Center is governed by a six-member board of trustees of which two are appointed by the Augusta County School Board, two by City of Staunton School Board and two by City of Waynesboro School Board. Funding for the Center was provided by the County of Augusta, City of Staunton and City of Waynesboro for the year ended June 30, 2021 as follows:

	County of Augusta	City of Staunton	City of Waynesboro
Operations	\$ 3,178,500	\$ 696,030	\$ 692,839
% of total revenues	69.59%	15.24%	15.17%

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

Jointly Governed Organizations

The County, in conjunction with other localities, has created the Shenandoah Valley Airport Commission, the Shenandoah Valley Juvenile Detention Home Commission, the Valley Alcohol Safety Action Program, the Valley Community Services Board, and the Middle River Regional Jail Authority. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$197,000 for operations to the Valley Community Services Board, \$134,080 to the Shenandoah Valley Airport, \$139,764 to the Shenandoah Valley Juvenile Detention Home and \$4,000,613 to the Middle River Regional Jail Authority. The School Board contributed \$762,351 to the Shenandoah Valley Regional Program for operations.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The government reports the following major governmental funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

Fiduciary fund accounts for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The County's fiduciary fund is a custodial fund, the Special Welfare Fund.

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Net Position Flow Assumption

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

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

Deposits and Investments

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

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

Receivables and Payables

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

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

Inventory and Prepaid Items

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Property Taxes

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

Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2021, the General Fund had allowances of \$987,729 for property taxes and \$11,483 for EMS transport fees. The allowance for property taxes represents 0.24 percent of the total levies for the previous six years.

Use of Estimates

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

Capital Assets

Capital assets, which include property, buildings, improvements, equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. There were no impaired capital assets at year end.

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

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Compensated Absences

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

Long-Term Obligations

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

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

Fund Equity

The County reports fund balance in accordance with GASB. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Equity (Continued)

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

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

In the General Fund, the County strives to maintain an unrestricted fund balance to be used for unanticipated emergencies of no less than two months of the GAAP basis General Fund operating expenditures at the close of the fiscal year, as adjusted for temporary funding of unanticipated budgetary shortfalls, if applicable. In the event the unassigned General Fund balance is used to provide for temporary funding of unanticipated budgetary shortfalls, the County shall restore the unrestricted General Fund balance to the minimum level of two months of General Fund operating expenditures within three to five fiscal years following the fiscal year in which the event occurred. The plan to restore the unrestricted General Fund balance shall be included and highlighted in the County's adopted budget. At June 30, 2021, the County has more than two months of operating expenditures by \$2,905,494. The County also recognizes its obligation to the Debt Service Fund and Virginia Public Assistance Fund. When those obligations are considered in conjunction with the fund balance policy requirements, the County has less than the required two months of General Fund operating expenditures by \$4,522,616. See Note 22 for more information on fund balance designations.

Net Position

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

Restricted Assets

The primary government did not have restricted assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County and discretely presented component unit, the School Board, have several items that qualify for reporting in this category related to the pension plan and other postemployment benefits (OPEB) plans. See Notes 10 through 15 for details regarding these items.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Several types of items qualify for reporting in this category related to the pension plan and OPEB plans. See Notes 10 through 15 for details regarding these items. Accordingly, two other items, unavailable revenue representing property taxes receivable and other unavailable revenues, which arise under the modified accrual basis of accounting, are reported only as unavailable revenues in the governmental funds Balance Sheet. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. Under the accrual basis, the second half installment of property taxes are reported as deferred inflows of resources on the Statement of Net Position. Other deferred revenues are also reported as deferred inflows of resources on the Statement of Net Position.

Pensions

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

Medical Insurance Programs

The Medical Insurance Programs are single-employer plans. Differences between expected and actual experience and actuarial assumptions are amortized over the average of the expected remaining service lives of all employees that are covered through the plans, which is 7.22 years for the County plan and 7.72 years for the School plan. Plan amendments are recognized immediately.

Group Life Insurance

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Health Insurance Credit Program

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

Line of Duty Act Program

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

Virginia Local Disability Program

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

E. Subsequent Events

The County has evaluated subsequent events through December 2, 2021, the date on which the financial statements were available to be issued.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Reconciliation of Government-wide and Fund Financial Statements

A. **Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance total governmental funds* and *net position of governmental activities* as reported in the government-wide Statements of Net Position. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The details of these \$98,921,188 and \$134,328,145 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Bonds payable	\$ (64,060,942)	\$ -
Unamortized premium on bonds	(4,626,524)	-
Capital lease payable	(1,750,669)	-
Accrued interest payable	(1,071,323)	-
Net OPEB obligation	(8,681,474)	(28,650,543)
Net pension liability	(16,383,623)	(103,158,237)
Compensated absences	(2,346,633)	(2,519,365)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (98,921,188)	\$ (134,328,145)

B. **Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of these \$990,093 and \$(3,211,456) differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Capital outlay	\$ 4,002,960	\$ 3,888,341
Depreciation and amortization expense	(3,012,867)	(7,099,797)
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>	\$ 990,093	\$ (3,211,456)

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 explains the net effect of various miscellaneous transactions involving capital assets (i.e. disposals, trade-ins, transfers, and donations). The details of these (\$5,355,980) and \$5,114,001 differences for the primary government and discretely presented component unit, respectively, are as follows:

	Primary Government	Component Unit - School Board
Disposals of capital assets, net	\$ (407,976)	\$ 165,997
Allocation of debt-financed school assets based on current year repayments, net	(4,948,004)	4,948,004
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (5,355,980)	\$ 5,114,001

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 the differences are as follows:

	Primary Government	Component Unit - School Board
Compensated absences	\$ (79,271)	\$ (404,959)
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,750,538)	(851,695)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(624,245)	446,809
Accrued interest	103,542	-
Amortization of bond premium	427,513	-
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (1,922,999)	\$ (809,845)

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 the difference for the primary government are as follows:

	Primary Government
Principal repayments:	
General obligation debt	\$ 5,505,681
Capital lease	376,077
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 5,881,758

Note 3. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Information (Continued)

6. Appropriations lapse on June 30 for all County units. The County's practice is to appropriate capital projects by project.
7. All budget data presented in the accompanying financial statements is the original and revised budget as of June 30.
8. Encumbrances, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, lapse at year end.
9. Annual budgets are adopted on a basis consistent with GAAP for all governmental funds.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2021, the School Cafeteria Fund had expenditures exceeding appropriations due to a non-cash adjustment for USDA inventories. The School Capital Improvement Fund also had expenditures exceeding appropriations due to the addition of a capital lease for a technology upgrade.

Note 4. Deposits and Investments

Deposits

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

Custodial Credit Risk (Deposits)

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

Investments

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

Custodial Credit Risk (Investments)

The County's investment policy provides that securities purchased for the County shall be held by the County Treasurer or by the Treasurer's custodian. If held by a custodian, the securities must be in the County's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County. Further, if held by a custodian, the custodian must be a third-party, not a counterparty (buyer or seller) to the transaction. At June 30, 2021, all of the County's investments were held in accordance with this policy.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Deposits and Investments (Continued)

Credit Risk of Debt Securities

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

The County's rated debt investments as of June 30, 2021 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

	Fair Quality			
	AA	AAA	AA+	AAAm
U.S. Agencies	\$ -	\$ -	\$ 15,467,183	\$ -
U.S. Treasury Obligations	-	-	5,252,093	-
Municipal/Public Bonds	-	1,002,847	1,415,819	-
Local Government Investment Pool	-	-	-	156,791
Total	\$ -	\$ 1,002,847	\$ 22,135,095	\$ 156,791

Concentration of Credit Risk

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

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1 Year	1-5 Years
Municipal/Public Bonds	\$ 2,418,666	\$ 2,014,059	\$ 404,608
U.S. Treasury Obligations	5,252,093	1,259,058	3,993,035
U.S. Agencies	15,467,183	6,020,021	9,447,162
Total	\$ 23,137,942	\$ 9,293,138	\$ 13,844,805

External Investment Pools

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia Statutes pursuant to Section 2.2-4605 *Code of Virginia*. The Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The County's investment in the LGIP, totaling \$156,791, is stated at amortized cost and classified as cash and cash equivalents. The maturity of the LGIP is less than one year. There are no limitations or restrictions on withdrawals.

Fair Value Measurements

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

The County has the following recurring fair value measurements as of June 30, 2021:

- U.S. agency securities of \$8,988,171 are valued using quoted market prices (Level 1 inputs) and \$6,479,012 are valued as Level 2 inputs using significant other observable inputs, including quoted prices for similar assets in active markets.
- U.S. Treasury obligations of \$5,252,093 are valued using quoted market prices (Level 1 inputs).
- Municipal/Public bonds of \$2,418,666 are valued as Level 2 inputs using significant other observable inputs, including quoted prices for similar assets in active markets.
- Money market funds of \$43,098 are valued using quoted market prices (Level 1 inputs).

Note 5. Due from Other Governmental Units

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

	Primary Government	Component Unit - School Board
Shenandoah Valley Regional Program for Special Education:		
Net pension and other post employment benefits liability	\$ -	\$ 1,182,710
Commonwealth of Virginia:		
Local sales tax	-	1,730,760
State sales tax	1,424,645	-
Motor vehicle carrier's tax	76,581	-
Gaming tax	6,912	-
Peer to Peer vehicle sharing tax	150	-
Reimbursement of shared services	376,957	-
Auto rental tax	16,542	-
Criminal Justice	32,816	-
Wireless PSAP	46,739	-
Library	46,314	-
Timber tax	1,598	-
Other	3,498	-
Children's services act	492,844	-
Virginia public assistance	92,856	-
Federal Government:		
Virginia public assistance	380,493	-
Criminal justice	52,515	-
Homeland security	59,954	-
Transportation	2,693	-
COSSAP Grant	66,962	-
School grants	-	1,628,237
Head Start	-	431,898
Totals	\$ 3,181,069	\$ 4,973,605

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Encumbrances

As discussed in Note 3.A.8., budgetary data, encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 437,921
Capital Projects Fund	<u>6,516,040</u>
Total	<u><u>\$ 6,953,961</u></u>

Note 7. Interfund/Entity Obligations

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

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 564,797	\$ -	\$ 3,268,659	\$ 530,349
VPA Fund	-	564,797	-	-
Total	<u><u>\$ 564,797</u></u>	<u><u>\$ 564,797</u></u>	<u><u>\$ 3,268,659</u></u>	<u><u>\$ 530,349</u></u>
Component Unit - School Board:				
School Operating Fund	\$ -	\$ -	\$ -	\$ 3,268,659
Head Start Fund	-	-	8,838	-
Governor's School Fund	-	-	521,511	-
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 530,349</u></u>	<u><u>\$ 3,268,659</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 27,813,223
Virginia Public Assistance Fund	3,338,096	-
School Capital Improvements Fund	1,115,456	-
Debt Service Fund	7,907,862	-
County Capital Improvements Fund	16,124,132	672,323
Total	\$ 28,485,546	\$ 28,485,546

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

Note 9. Long-Term Obligations

Primary Government – Governmental Activity Indebtedness

The following is a summary of long-term debt transactions for the County for the year ended June 30, 2021:

	Balance June 30, 2020	Issuances	Retirements	Balance June 30, 2021
General obligation bonds	\$ 64,344,898	\$ -	\$ 4,948,004	\$ 59,396,894
Revenue bonds	5,221,725	-	557,677	4,664,048
Premiums on bond issues	5,054,037	-	427,513	4,626,524
Capital lease	1,375,872	750,874	376,077	1,750,669
Compensated absences	2,267,362	1,225,494	1,146,223	2,346,633
Total long-term liabilities	\$ 78,263,894	\$ 1,976,368	\$ 7,455,494	\$ 72,784,768

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

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

Year(s) Ending June 30,	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 5,057,781	\$ 2,112,372	\$ 582,677	\$ 151,944
2023	5,176,611	1,890,230	602,676	130,269
2024	5,291,822	1,662,210	627,677	104,416
2025	5,420,405	1,425,279	657,676	78,141
2026	4,891,862	1,214,522	437,677	57,703
2027-2031	16,643,413	3,788,596	1,588,382	77,446
2032-2036	14,050,000	1,508,277	167,283	-
2037	2,865,000	44,929	-	-
Total	\$ 59,396,894	\$ 13,646,415	\$ 4,664,048	\$ 599,919

Years Ending June 30,	Capital Lease	
	Principal	Interest
2022	\$ 322,606	\$ 71,694
2023	335,818	58,483
2024	349,570	44,730
2025	363,886	30,414
2026	378,789	15,512
Total	\$ 1,750,669	\$ 220,833

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction):</u>		
\$5,875,000 2004A Series, issued May 13, 2004, Virginia Public School Authority Bonds, due in annual installments from \$290,000 to \$295,000 through July 2025, plus semi-annual interest at 5.1%. The bond was issued at a premium of \$425,392 which will be amortized over the life of the bond.	\$ 1,160,000	\$ 290,000
\$6,454,481 2004B Series, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments from \$335,570 to \$372,067 through July 15, 2024, plus semi-annual interest at 4.1% to 5.1%. The bond was issued at a premium of \$474,102 which will be amortized over the life of the bond.	1,455,543	356,283
\$26,610,000 2006A Series, issued November 9, 2006, Virginia Public School Authority Bonds, due in annual installments of \$1,330,000 through July 2026, plus semi-annual interest at 4.225% to 5.1%. The bond was issued at a premium of \$791,524 which will be amortized over the life of the bond.	7,980,000	1,330,000
\$12,729,426 2007A Series, issued November 8, 2007, Virginia Public School Authority Bonds, due in annual installments from \$625,930 to \$742,320 through July 15, 2027, plus semi-annual interest at 4.35% to 5.1%. The bond was issued at a premium of \$686,698 which will amortized over the life of the bond.	4,913,851	667,748
\$7,500,000 2011A Series, issued June 28, 2011, Virginia Public School Authority Bonds as Qualified School Construction Bonds, due in annual installments of \$468,750 through June 1, 2027, plus semi-annual interest which will be reimbursed to VPSA as a federal tax credit and then transferred to the County.	2,812,500	468,750
\$6,600,000 2012B Series, issued May 10, 2012, Virginia Public School Authority Bonds due in annual installments from \$245,000 to \$490,000 through July 15, 2032, plus semi-annual interest at 3.05% to 5.05%. The bond was issued at a premium of \$966,694 which will be amortized over the life of the bond.	4,670,000	300,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

	Total Amount	Amount Due Within One Year
<u>General obligation bonds (issued for school construction): (continued)</u>		
\$27,825,000 2016A Series, issued April 26, 2016, Virginia Public School Authority Bonds due in annual installments from \$890,000 to \$1,875,000 through July 15, 2035 plus semi-annual interest at 2.05% to 5.05%. The bond was issued at a premium of \$2,381,661 which will be amortized over the life of the bond.	\$ 23,975,000	\$ 1,090,000
\$14,285,000 2016B Series, issued October 25, 2016, Virginia Public School Authority Bonds due in annual installments from \$345,000 to \$990,000 through July 15, 2036 plus semi-annual interest at 3.05% to 5.05%. The bond was issued at a premium of \$1,247,289 which will be amortized over the life of the bond.	12,430,000	555,000
Sub-total general obligation bonds payable	59,396,894	5,057,781
Unamortized premium on general obligation bonds	4,119,607	348,668
<u>Revenue bonds:</u>		
\$1,789,123 2012B Series, issued August 23, 2012, Virginia Resources Authority Bonds due in annual installments of \$92,677 through December 1, 2033. The loan is interest free.	1,094,048	92,677
\$4,415,000 2013A Series, issued June 5, 2013, Virginia Resources Authority Bonds due in annual installments from \$240,000 to \$390,000 through October 1, 2028, plus semi-annual interest at 2.02% to 4.84%. The bond was issued at a premium of \$718,271 which will be amortized over the life of the bond.	2,705,000	290,000
\$1,890,000 2014C Series, issued November 19, 2014, Virginia Resources Authority Bonds due in annual installments from \$165,000 to \$235,000 through October 1, 2024, plus semi-annual interest at 2.969% to 5.125%. The bond was issued at a premium of \$309,600 which will be amortized over the life of the bond.	865,000	200,000
Sub-total revenue bonds payable	4,664,048	582,677
Unamortized premium on revenue bonds	506,917	78,845

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

Primary Government – Governmental Activity Indebtedness (Continued)

	Total Amount	Amount Due Within One Year
ePlus Group, Inc. capital lease, dated October 16, 2019, due in annual installments from \$454,524 to \$322,606 through November 1, 2025, plus annual interest at 4.095%.	\$ 1,750,669	\$ 322,606
Compensated absences (payable from the General Fund)	2,346,633	424,023
Total	\$ 72,784,768	\$ 6,814,600

Arbitrage Rebate Compliance:

As of June 30, 2021, and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

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

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term debt transactions of the School Board Component Unit for the year ended June 30, 2021:

	Balance June 30, 2020	Issuances	Retirements	Balance June 30, 2021
Compensated absences	\$ 2,114,406	\$ 1,025,123	\$ 620,164	\$ 2,519,365
Total long-term liabilities	\$ 2,114,406	\$ 1,025,123	\$ 620,164	\$ 2,519,365

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Accrued compensated absences (payable from the School Operating Fund)	\$ 2,519,365	\$ 461,681
Total long-term obligations	\$ 2,519,365	\$ 461,681

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan

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

A. Plan Description

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none">• The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members</p> <p><i>Political Subdivision Employees:</i> Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><i>School division employees (teachers):</i> Members are in Plan 1 if their membership date is prior to July 1, 2010, they were vested before January 1, 2013, and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members</p> <p><i>Political subdivision employees:</i> Members are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>School division employees (teachers):</i> Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members</p> <p>Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees (teachers) • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier.</p> <p>An early retirement reduction factor is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <i>Defined Benefit Component</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier <i>VRS:</i> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><i>Sheriffs and regional jail superintendents:</i> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p>	<p>Service Retirement Multiplier <i>VRS:</i> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p><i>Sheriffs and regional jail superintendents:</i> Same as Plan 1.</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component</i> <i>VRS:</i> The retirement multiplier for the defined benefit component is 1.0%.</p> <p>For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><i>Sheriffs and regional jail superintendents:</i> Not applicable.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier (Continued) <i>Political subdivision hazardous duty employees:</i> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier (Continued) <i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p>Service Retirement Multiplier (Continued) <i>Political subdivision hazardous duty employees:</i> Not applicable. <i>Defined Contribution Component</i> Not applicable.</p>
<p>Normal Retirement Age <i>VRS:</i> Age 65. <i>Political subdivisions hazardous duty employees:</i> Age 60.</p>	<p>Normal Retirement Age <i>VRS:</i> Normal Social Security retirement age. <i>Political subdivisions hazardous duty employees:</i> Same as Plan 1.</p>	<p>Normal Retirement Age <i>Defined Benefit Component</i> <i>VRS:</i> Same as Plan 2. <i>Political subdivisions hazardous duty employees:</i> Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility <i>VRS:</i> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. <i>Political subdivision hazardous duty employees:</i> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility <i>VRS:</i> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90. <i>Political subdivision hazardous duty employees:</i> Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component</i> <i>VRS:</i> Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90. <i>Political subdivision hazardous duty employees:</i> Not applicable. <i>Defined Contribution Component</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

A. Plan Description (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage <i>Political subdivision employees:</i> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage <i>Political subdivision employees:</i> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <i>Defined Benefit Component</i> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service. <p><i>Defined Contribution Component</i> Not applicable.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

B. Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

County Plan (Agent Plan)

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>345</u>
Inactive members:	
Vested inactive members	74
Non-vested inactive members	132
Inactive members active elsewhere in VRS	<u>338</u>
Total inactive members	<u>544</u>
Active members	<u>484</u>
Total covered employees	<u><u>1,373</u></u>

School Board Non-Professional Plan (Agent Plan)

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>60</u>
Inactive members:	
Vested inactive members	14
Non-vested inactive members	47
Inactive members active elsewhere in VRS	<u>29</u>
Total inactive members	<u>90</u>
Active members	<u>87</u>
Total covered employees	<u><u>237</u></u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Contributions

County Plan (Agent Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2021 was 10.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$2,457,239 and \$2,106,254 for the years ended June 30, 2021 and 2020, respectively.

School Board Non-Professional Plan (Agent Plan)

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2021 was 5.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$133,130 and \$162,031 for the years ended June 30, 2021 and 2020, respectively.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

C. Contributions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

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

The School Board Professional's contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were \$9,746,878 and \$9,127,152 for the years ended June 30, 2021 and 2020, respectively.

D. Net Pension Liability

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

The County and the School Board's non-professional plans' net pension liabilities are calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the County and School Board's non-professional plans, the net pension liability was measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

D. Net Pension Liability (Continued)

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2021, the School Board reported a liability for the professional plan of \$101,855,286 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019. The School Board’s proportion of the net pension liability was based on the School Board’s actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board’s proportion was 0.69991% as compared to 0.70662% at June 30, 2019.

The School Board’s net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total pension liability	\$ 51,001,855
Plan fiduciary net position	36,449,229
Employers' net pension liability	\$ 14,552,626

Plan fiduciary net position as a percentage of the total pension liability	71.47%
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The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net position liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

E. Actuarial Assumptions

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

General Employees

The total pension liability for General Employee’s in the County’s retirement plan and the total pension liability for General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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

General Employees (Continued)

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

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

Public Safety Employees

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality Rates:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

F. Long-Term Expected Rate of Return

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	4.65%	1.58%
Fixed income	15.00%	0.46%	0.07%
Credit strategies	14.00%	5.38%	0.75%
Real assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
	<u>100.00%</u>		<u>4.64%</u>
	Inflation		<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

G. Discount Rate

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

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

School Board Professional Plan (Cost-Sharing Plan)

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset)

County Plan (Agent Plan)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 101,093,056	\$ 90,059,654	\$ 11,033,402
Changes for the year:			
Service cost	2,566,036	-	2,566,036
Interest	6,659,671	-	6,659,671
Differences between expected and actual experience	1,013,759	-	1,013,759
Contributions - employer	-	2,106,254	(2,106,254)
Contributions - employee	-	1,119,279	(1,119,279)
Net investment income	-	1,724,376	(1,724,376)
Benefit payments, including refunds of employee contributions	(4,862,513)	(4,862,513)	-
Administrative expense	-	(58,633)	58,633
Other changes	-	(2,031)	2,031
Net changes	5,376,953	26,732	5,350,221
Balances at June 30, 2020	\$ 106,470,009	\$ 90,086,386	\$ 16,383,623

School Board Non-Professional Plan (Agent Plan)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2019	\$ 12,783,192	\$ 12,355,189	\$ 428,003
Changes for the year:			
Service cost	227,383	-	227,383
Interest	838,856	-	838,856
Contributions - employer	258,712	96,681	162,031
Contributions - employee	-	127,149	(127,149)
Net investment income	-	234,684	(234,684)
Benefit payments, including refunds of employee contributions	(711,397)	(711,397)	-
Administrative expense	-	(8,238)	8,238
Other changes	-	(273)	273
Net changes	613,554	(261,394)	874,948
Balances at June 30, 2020	\$ 13,396,746	\$ 12,093,795	\$ 1,302,951

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County net pension liability	\$ 30,516,332	\$ 16,383,623	\$ 4,750,619
School Board non-professional net pension liability (asset)	2,829,927	1,302,951	25,684
School Board professional net pension liability	149,444,580	101,855,286	62,492,923

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

County Plan (Agent Plan)

For the year ended June 30, 2021, the County recognized pension expense of \$4,039,470. The County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 810,788	\$ (281)
Changes of assumptions	1,164,348	-
Net difference between projected and actual earnings on pension plan investments	2,690,893	-
Employer contributions subsequent to the measurement date	2,457,239	-
	<u>\$ 7,123,268</u>	<u>\$ (281)</u>

The \$2,457,239 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 1,402,104
2023	1,447,171
2024	957,001
2025	859,472
	<u>\$ 4,665,748</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

School Board Non-Professional Plan (Agent Plan)

For the year ended June 30, 2021, the School Board recognized pension expense related to its non-professional plan of \$459,792. The School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210,116	\$ (3,475)
Changes of assumptions	113,343	-
Net difference between projected and actual earnings on pension plan investments	360,538	-
Employer contributions subsequent to the measurement date	133,130	-
	<u>\$ 817,127</u>	<u>\$ (3,475)</u>

The \$133,130 reported as deferred outflows of resources related pensions resulting from the School Board non-professional plan’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 249,599
2023	189,302
2024	125,113
2025	116,508
	<u>\$ 680,522</u>

School Board Professional Plan (Cost-Sharing Plan)

For the year ended June 30, 2021, the School Board recognized pension expense related to the professional plan of \$10,445,610. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

The School Board professional plan includes employees of the Shenandoah Valley Regional Program for the purpose of determining the actuarial valuation for postemployment retirement liability. The actuarial valuation cannot be determined for the Program’s employees separately from the School Board’s employees, but a portion of the pension expense totaling \$317,442 has been allocated and reported as due from the Program.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (Continued)

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

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

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (5,970,291)
Changes of assumptions	6,952,901	-
Net difference between projected and actual earnings on pension plan investments	7,747,223	-
Changes in proportionate share	318,000	(2,753,101)
Employer contributions subsequent to the measurement date	9,746,878	-
	<u>\$ 24,765,002</u>	<u>\$ (8,723,392)</u>

The \$9,746,878 reported as deferred outflows of resources related to pensions resulting from the School Board’s contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ (765,221)
2023	1,980,053
2024	2,832,573
2025	2,403,521
2026	(156,194)
	<u>\$ 6,294,732</u>

K. Pension Plan Data

Detailed information about the VRS Political Subdivision Retirement Plan and the VRS Teacher Retirement Plan is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits – Medical Insurance Program

A. Plan Description

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

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

County

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Continued)

School Board

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

B. Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

County

	Number
Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	510
Total	525

School Board

	Number
Inactive employees or beneficiaries currently receiving benefit payments	47
Active employees	1,331
Total	1,378

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

C. Total Medical Insurance Program OPEB Liability

County and School Board

The County’s total Medical Insurance OPEB liability of \$6,779,000 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2019. The School Board’s total Medical Insurance OPEB liability of \$14,111,000 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2019.

D. Actuarial Assumptions and Other Inputs

County and School Board

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2019, using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	N/A
Salary increases	2.50%
Discount rate	2.45%
Healthcare cost trend rates	6.25% for fiscal year end 2021, decreasing 0.25% per year to an ultimate rate of 4.50%.

The discount rate was based on Municipal GO AA 20-year yield curve rate as of June 30, 2019.

Mortality Rates

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

E. Changes in the Total Medical Insurance OPEB Liability

County

	<u>Total Medical Insurance OPEB Liability</u>
Balance at July 1, 2020	\$ 5,767,000
Changes for the year:	
Service cost	374,000
Interest	192,000
Difference between expected and actual experience	(83,000)
Contributions - employer	7,000
Other changes	522,000
Net changes	<u>1,012,000</u>
Balance at June 30, 2021	<u>\$ 6,779,000</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board

	<u>Total Medical Insurance OPEB Liability</u>
Balance at July 1, 2020	\$ 12,071,000
Changes for the year:	
Service cost	593,000
Interest	385,000
Difference between expected and actual experience	939,000
Contributions - employer	(743,000)
Other Changes	866,000
Net changes	<u>2,040,000</u>
Balance at June 30, 2021	<u>\$ 14,111,000</u>

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

The following presents the total OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County and the School Board’s total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
County	\$ 7,624,000	\$ 6,779,000	\$ 6,036,000
School Board	15,456,000	14,111,000	12,870,000

G. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the Trend Rate

The following represents the total Medical Insurance OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County and the School Board’s total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
County	\$ 5,796,000	\$ 6,779,000	\$ 7,979,000
School Board	12,261,000	14,111,000	16,327,000

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

County

For the year ended June 30, 2021, the County recognized Medical OPEB plan expense of \$636,000. The County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 552,000	\$ (438,000)
Changes of assumptions	675,000	(210,000)
Employer contributions after measurement date but prior to fiscal year end	100,309	-
	<u>\$ 1,327,309</u>	<u>\$ (648,000)</u>

The \$100,309 reported as deferred outflows of resources to the Medical OPEB plan resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to the Medical OPEB plan will be recognized in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 70,000
2023	70,000
2024	70,000
2025	70,000
2026	194,000
Thereafter	105,000
	<u>\$ 579,000</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board

For the year ended June 30, 2021, the School Board recognized Medical OPEB plan expense of \$319,000. The School Board also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 817,000	\$ (4,319,000)
Changes of assumptions	1,232,000	(753,000)
Employer contributions after measurement date but prior to fiscal year end	432,244	-
	<u>\$ 2,481,244</u>	<u>\$ (5,072,000)</u>

The \$432,244 reported as deferred outflows of resources related to the Medical OPEB plan resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the total Medical OPEB plan liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to the Medical OPEB plan will be recognized in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ (659,000)
2023	(659,000)
2024	(659,000)
2025	(659,000)
Thereafter	<u>(387,000)</u>
	<u>\$ (3,023,000)</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligibility Conditions</i></p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><i>Benefit Amounts</i></p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u>: The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u>: The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u>: In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p><i>Reduction in Benefit Amounts</i></p> <p>The benefit amounts provided to members covered under the GLI are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 COLA calculation. The minimum benefit adjusted for the COLA was \$8,616 effective June 30, 2021.</p>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

B. Contributions

The contribution requirements for the GLI are governed by Sections 51.1-506 and 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the participating employers for the years ended June 30, 2021 and June 30, 2020 were as follows:

	2021	2020
County	\$ 124,169	\$ 117,141
School Board Non-Professional	16,244	15,470
School Board Professional	343,833	351,118

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

At June 30, 2021, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

County	\$ 1,902,474
School Board Non-Professional	225,626
School Board Professional	4,974,300

The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2020, comparisons of the participating employers' proportions to June 30, 2019 are as follows:

	2020	2019
County	0.11400%	0.11245%
School Board Non-Professional	0.01352%	0.01342%
School Board Professional	0.29807%	0.30236%

For the year ended June 30, 2021, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense of \$95,868, \$5,616, and \$170,324, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,026	\$ (17,088)
Net difference between projected and actual earnings on GLI OPEB investments	57,149	-
Changes of assumptions	95,146	(39,725)
Changes in proportionate share	73,007	-
Employer contributions subsequent to the measurement date	124,169	-
	<u>\$ 471,497</u>	<u>\$ (56,813)</u>

The \$124,169 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 51,974
2023	68,113
2024	77,528
2025	70,836
2026	20,115
Thereafter	1,949
	<u>\$ 290,515</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board Non-Professional Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,472	\$ (2,027)
Net difference between projected and actual earnings on GLI OPEB investments	6,778	-
Changes of assumptions	11,284	(4,711)
Changes in proportionate share	1,276	(10,540)
Employer contributions subsequent to the measurement date	16,244	-
	<u>\$ 50,054</u>	<u>\$ (17,278)</u>

The \$16,244 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 410
2023	2,324
2024	4,811
2025	6,767
2026	2,036
Thereafter	184
	<u>\$ 16,532</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board Professional Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 319,056	\$ (44,679)
Net difference between projected and actual earnings on GLI OPEB investments	149,424	-
Changes of assumptions	248,772	(103,866)
Changes in proportionate share	40,192	(160,487)
Employer contributions subsequent to the measurement date	343,833	-
	<u>\$ 1,101,277</u>	<u>\$ (309,032)</u>

The \$343,833 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ 55,558
2023	97,755
2024	127,248
2025	138,747
2026	28,683
Thereafter	421
	<u>\$ 448,412</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

School Board Professional Plan

Mortality Rates – Teachers

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans

Mortality Rates – General Employees

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality Rates – Hazardous Duty Employees

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

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans (Continued)

Mortality Rates – Hazardous Duty Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

E. Net GLI OPEB Liability

School Board Professional Plan

The net OPEB liability (NOL) for the GLI represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,523,937
Plan fiduciary net position	<u>(1,855,102)</u>
Employers' net GLI OPEB liability	<u>\$ 1,668,835</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability 52.64%

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

F. Long-Term Expected Rate of Return

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

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	4.65%	1.58%
Fixed income	15.00%	0.46%	0.07%
Credit strategies	14.00%	5.38%	0.75%
Real assets	14.00%	5.01%	0.70%
Private equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
	<u>100.00%</u>		<u>4.64%</u>
	Inflation		<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

G. Discount Rate

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

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the participating employers for the GLI OPEB will subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

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

The following presents the participating employers’ proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the participating employers’ proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County	\$ 2,500,948	\$ 1,902,474	\$ 1,416,457
School Board Non-Professional	296,603	225,626	167,987
School Board Professional	6,539,099	4,974,300	3,703,536

I. GLI Fiduciary Net Position

Detailed information about the GLI’s fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

Note 13. Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

School Board Non-Professional and School Board Professional Plans

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Continued)

School Board Non-Professional Plan

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

POLITICAL SUBDIVISION HIC PLAN PROVISIONS
<p><i>Eligible Employees</i> The Political Subdivision Retiree HIC was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p><i>Benefit Amounts</i> The political subdivision’s Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – for employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • Disability Retirement – for employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p><i>Health Insurance Credit Program Notes</i></p> <ul style="list-style-type: none"> • The monthly HIC benefit cannot exceed the individual premium amount • No HIC for premiums paid and qualified under Line of Duty Act (LODA), however, the employee may receive the credit for premiums paid for other qualified health plans. <p>Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.</p>

School Board Professional Plan

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

TEACHER EMPLOYEE HIC PLAN PROVISIONS
<p><i>Eligible Employees</i> The Teacher Employee Retiree HIC was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Continued)

School Board Professional Plan (Continued)

TEACHER EMPLOYEE HIC PLAN PROVISIONS (Continued)
<p><i>Benefit Amounts</i> The Teacher Employee Retiree HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> – for Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> – for Teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either: <ul style="list-style-type: none"> ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p><i>HIC Program Notes</i></p> <ul style="list-style-type: none"> • The monthly HIC benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

B. Employees Covered by Benefit Terms

School Board Non-Professional Plan

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC plan.

Active employees	Number 87
Total	87

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

C. Contributions

School Board Non-Professional and School Board Professional Plans

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rates for the School Board non-professional and School Board professional plans for the year ended June 30, 2021 was 0.78% and 1.21%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC from the participating employers for the years ended June 30, 2021 and June 30, 2020 were as follows:

	2021	2020
School Board Non-Professional	\$ 2,803	\$ -
School Board Professional	748,499	728,889

D. Net HIC OPEB Liability

School Board Non-Professional Plan

The School Board Non-Professional plan’s net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

School Board Professional Plan

The net OPEB liability (NOL) for the Teacher Employee HIC represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the Teacher Employee HIC is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Program
Total HIC OPEB liability	\$ 1,448,676
Plan fiduciary net position	(144,160)
Employers' net HIC OPEB liability	\$ 1,304,516

Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability 9.95%

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

E. Actuarial Assumptions

School Board Non-Professional and School Board Professional Plans

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

School Board Non-Professional Plan

Mortality Rates – General Employees

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

E. Actuarial Assumptions (Continued)

School Board Professional Plan

Mortality Rates – Teachers

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

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

F. Long-Term Expected Rate of Return

School Board Non-Professional and School Board Professional Plans

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	4.65%	1.58%
Fixed income	15.00%	0.46%	0.07%
Credit strategies	14.00%	5.38%	0.75%
Real assets	14.00%	5.01%	0.70%
Private equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
	<u>100.00%</u>		<u>4.64%</u>
	Inflation		<u>2.50%</u>
			<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

G. Discount Rate

School Board Non-Professional and School Board Professional Plans

The discount rate used to measure the total HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by School Board non-professional and School Board professional plans for the HIC will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

H. Changes in the Net HIC OPEB Liability

School Board Non-Professional Plan

	Total HIC OPEB Liability
Balance at July 1, 2019	\$ -
Changes for the year:	
Changes in benefit terms	196,803
Net changes	196,803
Balance at June 30, 2020	\$ 196,803

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

School Board Non-Professional and School Board Professional Plans

The following presents the net HIC OPEB liability using the discount rate of 6.75%, as well as what the net HIC OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board Professional	\$ 10,211,670	\$ 9,122,484	\$ 8,196,755
School Board Non-Professional	217,056	196,803	179,435

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

School Board Non-Professional Plan

For the year ended June 30, 2021, the School Board non-professional plan recognized HIC OPEB expense of \$196,803. At June 30, 2021, the School Board non-professional plan reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources
Employer contributions subsequent to the measurement date	<u>\$ 2,803</u>
	<u>\$ 2,803</u>

The \$2,803 reported as deferred outflows of resources related to the HIC OPEB resulting from the school Board non-professional plan’s contributions subsequent to the measurement date will be recognized as a reduction of the total HIC OPEB liability in the fiscal year ending June 30, 2022. No other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB are reported until the second year of participation.

School Board Professional Plan

At June 30, 2021, the School Board professional plan reported a liability of \$9,122,484 for its proportionate share of the Teacher Employee HIC total OPEB liability. The Net Teacher Employee HIC OPEB liability was measured as of June 30, 2020 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board professional plan’s proportion of the total Teacher Employee HIC OPEB liability was based on the School Board professional plan’s actuarially determined employer contributions to the Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board professional plan’s proportion of the Teacher Employee HIC was 0.69930% as compared to 0.70627% at June 30, 2019.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

For the year ended June 30, 2021, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$707,332. Since there was a change in proportionate share between measurement dates a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (121,826)
Net difference between projected and actual earnings on HIC OPEB investments	40,427	-
Changes of assumptions	180,339	(49,843)
Changes in proportionate share	47,022	(300,174)
Employer contributions subsequent to the measurement date	748,499	-
	<u>\$ 1,016,287</u>	<u>\$ (471,843)</u>

The \$748,499 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan’s contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2022	\$ (39,740)
2023	(35,733)
2024	(37,076)
2025	(37,919)
2026	(29,044)
Thereafter	(24,543)
	<u>\$ (204,055)</u>

K. HIC Credit Program Plan Data

School Board Professional Plan

Detailed information about the VRS Political Subdivision and Teacher Employee Health Insurance Credit Program is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Virginia Local Disability Program

A. Plan Description

School Board Professional Plan

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP).

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

TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
<p><i>Eligible Employees</i> The Teacher Employee VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"> • Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p><i>Benefit Amounts</i></p> <ul style="list-style-type: none"> • The Teacher Employee VLDP provides the following benefits for eligible employees: <u>Short-Term Disability :</u> <ul style="list-style-type: none"> ○ The program provides a short-term disability benefit beginning after a seven calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. ○ During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related of work-related disability. ○ Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. <u>Long-Term Disability:</u> <ul style="list-style-type: none"> ○ The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. ○ Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

A. Plan Description (Continued)

Virginia Local Disability Program Notes

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

B. Contributions

School Board Professional Plan

The contribution requirement for active hybrid plan employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rate for the year ended June 30, 2021 was 0.47% of covered employee compensation for employees in the VRS Teacher Employee VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee VLDP were \$88,417 and \$68,934 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

School Board Professional Plan

At June 30, 2021, the school division reported a liability of \$20,330 for its proportionate share of the VRS Teacher Employee VLDP Net OPEB Liability. The Net VRS Teacher Employee VLDP OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee VLDP OPEB liability used to calculate the Net VRS Teacher Employee VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. The school division’s proportion of the Net VRS Teacher Employee VLDP OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee VLDP OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division’s proportion of the VRS Teacher Employee VLDP was 2.53395% as compared to 2.59688% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee VLDP OPEB expense of \$55,245. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,612	\$ (1,571)
Net difference between projected and actual earnings on VLDP OPEB investments	2,194	-
Changes of assumptions	2,281	-
Changes in proportionate share	-	(1,141)
Employer contributions subsequent to the measurement date	88,417	-
	<u>\$ 102,504</u>	<u>\$ (2,712)</u>

The \$88,417 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods.

Year Ending June 30,	Amount
2022	\$ 1,186
2023	1,135
2024	1,119
2025	1,142
2026	597
Thereafter	6,196
	<u>\$ 11,375</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions

School Board Professional Plan

The total Teacher Employee VLDP OPEB liability for the VRS Teacher Employee VLDP was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates – Teachers

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

Post-Retirement: RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

D. Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

E. Net Teacher Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee VLDP is as follows (amounts expressed in thousands):

	Teacher Employee VLDP OPEB Plan
Total Teacher Employee VLDP OPEB Liability	\$ 3,687
Plan fiduciary net position	(2,886)
Teacher Employee net VLDP OPEB Liability (Asset)	\$ 801

Plan fiduciary net position as a percentage of the total teacher employee VLDP OPEB liability 78.28%

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

F. Long-Term Expected Rate of Return

School Board Professional Plan

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	4.65%	1.58%
Fixed income	15.00%	0.46%	0.07%
Credit strategies	14.00%	5.38%	0.75%
Real assets	14.00%	5.01%	0.70%
Private equity	14.00%	8.34%	1.17%
MAPS-Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
	<u>100.00%</u>		<u>4.64%</u>
	Inflation		<u>2.50%</u>
			<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

G. Discount Rate

School Board Professional Plan

The discount rate used to measure the total Teacher Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the school division for the VRS Teacher Employee VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee VLDP OPEB liability.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division’s proportionate share of the VRS Teacher Employee VLDP OPEB Plan Net VLDP OPEB Liability	\$ 31,653	\$ 20,330	\$ 10,557

I. VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Virginia Local Disability Program’s Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15. Pension and Other Postemployment Benefits

Pension and Other Postemployment Benefits (OPEB) are long term liabilities created by a commitment to provide benefits to employee’s postemployment. The net pension liability and net OPEB liability are determined by an actuarial assessment and presented on the face of the financial statements. Amounts for deferred inflows and deferred outflows are also presented on the face of the financial statements. Details about the actuarial assessment and inflows and outflows are presented in the Pension and OPEB note disclosures. Individual plan expenses are also presented in those notes. Aggregate amounts of the recognized pension expense and OPEB expense for the fiscal year ended June 30, 2021 are presented below.

Aggregate pension expense, liabilities, deferred outflows, and deferred inflows recognized for the fiscal year ended June 30, 2021:

	Primary Government	Component Unit		Totals
	Governmental Activities	School Board Professional	School Board Non- Professional	
Pension Expense	\$ 4,039,740	\$ 10,445,610	\$ 459,792	\$ 10,905,402
Net Pension Liability	16,383,623	101,855,286	1,302,951	103,158,237
Deferred Inflows	(281)	(8,723,392)	(3,475)	(8,726,867)
Deferred Outflows	7,123,268	24,765,002	817,127	25,582,129

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Pension and Other Postemployment Benefits (Continued)

Aggregate OPEB expense, liabilities, deferred outflows, and deferred inflows recognized for the fiscal year ended June 30, 2021:

	Primary Government		Component Unit		Totals
	Governmental Activities	School Board Professional	School Board Non-Professional		
Medical					
OPEB Expense	\$ 636,000	\$ 319,000	\$ -	\$ 319,000	
Total OPEB Liability	6,779,000	14,111,000	-	14,111,000	
Deferred Inflows	(648,000)	(5,072,000)	-	(5,072,000)	
Deferred Outflows	1,327,309	2,481,244	-	2,481,244	
GLI					
OPEB Expense	\$ 95,868	\$ 170,324	\$ 5,616	\$ 175,940	
Total OPEB Liability	1,902,474	4,974,300	225,626	5,199,926	
Deferred Inflows	(56,813)	(309,032)	(17,278)	(326,310)	
Deferred Outflows	471,497	1,101,277	50,054	1,151,331	
HIC					
OPEB Expense	\$ -	\$ 707,332	\$ 196,803	\$ 904,135	
Total OPEB Liability	-	9,122,484	196,803	9,319,287	
Deferred Inflows	-	(471,843)	-	(471,843)	
Deferred Outflows	-	1,016,287	2,803	1,019,090	
VLDP					
OPEB Expense	\$ -	\$ 55,245	\$ -	\$ 55,245	
Total OPEB Liability	-	20,330	-	20,330	
Deferred Inflows	-	(2,712)	-	(2,712)	
Deferred Outflows	-	102,504	-	102,504	
Totals					
OPEB Expense	\$ 731,868	\$ 1,251,901	\$ 202,419	\$ 1,454,320	
Total OPEB Liability	8,681,474	28,228,114	422,429	28,650,543	
Deferred Inflows	(704,813)	(5,855,587)	(17,278)	(5,872,865)	
Deferred Outflows	1,798,806	4,701,312	52,857	4,754,169	

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$7,935,220 and \$116,616 is comprised of the following:

	Governmental Activities	School Board
American Rescue Plan Act 2021	\$ 7,338,128	\$ -
Federal payment in lieu of taxes	584,143	-
EMS transport fees	12,949	-
Prepaid meals - cafeteria	-	100,606
Other	-	16,010
	<u>\$ 7,935,220</u>	<u>\$ 116,616</u>

Note 17. Unavailable and Deferred Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Property taxes collected in advance totaled \$1,127,235 and are deferred inflows of resources not included in this table. Unavailable revenue at June 30, 2021 totaled \$27,714,018 for the fund financial statements and deferred revenue totaled \$22,854,116 for government-wide financial statements. It is comprised of the following:

	General Fund Unavailable Revenue	
	Property Taxes	Other
Property taxes receivable, net of allowance (reported on Fund statements)	\$ 4,859,902	\$ -
Unbilled property taxes for second half of 2020	22,854,116	-
Land held for investment	-	685,866
Repayment of loans from fire departments	-	736,908
Other	-	329
	<u>\$ 27,714,018</u>	<u>\$ 1,423,103</u>

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 5,449,063	\$ -	\$ -	\$ -	\$ 5,449,063
Construction in progress	1,274,925	141,475	-	(44,315)	1,372,085
Total capital assets not being depreciated	6,723,988	141,475	-	(44,315)	6,821,148
Capital assets being depreciated:					
Buildings	92,009,971	556,361	(4,948,004)	-	87,618,328
Machinery and equipment	25,469,258	2,864,713	(956,119)	44,315	27,422,167
Land improvements	6,841,991	440,411	-	-	7,282,402
Total capital assets being depreciated	124,321,220	3,861,485	(5,904,123)	44,315	122,322,897
Accumulated depreciation for:					
Buildings	(27,045,490)	(723,562)	(364,537)	-	(28,133,589)
Machinery and equipment	(13,586,911)	(1,925,942)	912,680	-	(14,600,173)
Land improvements	(2,642,793)	(363,363)	-	-	(3,006,156)
Total accumulated depreciated	(43,275,194)	(3,012,867)	548,143	-	(45,739,918)
Total capital assets being depreciated, net	81,046,026	848,618	(5,355,980)	44,315	76,582,979
Governmental activities capital assets, net	\$ 87,770,014	\$ 990,093	\$ (5,355,980)	\$ -	\$ 83,404,127

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

Governmental Activities	Amount
General government	\$ 1,090,063
Judicial administration	5,613
Public safety	1,400,961
Public works	311,797
Health and welfare	58,100
Parks, recreation and cultural	126,637
Community development	19,696
Total depreciation expenses - governmental activities	\$ 3,012,867

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Capital Assets (Continued)

Discretely Presented Component Unit

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

School Board	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,551,430	\$ -	\$ -	\$ -	\$ 1,551,430
Construction in progress	1,220,549	904,073	-	(1,220,549)	904,073
Total capital assets not being depreciated	2,771,979	904,073	-	(1,220,549)	2,455,503
Capital assets being depreciated:					
Buildings	161,285,535	5,376,054	(2,653,374)	317,170	164,325,385
Machinery and equipment	25,694,830	2,556,218	(1,650,513)	903,379	27,503,914
Total capital assets being depreciated	186,980,365	7,932,272	(4,303,887)	1,220,549	191,829,299
Accumulated depreciation for:					
Buildings	(86,441,699)	(5,737,589)	2,844,031	-	(89,335,257)
Machinery and equipment	(21,937,105)	(1,362,208)	1,625,853	-	(21,673,460)
Total accumulated depreciated	(108,378,804)	(7,099,797)	4,469,884	-	(111,008,717)
Total capital assets being depreciated, net	78,601,561	832,475	165,997	1,220,549	80,820,582
School Board capital assets, net	\$ 81,373,540	\$ 1,736,548	\$ 165,997	\$ -	\$ 83,276,085

Depreciation expense charged to education was \$7,099,797.

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the *Code of Virginia*, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments' on-behalf of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Augusta County, Virginia for the year ended June 30, 2021, is that school financed assets in the amount of \$59,396,895 are reported in the Primary Government for financial reporting purposes.

Note 19. Risk Management

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 19. Risk Management (Continued)

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

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

Note 20. Joint Venture – Augusta Regional Landfill – Landfill Closure and Post-Closure Costs

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

At June 30, 2021, the Augusta Regional Landfill reported as its landfill closure liability \$6,178,534 which represents the cumulative amount reported to date based on the use of 89.3% of the estimated capacity of the Permit #585 (Phases 1-3) landfill, 55.2% of the estimated capacity of the Permit #585 Phase 4 landfill and the stockpile financial assurance liability. The Augusta Regional Landfill reported a post-closure monitoring liability of \$2,921,593 at June 30, 2021. This represents the cumulative amount reported to date based on the use of 100.00% of the estimated capacity of the Permit #21 landfill of which the County is 60.33% responsible and 89.3% of the estimated capacity of the Permit #585 (Phases 1-3) and 55.2% of the Permit #585 (Phase 4) landfill, of which the County is 52.75% responsible. Total closure and post-closure care costs and post-closure monitoring costs accrued at June 30, 2021 for both landfill permits are \$9,100,127. The Landfill will recognize the majority of the remaining estimated cost of closure and post-closure care and post-closure monitoring of \$710,669 for the Permit #585 (Phases 1-3) landfill as the remaining estimated capacity is filled within the next eighteen to twenty four months and \$1,490,908 for the newly opened Phase 4 cell as it is filled in the next six to eight years. The amount for the Permit #21 landfill is based on what it would have cost to perform all post-closure care in 2004 and has been inflated annually at the DEQ approved inflation rate. The amounts for the Permit #585 landfill were re-evaluated in March 2008 based on what it would have cost to perform all closure and post-closure care in 2008 and approved by the Virginia Department of Environmental Quality as part of a permit to expand the landfill beyond the first three phases. These costs have been inflated at the DEQ approved inflation rate since 2009. Actual costs for both permitted landfills may be different due to actual inflation or deflation, changes in technology, or changes in laws or regulations.

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 21. Construction Contracts Outstanding

The Primary Government had the following material contracts outstanding at June 30, 2021:

Project	Original Contract Amount	Amount Spent as of June 30, 2021	Amount of Contract Remaining at Year End
Courts Complex design	\$ 5,587,483	\$ 1,304,644	\$ 4,282,839
Verona Pedestrian Improvements-Construction Design	135,723	1,132	134,592
Verona Pedestrian Improvements-Preliminary Engineering	193,054	177,303	15,751
Jennings Branch Stream Restoration-Construction	678,817	-	678,817
Total	\$ 6,595,077	\$ 1,483,079	\$ 5,111,998

Note 22. Fund Balance

Fund balance had the following classifications at June 30, 2021:

Fund Balances	General	County Capital Improvements	School Capital Improvements	Total
Nonspendable:				
Inventories	\$ 5,130	\$ -	\$ -	\$ 5,130
Prepaid items	36,138	-	-	36,138
Land held for sale	685,866	-	-	685,866
Restricted for:				
Fire revolving loan program	2,803,348	-	-	2,803,348
Drug enforcement	69,635	-	-	69,635
Committed to:				
Education	3,298,493	-	-	3,298,493
Emergency medical services	1,800,556	-	-	1,800,556
Assigned to:				
Fire revolving loan program	391,125	-	-	391,125
Drug enforcement	63,610	-	-	63,610
Capital projects	-	46,485,387	2,457,325	48,942,712
Unassigned	12,958,451	-	-	12,958,451
Total	\$ 22,112,352	\$ 46,485,387	\$ 2,457,325	\$ 71,055,064

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 23. Notes Receivable

Notes receivable consists of three agreements. The first is a note receivable representing a loan agreement between the County of Augusta, the Economic Development Authority (EDA), and Crescent Development Group, LLC. The loan funds were used by the developer to satisfy debt owed for the purchase of property, a portion of which was used for the relocation of State Route 636. The loan is due in ten annual installments of \$60,000 plus accrued interest. Accrued interest is calculated at the rate of 6.51% per annum starting in 2019, an increase over the prior rate of 4.75% per the agreement. Loan installments are collected by the EDA and forwarded to the County upon receipt. The EDA shall retain 1% of the annual interest as a debt service fee.

Amounts due to the County at June 30, 2021 include:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 60,000	\$ 7,812
2023	60,000	3,906
	<u>\$ 120,000</u>	<u>\$ 11,718</u>

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

Amounts due to the County at June 30, 2021 from the Riverheads, Swoope, Middlebrook, and Churchville Fire Departments include:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 65,636	\$ -
2023	65,636	-
2024	65,636	-
2025	60,000	-
2026	60,000	-
Thereafter	420,000	-
	<u>\$ 736,908</u>	<u>\$ -</u>

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

The total paid to the County by the County of Rockingham and City of Harrisonburg in accordance with the July 1, 2015 agreement was \$760,062 in fiscal year 2021, which has been shown as a recovered cost in the Capital Improvements Fund, and as a reduction in the receivable on the Governmental Activities Statement of Net Position.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 23. Notes Receivable (Continued)

Amounts due to the County at June 30, 2021 include:

Year	Principal	Interest
2022	\$ 776,555	\$ 69,631
2023	793,406	52,780
2024	810,623	35,563
2025	828,213	17,972
	\$ 3,208,797	\$ 175,946

Note 24. Change in Accounting Principle

As of June 30, 2021, the County adopted GASB Statement No. 84, *Fiduciary Activities*. The following adjustments have been made:

	Governmental Activities	Discretely Presented Component Unit - School Board
Net position, as originally reported, July 1, 2020	\$ 64,003,796	\$ (30,495,613)
Net adjustment as a result of the implementation of GASB Statement No. 84	4,215,616	3,345,882
Net position, as restated, July 1, 2020	\$ 68,219,412	\$ (27,149,731)

	Fiduciary Fund	Internal Service Fund	Nonmajor Governmental Funds - Discretely Presented Component Unit - School Board
Fund balance, as originally reported, July 1, 2020	\$ -	\$ -	\$ -
Net adjustment as a result of the implementation of GASB Statement No. 84	151,389	7,381,806	179,692
Fund balance, as restated, July 1, 2020	\$ 151,389	\$ 7,381,806	\$ 179,692

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 25. Risk Management

Health Insurance – County and School Board

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

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

Based on the requirements of GASB Statement No. 10, the County records an estimated liability for indemnity healthcare claims. The following represents the change in the fund's claims liability for 2019 through 2021.

Fiscal Year Ended	Beginning Liability	Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2021	\$ 1,712,000	\$ 1,990,000	\$ (1,712,000)	\$ 1,990,000
June 30, 2020	1,865,000	1,712,000	(1,865,000)	1,712,000
June 30, 2019	1,850,000	1,865,000	(1,850,000)	1,865,000

Note 26. Commitments, Contingencies, and Subsequent Events

Operating Leases

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

Federal and State-Assisted Programs

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 26. Commitments, Contingencies, and Subsequent Events (Continued)

Contingent Liabilities

The County of Augusta is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have an adverse effect on the financial condition of the Commonwealth.

Subsequent Events

The Board of Supervisors approved a memorandum of understanding with All Points Broadband for the 2022 VATI grant application at their July 28, 2021 meeting. If successful in obtaining grant funding this project with help with broadband issues in the County. This grant requires a local match which is estimated at \$8.4 million which will come from the County's American Rescue Plan Act 2021 funds and school board funds if awarded.

The Board of Supervisors approved funding for an ambulance replacement at its October 27, 2021 meeting. The total capital funding is \$270,125.

The Board of Supervisors approved submitting a grant application for Afton Mountain at its October 27, 2021 meeting. If successful this grant has a local match of \$101,875, these funds will come from the tourism capital account.

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 27. Tax Abatements

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

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

The County has tax abatement agreements for the following as of June 30, 2021:

Purpose	Type of Tax Abated During the Fiscal Year	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Industry expansion	Machinery & tools	50%	\$ 57,592
Industry relocation	Real, personal property & business license	100%	449,515
Industry expansion	Machinery & tools	100%	109,428
Construct water tank in commerce park	Real, personal property & business license	100%	82,927
Construct transportation corridor (Rt 636)	Real, personal property & business license	100%	227,803

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 28. Upcoming Pronouncements

At June 30, 2021, the GASB had issued several statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 87, *Leases*, will increase the usefulness of the County's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after June 15, 2021.

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

GASB Statement No. 92, *Omnibus 2020*, will improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including intra-entity transfers, the effective date of No. 87, *Leases*, the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, terminology used to refer to derivative instruments. Statement No. 92 will be effective for fiscal years beginning after June 15, 2021.

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

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

COUNTY OF AUGUSTA, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 28. Upcoming Pronouncements (Continued)

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, will (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 will be effective for fiscal years beginning after June 15, 2021.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2021**

	General Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
General property taxes	\$ 66,527,390	\$ 69,807,817	\$ 69,199,131	\$ (608,686)
Other local taxes	14,235,044	16,883,394	19,297,764	2,414,370
Permits, privilege fees and regulatory licenses	630,700	640,200	643,011	2,811
Fines and forfeitures	330,500	319,100	253,102	(65,998)
Revenue from the use of money and property	632,700	710,817	637,994	(72,823)
Charges for services	4,331,800	3,773,716	4,251,646	477,930
Miscellaneous	541,400	434,228	614,982	180,754
Recovered costs	256,741	254,098	250,114	(3,984)
Intergovernmental revenues:				
Commonwealth	11,758,292	12,116,936	12,174,090	57,154
Federal	673,940	8,613,628	11,100,216	2,486,588
Total revenues	99,918,507	113,553,934	118,422,050	4,868,116
Expenditures:				
Current:				
General government administration	5,246,366	6,554,364	6,379,278	(175,086)
Judicial administration	2,609,109	2,790,154	2,716,093	(74,061)
Public safety	24,294,794	27,299,071	26,513,291	(785,780)
Public works	4,418,859	4,807,553	4,676,980	(130,573)
Health and welfare	1,319,185	1,325,796	1,312,895	(12,901)
Education	45,549,333	46,871,449	45,049,041	(1,822,408)
Parks, recreation and cultural	2,472,830	2,157,461	2,115,538	(41,923)
Community development	2,046,290	2,372,848	2,197,780	(175,068)
Nondepartmental	223,472	2,616,244	2,679,548	63,304
Total expenditures	88,180,238	96,794,940	93,640,444	(3,154,496)
Excess of revenues over expenditures	11,738,269	16,758,994	24,781,606	8,022,612
Other financing sources (uses):				
Transfers in	148,917	205,443	-	(205,443)
Transfers out	(14,512,053)	(27,847,723)	(27,813,223)	34,500
Total other financing uses, net	(14,363,136)	(27,642,280)	(27,813,223)	(170,943)
Net change in fund balance	(2,624,867)	(10,883,286)	(3,031,617)	7,851,669
Fund balance, beginning	2,624,867	10,883,286	25,143,969	14,260,683
Fund balance, ending	\$ -	\$ -	\$ 22,112,352	\$ 22,112,352

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – VIRGINIA PUBLIC ASSISTANCE FUND
Year Ended June 30, 2021**

	Special Revenue Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 239,657	\$ 238,228	\$ 211,035	\$ (27,193)
Recovered costs	1,572,899	1,572,899	1,572,899	-
Intergovernmental revenues:				
Commonwealth	6,728,335	6,967,172	6,131,687	(835,485)
Federal	7,167,538	7,124,791	6,380,925	(743,866)
Total revenues	15,708,429	15,903,090	14,296,546	(1,606,544)
Expenditures:				
Current:				
Health and welfare	19,036,846	19,361,283	17,634,642	(1,726,641)
Total expenditures	19,036,846	19,361,283	17,634,642	(1,726,641)
Deficiency of revenues under expenditures	(3,328,417)	(3,458,193)	(3,338,096)	120,097
Other financing sources:				
Transfers in	3,328,417	3,458,193	3,338,096	(120,097)
Total other financing sources	3,328,417	3,458,193	3,338,096	(120,097)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

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

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

Note to Schedule:

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

SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL NET PENSION LIABILITY AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

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

Note to Schedule:

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

**SCHEDULE OF SCHOOL BOARD SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN (COST-SHARING) –
VIRGINIA RETIREMENT SYSTEM**

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

Note to Schedule:

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

**SCHEDULE OF COUNTY CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,							
	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 2,210,642	\$ 2,313,950	\$ 2,361,901	\$ 2,022,988	\$ 2,107,494	\$ 2,003,652	\$ 2,106,254	\$ 2,457,239
Contributions in relation to the CRC	2,210,642	2,313,950	2,361,901	2,022,988	2,107,494	2,003,652	2,106,254	2,457,239
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 17,685,136	\$ 18,437,849	\$ 18,819,928	\$ 19,717,232	\$ 20,540,877	\$ 21,247,635	\$ 22,335,673	22,986,333
Contributions as a percentage of covered payroll	12.50%	12.55%	12.55%	10.26%	10.26%	9.43%	9.43%	10.69%

Note to Schedule:

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

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	
Contractually required contribution (CRC)	\$ 218,931	\$ 226,499	\$ 222,018	\$ 149,548	\$ 141,368	\$ 96,440	\$ 162,031	\$ 133,130	
Contributions in relation to the CRC	218,931	226,499	222,018	149,548	141,368	96,440	162,031	133,130	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,593,969	\$ 2,642,929	\$ 2,590,642	\$ 2,492,467	\$ 2,356,133	\$ 2,318,269	\$ 3,894,976	2,335,614	
Contributions as a percentage of covered payroll	8.44%	8.57%	8.57%	6.00%	6.00%	4.16%	4.16%	5.70%	

Note to Schedule:

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

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

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

Note to Schedule:

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

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2021**

Note 1. Change of Benefit Terms

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Public Safety Employees with Hazardous Duty Benefits

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
VIRGINIA RETIREMENT SYSTEM
Year Ended June 30, 2021**

Note 2. Changes of Assumptions (Continued)

School Board Professional Plan (Cost-Sharing)

Mortality Rates (pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience each year, age and service through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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

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

Note to Schedule:

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

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

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

Note to Schedule:

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

**SCHEDULE OF COUNTY CONTRIBUTIONS –
MEDICAL INSURANCE PROGRAM**

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

Note to Schedule:

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

**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS –
MEDICAL INSURANCE PROGRAM**

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

Note to Schedule:

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

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

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

Note to Schedule:

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
County:										
Contractually required contribution (CRC)	\$ 44,104	\$ 81,829	\$ 85,206	\$ 88,818	\$ 91,237	\$ 102,000	\$ 107,117	\$ 110,267	\$ 117,141	\$ 124,169
Contributions in relation to the CRC	44,104	81,829	85,206	88,818	91,237	102,000	107,117	110,267	117,141	124,169
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 15,751,566	\$ 17,047,647	\$ 17,751,154	\$ 18,503,682	\$ 19,007,633	\$ 19,615,385	\$ 20,599,423	\$ 21,205,192	\$ 22,527,115	\$ 22,994,259
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%
School Board Non-Professional:										
Contractually required contribution (CRC)	\$ 6,707	\$ 12,425	\$ 12,469	\$ 12,872	\$ 12,712	\$ 13,000	\$ 3,132	\$ 14,657	\$ 15,470	\$ 16,244
Contributions in relation to the CRC	6,707	12,425	12,469	12,872	12,712	13,000	3,132	14,657	15,470	16,244
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,395,533	\$ 2,588,633	\$ 2,597,712	\$ 2,681,766	\$ 2,648,274	\$ 2,500,000	\$ 602,308	\$ 2,818,654	\$ 2,975,000	\$ 3,008,148
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%
School Board Professional:										
Contractually required contribution (CRC)	\$ 142,786	\$ 254,292	\$ 259,004	\$ 266,977	\$ 265,599	\$ 295,000	\$ 331,929	\$ 344,130	\$ 351,118	\$ 343,833
Contributions in relation to the CRC	142,786	254,292	259,004	266,977	265,599	295,000	331,929	344,130	351,118	343,833
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 50,995,107	\$ 52,977,536	\$ 53,959,193	\$ 55,620,150	\$ 55,333,132	\$ 56,730,769	\$ 63,832,500	\$ 66,178,846	\$ 67,522,692	\$ 63,672,778
Contributions as a percentage of covered payroll	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%	0.52%	0.54%

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

	Total HIC OPEB Liability
Balance at July 1, 2019	\$ <u> -</u>
Changes for the year:	
Changes in benefit terms	196,803
Net changes	<u>196,803</u>
Balance at June 30, 2020	<u><u>\$ 196,803</u></u>

Note to Schedule:

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

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

	Fiscal Year June 30, 2021
Contractually required contribution (CRC)	\$ 2,803
Contributions in relation to the CRC	<u>2,803</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Employer's covered payroll	\$ 359,319
Contributions as a percentage of covered payroll	0.78%

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

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

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

Note to Schedule:

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (CRC)	\$ 305,971	\$ 588,051	\$ 598,947	\$ 589,574	\$ 586,484	\$ 642,494	\$ 709,169	\$ 701,595	\$ 728,889	\$ 748,499
Contributions in relation to the CRC	305,971	588,051	598,947	589,574	586,484	642,494	709,169	701,595	728,889	748,499
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 50,995,107	\$ 52,977,536	\$ 53,959,193	\$ 55,620,150	\$ 55,328,691	\$ 57,882,342	\$ 63,889,099	\$ 63,206,757	\$ 60,740,750	61,859,421
Contributions as a percentage of covered payroll	0.60%	1.11%	1.11%	1.06%	1.06%	1.11%	1.11%	1.11%	1.20%	1.21%

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

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

Note to Schedule:

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

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL PLAN'S
CONTRIBUTIONS – OPEB –
VIRGINIA LOCAL DISABILITY PROGRAM**

	Fiscal Year June 30,										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Contractually required contribution (CRC)	\$ -	\$ -	\$ 189	\$ 1,997	\$ 2,677	\$ 18,000	\$ 36,824	\$ 56,759	\$ 68,934	\$ 88,417	
Contributions in relation to the CRC	-	-	189	1,997	2,677	-	-	-	-	-	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000	\$ 36,824	\$ 56,759	\$ 68,934	\$ 88,417	
Employer's covered payroll	\$ -	\$ -	\$ 31,630	\$ 332,787	\$ 446,202	\$ 3,000,000	\$ 6,137,333	\$ 7,883,194	\$ 16,813,171	\$ 18,812,196	
Contributions as a percentage of covered payroll	0.00%	0.00%	0.60%	0.60%	0.60%	0.60%	0.60%	0.72%	0.41%	0.47%	

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2021**

Note 1. Medical Insurance Program

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

A. Changes of Benefit Terms

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

B. Changes of Assumptions

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

2020	3.13%
2021	2.45%

Note 2. Group Life Insurance Program

A. Changes of Benefit Terms

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

B. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

School Board Professional Plan

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2021**

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

County and School Board Non-Professional Plans

General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

COUNTY OF AUGUSTA, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS
Year Ended June 30, 2021**

Note 3. Health Insurance Credit Program

A. Changes of Benefit Terms

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

B. Changes of Assumptions

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

School Board Non-Professional Plan

Non-Largest 10 Locality Employers – General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

School Board Professional Plan (Cost-Sharing)

Mortality Rates (pre-retirement, post- retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and changed final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through nine years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

OTHER SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
DEBT SERVICE FUND
Year Ended June 30, 2021**

	Debt Service Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Miscellaneous	\$ 38,600	\$ 33,919	\$ 33,919	\$ -
Total revenues	38,600	33,919	33,919	-
Expenditures:				
Principal retirement	5,505,681	5,505,681	5,505,681	-
Interest and other fiscal charges	2,451,280	2,450,746	2,436,100	(14,646)
Total expenditures	7,956,961	7,956,427	7,941,781	(14,646)
Deficiency of revenues under expenditures	(7,918,361)	(7,922,508)	(7,907,862)	14,646
Other financing sources:				
Transfers in	7,918,361	7,922,508	7,907,862	(14,646)
Total other financing sources	7,918,361	7,922,508	7,907,862	(14,646)
Net change in fund balance	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
COUNTY CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2021**

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenues from the use of money and property	\$ 14,918	\$ 31,198	\$ 31,198	\$ -
Miscellaneous	30,000	14,500	3,061,454	3,046,954
Recovered costs	973,186	935,036	926,898	(8,138)
Intergovernmental revenues:				
Commonwealth	1,025,000	2,045,235	1,840,250	(204,985)
Federal	1,012,882	2,300,969	1,217,100	(1,083,869)
Total revenues	3,055,986	5,326,938	7,076,900	1,749,962
Expenditures:				
Capital projects	6,298,040	22,938,347	6,077,809	(16,860,538)
Total expenditures	6,298,040	22,938,347	6,077,809	(16,860,538)
Excess (deficiency) of revenues over (under) expenditures	(3,242,054)	(17,611,409)	999,091	18,610,500
Other financing sources (uses):				
Transfers in	3,379,054	16,561,367	16,124,132	(437,235)
Transfers out	(1,342,696)	(1,415,245)	(672,323)	742,922
Total other financing sources, net	2,036,358	15,146,122	15,451,809	305,687
Net change in fund balance	(1,205,696)	(2,465,287)	16,450,900	18,916,187
Fund balances, beginning	1,205,696	2,465,287	30,034,487	27,569,200
Fund balances, ending	\$ -	\$ -	\$ 46,485,387	\$ 46,485,387

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL –
SCHOOL CAPITAL IMPROVEMENTS FUND
Year Ended June 30, 2021**

	School Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Revenues from the use of money and property	\$ 16,167	\$ 16,127	\$ 16,141	\$ 14
Intergovernmental revenues:				
Augusta County School Board	-	-	2,582,459	2,582,459
Miscellaneous	11,040	430,133	681,539	251,406
Total revenues	27,207	446,260	3,280,139	2,833,879
Expenditures:				
Current:				
Capital projects	1,503,488	2,294,426	2,528,567	234,141
Debt service:				
Principal retirement	-	-	376,077	376,077
Interest and other fiscal charges	-	-	87,095	87,095
Total expenditures	1,503,488	2,294,426	2,991,739	697,313
Excess (deficiency) of revenues over (under) expenditures	(1,476,281)	(1,848,166)	288,400	2,136,566
Other financing sources:				
Issuance of capital lease	-	-	750,874	750,874
Transfers in	1,080,000	3,697,915	1,115,456	(2,582,459)
Total other financing sources	1,080,000	3,697,915	1,866,330	(1,831,585)
Net change in fund balance	(396,281)	1,849,749	2,154,730	304,981
Fund balances, beginning	396,281	(1,849,749)	302,595	2,152,344
Fund balances, ending	\$ -	\$ -	\$ 2,457,325	\$ 2,457,325

Capital Assets Used in the Operation of Governmental Funds

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
June 30, 2021 and 2020**

	2021	2020
Governmental capital assets:		
Land	\$ 5,449,063	\$ 5,449,063
Buildings	87,618,328	92,009,971
Machinery and equipment	27,422,168	25,469,258
Land improvements	7,282,401	6,841,991
Construction in progress	1,372,085	1,274,925
	<hr/>	<hr/>
Total governmental capital assets	\$ 129,144,045	\$ 131,045,208
	<hr/> <hr/>	<hr/> <hr/>
Investments in governmental capital assets by source:		
General fund	\$ 128,586,581	\$ 130,487,744
Special revenue funds	557,464	557,464
	<hr/>	<hr/>
Total governmental capital assets by source	\$ 129,144,045	\$ 131,045,208
	<hr/> <hr/>	<hr/> <hr/>

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2021**

	Land	Land Improvements	Buildings	Machinery and Equipment	Construction in Progress	Total
General governmental administration:						
Board of supervisors	\$ 3,921,963	\$ 6,158,704	\$ 27,079,558	\$ 3,612,658	\$ 1,372,085	\$ 42,144,968
County administrator	-	-	-	48,812	-	48,812
Human Resources	-	-	-	8,180	-	8,180
Commissioner of revenue	-	-	-	311,026	-	311,026
Central accounting	-	-	-	33,740	-	33,740
Management information systems	-	45,000	-	1,668,342	-	1,713,342
Board of elections	-	-	-	362,095	-	362,095
Total general government administration	3,921,963	6,203,704	27,079,558	6,044,853	1,372,085	44,622,163
Judicial administration:						
Clerk of Circuit Court	-	-	-	156,031	-	156,031
General District Court	-	-	-	19,252	-	19,252
Commonwealth's Attorney	-	-	-	117,394	-	117,394
Total judicial administration	-	-	-	292,677	-	292,677
Public safety:						
Sheriff	-	-	19,756	3,893,741	-	3,913,497
Emergency operations	-	-	-	4,730,380	-	4,730,380
Fire department	62,000	129,479	363,937	9,072,076	-	9,627,492
Emergency services	-	-	-	299,028	-	299,028
Juvenile detention and probation	-	-	5,913	44,635	-	50,548
Building inspections	-	-	-	111,037	-	111,037
Animal control	-	-	-	96,712	-	96,712
Drug enforcement	-	-	-	20,602	-	20,602
Total public safety	62,000	129,479	389,606	18,268,211	-	18,849,296
Public works:						
Sanitation and waste removal	-	-	60,446	261,413	-	321,859
Maintenance of buildings and grounds	-	203,371	359,328	931,126	-	1,493,825
Total public works	-	203,371	419,774	1,192,539	-	1,815,684
Education:						
Schools	-	-	59,396,895	-	-	59,396,895
Total education	-	-	59,396,895	-	-	59,396,895
Health and welfare:						
Social services	-	-	-	557,464	-	557,464
Total health and welfare	-	-	-	557,464	-	557,464
Parks, recreation, and cultural:						
Parks and recreation	1,465,100	745,847	332,495	474,824	-	3,018,266
Library	-	-	-	372,141	-	372,141
Total parks, recreation, and cultural	1,465,100	745,847	332,495	846,965	-	3,390,407
Community development:						
Community development	-	-	-	170,429	-	170,429
Economic development	-	-	-	49,030	-	49,030
Total community development	-	-	-	219,459	-	219,459
Total governmental capital assets	\$ 5,449,063	\$ 7,282,401	\$ 87,618,328	\$ 27,422,168	\$ 1,372,085	\$ 129,144,045

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended June 30, 2021**

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
General governmental administration:				
Board of supervisors	\$ 41,092,568	\$ 1,052,400	\$ -	\$ 42,144,968
County administrator	48,812	-	-	48,812
Personnel	8,180	-	-	8,180
Commissioner of revenue	56,526	254,500	-	311,026
Central accounting	33,740	-	-	33,740
Management information systems	2,162,868	52,898	502,424	1,713,342
Board of elections	362,095	-	-	362,095
Total general government administration	43,764,789	1,359,798	502,424	44,622,163
Judicial administration:				
Clerk of Circuit Court	156,030	-	-	156,030
General District Court	19,252	-	-	19,252
Commonwealth's Attorney	109,610	7,785	-	117,395
Total judicial administration	284,892	7,785	-	292,677
Public safety:				
Sheriff	3,423,854	592,101	102,459	3,913,496
Emergency operations	4,625,349	105,030	-	4,730,379
Fire department	8,043,587	1,892,737	308,831	9,627,493
Emergency services	299,028	-	-	299,028
Juvenile detention and probation	50,548	-	-	50,548
Building inspections	111,038	-	-	111,038
Animal control	96,712	-	-	96,712
Drug enforcement	20,602	-	-	20,602
Total public safety	16,670,718	2,589,868	411,290	18,849,296
Public works:				
Sanitation and waste removal	321,858	-	-	321,858
Maintenance of buildings and grounds	1,497,247	38,984	42,405	1,493,826
Total public works	1,819,105	38,984	42,405	1,815,684
Education:				
Schools	64,344,899	-	4,948,004	59,396,895
Total education	64,344,899	-	4,948,004	59,396,895
Health and welfare:				
Social services	557,464	-	-	557,464
Total health and welfare	557,464	-	-	557,464
Parks, recreation, and cultural:				
Parks and recreation	3,018,265	-	-	3,018,265
Library	365,617	6,525	-	372,142
Total parks, recreation, and cultural	3,383,882	6,525	-	3,390,407
Community development:				
Community development	170,429	-	-	170,429
Economic development	49,030	-	-	49,030
Total community development	219,459	-	-	219,459
Total governmental capital assets	\$ 131,045,208	\$ 4,002,960	\$ 5,904,123	\$ 129,144,045

Discretely Presented Component Unit – School Board

**COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2021**

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 174	\$ 2,642,278	\$ 788,533	\$ 3,430,985
Cash in custody of others	5,000	-	-	5,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	64,264	-	15,000	79,264
Due from primary government	3,268,659	-	-	3,268,659
Due from other governmental units	3,320,119	38,878	431,898	3,790,895
Total assets	\$ 6,658,216	\$ 2,681,156	\$ 1,235,431	\$ 10,574,803
LIABILITIES				
Reconciled overdraft	\$ -	\$ -	\$ 285,099	\$ 285,099
Accounts payable	3,702,888	78,001	120,129	3,901,018
Accrued liabilities	2,939,318	68,995	118,988	3,127,301
Due to primary government	-	-	530,349	530,349
Unearned revenue	16,010	100,606	-	116,616
Total liabilities	6,658,216	247,602	1,054,565	7,960,383
FUND BALANCES				
Assigned	-	2,433,554	-	2,433,554
Restricted for:				
JW Riley Endowment Fund	-	-	80,573	80,573
Matthews Private Purpose Trust	-	-	100,293	100,293
Total fund balances	-	2,433,554	180,866	2,614,420
Total liabilities and fund balances	\$ 6,658,216	\$ 2,681,156	\$ 1,235,431	\$ 10,574,803
Total fund balances				\$ 2,614,420
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.				83,276,085
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences			\$ (2,519,365)	
Net pension liability			(103,158,237)	
Other postemployment benefits			(28,650,543)	(134,328,145)
Deferred outflows of resources represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.				
Pension plan			25,582,129	
Other postemployment benefits			4,754,169	30,336,298
Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.				
Pension plan			(8,726,867)	
Other postemployment benefits			(5,872,865)	(14,599,732)
Long-term due from other government - pension plan & other postemployment benefits				1,182,710
Internal Service Funds are used by management to charge the cost of goods provided to other departments or funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.				4,133,738
Net position of governmental activities				\$ (27,384,626)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2021**

	School Operating Fund	School Cafeteria Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Revenue from the use of money and property	\$ -	\$ 6,238	\$ 5,370	\$ 11,608
Charges for services	1,371,679	54,440	1,022,528	2,448,647
Miscellaneous	288,402	-	100,886	389,288
Private donations	-	-	2,669	2,669
Intergovernmental revenues:				
Local government	42,436,138	-	3,785	42,439,923
Commonwealth	61,841,254	70,186	691,733	62,603,173
Federal	12,695,652	3,651,940	3,557,677	19,905,269
Total revenues	<u>118,633,125</u>	<u>3,782,804</u>	<u>5,384,648</u>	<u>127,800,577</u>
Expenditures:				
Current:				
Education	118,633,125	3,974,039	5,383,474	127,990,638
Total expenditures	<u>118,633,125</u>	<u>3,974,039</u>	<u>5,383,474</u>	<u>127,990,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(191,235)</u>	<u>1,174</u>	<u>(190,061)</u>
Net change in fund balances	<u>-</u>	<u>(191,235)</u>	<u>1,174</u>	<u>(190,061)</u>
Fund balances, beginning, as restated	-	2,624,789	179,692	2,804,481
Fund balances, ending	<u>\$ -</u>	<u>\$ 2,433,554</u>	<u>\$ 180,866</u>	<u>\$ 2,614,420</u>
Net change in fund balances				\$ (190,061)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlay in the current period.				
Expenditure for capital assets			\$ 3,888,341	
Less depreciation and amortization expense			(7,099,797)	
Excess of depreciation and amortization over capital outlays				(3,211,456)
The net effect of various miscellaneous transactions involving capital assets (i.e.) sales, trade-ins and donations) is to increase net position.				
				5,114,001
Long-term due from other government - other postemployment benefits			(1,291,237)	
Long-term due from other government - pension plan			(813,845)	
				(2,105,082)
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.				
Compensated absences			(404,959)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources			446,809	
Changes in pension liabilities and related deferred outflows and inflows of resources			(851,695)	
				(809,845)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service fund is reported with governmental activities.				
Total revenues			9,003,166	
Total expenses			(8,035,618)	
				967,548
Change in net position of governmental activities				<u>\$ (234,895)</u>

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2021**

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Revenue from the use of money and property	\$ 20,000	\$ -	\$ -	\$ -	\$ 50,000	\$ 6,500	\$ 6,238	\$ (262)
Charges for services	1,646,512	1,331,835	1,371,679	39,844	1,495,500	41,170	54,440	13,270
Miscellaneous	228,550	234,243	288,402	54,159	-	-	-	-
Intergovernmental revenues:								
Local government	45,544,333	48,621,935	42,436,138	(6,185,797)	-	-	-	-
Commonwealth	61,946,287	62,135,520	61,841,254	(294,266)	173,000	66,242	70,186	3,944
Federal	4,303,815	12,089,701	12,695,652	605,951	2,730,500	3,354,000	3,651,940	297,940
Total revenues	113,689,497	124,413,234	118,633,125	(5,780,109)	4,449,000	3,467,912	3,782,804	314,892
Expenditures:								
Current:								
Education	113,689,497	120,390,776	118,633,125	(1,757,651)	4,716,110	3,727,557	3,974,039	246,482
Total expenditures	113,689,497	120,390,776	118,633,125	(1,757,651)	4,716,110	3,727,557	3,974,039	246,482
Excess (deficiency) of revenues over (under) expenditures	-	4,022,458	-	(4,022,458)	(267,110)	(259,645)	(191,235)	68,410
Net change in fund balances	-	4,022,458	-	(4,022,458)	(267,110)	(259,645)	(191,235)	68,410
Fund balances, beginning	-	-	-	-	-	-	2,624,789	2,624,789
Fund balances (deficit), ending	\$ -	\$ 4,022,458	\$ -	\$ (4,022,458)	\$ (267,110)	\$ (259,645)	\$ 2,433,554	\$ 2,693,199

Nonmajor Special Revenue Funds

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2021**

	Head Start Fund	Governor's School Fund	School Endowments Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 607,667	\$ 180,866	\$ 788,533
Accounts receivable	15,000	-	-	15,000
Due from other governmental units	431,898	-	-	431,898
Total assets	\$ 446,898	\$ 607,667	\$ 180,866	\$ 1,235,431
LIABILITIES				
Reconciled overdraft	\$ 285,099	\$ -	\$ -	\$ 285,099
Accounts payable	80,800	39,329	-	120,129
Accrued liabilities	72,161	46,827	-	118,988
Due to primary government	8,838	521,511	-	530,349
Total liabilities	446,898	607,667	-	1,054,565
FUND BALANCES				
Restricted for:				
JW Riley Endowment Fund	-	-	80,573	80,573
Matthews Private Purpose Trust	-	-	100,293	100,293
Total fund balances	-	-	180,866	180,866
Total liabilities and fund balances	\$ 446,898	\$ 607,667	\$ 180,866	\$ 1,235,431

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2021**

	Head Start Fund	Governor's School Fund	School Endowments Fund	Total
Revenues:				
Revenue from the use of money and property	\$ 4,865	\$ -	\$ 505	\$ 5,370
Charges for services	-	1,022,528	-	1,022,528
Private donations	-	-	2,669	2,669
Miscellaneous	64,596	36,290	-	100,886
Intergovernmental revenues:				
Local	3,785	-	-	3,785
Commonwealth	-	691,733	-	691,733
Federal	3,557,677	-	-	3,557,677
Total revenues	3,630,923	1,750,551	3,174	5,384,648
Expenditures:				
Current:				
Education	3,630,923	1,750,551	2,000	5,383,474
Total expenditures	3,630,923	1,750,551	2,000	5,383,474
Excess of revenues over expenditures	-	-	1,174	1,174
Net change in fund balances	-	-	1,174	1,174
Fund balance, beginning, as restated	-	-	179,692	179,692
Fund balance, ending	\$ -	\$ -	\$ 180,866	\$ 180,866

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2021**

	Head Start Fund				Governor's School Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Revenue from the use of money and property	\$ -	\$ 4,865	\$ 4,865	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	1,094,221	1,049,271	1,022,528	(26,743)
Miscellaneous	50,000	50,000	64,596	14,596	2,800	2,800	36,290	33,490
Intergovernmental revenues:								
Local	-	-	3,785	3,785	-	-	-	-
Commonwealth	-	-	-	-	700,755	700,755	691,733	(9,022)
Federal	3,060,565	3,626,790	3,557,677	(69,113)	-	-	-	-
Total revenues	3,110,565	3,681,655	3,630,923	(50,732)	1,797,776	1,752,826	1,750,551	(2,275)
Expenditures:								
Current:								
Education	3,110,565	3,686,117	3,630,923	(55,194)	1,797,776	1,752,826	1,750,551	(2,275)
Total expenditures	3,110,565	3,686,117	3,630,923	(55,194)	1,797,776	1,752,826	1,750,551	(2,275)
Deficiency of revenues under expenditures	-	(4,462)	-	4,462	-	-	-	-
Net change in fund balances	-	(4,462)	-	4,462	-	-	-	-
Fund balance, beginning	-	-	-	-	-	-	-	-
Fund balance, ending	\$ -	\$ (4,462)	\$ -	\$ 4,462	\$ -	\$ -	\$ -	\$ -

Capital Assets Used in the Operation of Governmental Funds

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
COMPARATIVE SCHEDULES BY SOURCE
June 30, 2021 and 2020**

	June 30,	
	2021	2020
Governmental funds capital assets:		
Land	\$ 1,551,430	\$ 1,551,430
Buildings	164,325,385	161,285,535
Machinery and equipment	27,503,914	25,694,830
Construction in progress	904,073	1,220,549
	<u> </u>	<u> </u>
Total governmental funds capital assets	\$ 194,284,802	\$ 189,752,344
	<u> </u>	<u> </u>
Investments in governmental funds capital assets by source:		
Special revenue funds	\$ 194,284,802	\$ 189,752,344
	<u> </u>	<u> </u>
Total governmental funds capital assets	\$ 194,284,802	\$ 189,752,344
	<u> </u>	<u> </u>

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2021**

	Land	Building	Machinery and Equipment	Construction in Progress	Total
Education:					
Schools	\$ 1,551,430	\$164,325,385	\$ 27,503,914	\$ 904,073	\$194,284,802
Total governmental funds capital assets	\$ 1,551,430	\$164,325,385	\$ 27,503,914	\$ 904,073	\$194,284,802

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS –
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended June 30, 2021**

	Governmental Funds Capital Assets			Governmental Funds Capital Assets
	July 1, 2020	Additions	Deductions	June 30, 2021
Education:				
Schools	\$189,752,344	\$ 8,836,345	\$ (4,303,887)	\$194,284,802
Total governmental funds capital assets	\$189,752,344	\$ 8,836,345	\$ (4,303,887)	\$194,284,802

SUPPORTING SCHEDULES

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 46,419,440	\$ 47,991,400	\$ 47,277,273	\$ (714,127)
Real and personal public service corporation property taxes	2,605,500	2,920,417	2,890,980	(29,437)
Personal property taxes	12,702,450	13,270,000	13,706,430	436,430
Mobile home tax	180,000	190,000	203,559	13,559
Machinery and tools taxes	4,420,000	4,544,000	4,388,482	(155,518)
Penalties	200,000	437,000	617,144	180,144
Interest	-	455,000	115,263	(339,737)
Total general property taxes	66,527,390	69,807,817	69,199,131	(608,686)
Other local taxes:				
Local sales and use taxes	5,760,000	6,900,000	7,827,992	927,992
Consumers' utility taxes	1,767,000	1,778,000	1,834,845	56,845
Business license tax	2,850,000	3,500,000	4,384,814	884,814
Utility license tax	277,000	276,000	298,827	22,827
Bank stock taxes	331,000	337,000	318,074	(18,926)
Taxes on recordation and wills	832,900	1,270,000	1,431,804	161,804
Hotel and motel room taxes	467,250	375,000	493,577	118,577
Restaurant food tax	1,889,894	2,377,394	2,599,472	222,078
Interest on local tax	60,000	70,000	108,359	38,359
Total other local taxes	14,235,044	16,883,394	19,297,764	2,414,370
Permits, privilege fees and regulatory licenses:				
Animal licenses	51,700	55,000	46,549	(8,451)
Land use application fees	36,500	36,500	30,695	(5,805)
Transfer fees	2,000	2,500	2,735	235
Cellular tower fees	10,000	8,900	5,000	(3,900)
Permits and other licenses	530,500	537,300	558,032	20,732
Total permits, privilege fees and regulatory licenses	630,700	640,200	643,011	2,811
Fines and forfeitures:				
Court fines and forfeitures	310,500	300,300	239,692	(60,608)
Dog violation fines	20,000	18,800	13,410	(5,390)
Total fines and forfeitures	330,500	319,100	253,102	(65,998)
Revenue from use of money and property:				
Revenue from use of money	257,400	319,212	201,454	(117,758)
Revenue from use of property	375,300	391,605	436,540	44,935
Total revenue from use of money and property	632,700	710,817	637,994	(72,823)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Revenue from local sources:				
Charges for services:				
Excess fees of clerk	\$ 27,100	\$ 28,558	\$ -	\$ (28,558)
Charges for law enforcement and traffic control	6,300	6,009	5,830	(179)
Charges for courthouse maintenance	64,300	46,000	51,972	5,972
Treasurer's collection fees	86,000	92,600	92,633	33
Concealed weapons permits	40,000	60,000	69,350	9,350
Courthouse fees	151,200	150,000	176,153	26,153
Charges for Commonwealth's Attorney	7,000	8,500	9,548	1,048
Miscellaneous jail and inmate fees	14,000	25,000	26,838	1,838
Charges for sanitation and waste removal	1,600,000	1,600,000	1,683,472	83,472
Charges for parks and recreation	367,100	164,530	217,452	52,922
Charges for after school programs	176,800	315	315	-
Charges for day care	125,000	40,000	242	(39,758)
Charges for library	12,000	2,204	2,000	(204)
EMS transport services	1,655,000	1,550,000	1,915,841	365,841
Total charges for services	4,331,800	3,773,716	4,251,646	477,930
Miscellaneous revenue:				
Miscellaneous	5,000	54,813	315,308	260,495
Repayment of loans from fire companies	65,600	65,600	129,500	63,900
Seized funds	800	2,000	1,339	(661)
Contributions	470,000	311,815	168,835	(142,980)
Total miscellaneous revenue	541,400	434,228	614,982	180,754
Recovered costs:				
Fiscal agent fees - MRRJA	133,491	133,491	133,491	-
Juvenile and domestic relations court costs	9,050	113,600	109,616	(3,984)
Other	114,200	7,007	7,007	-
Total recovered costs	256,741	254,098	250,114	(3,984)
Total revenue from local sources	87,486,275	92,823,370	95,147,744	2,324,374
Intergovernmental Revenues:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Motor vehicle carriers' tax	77,413	83,500	76,581	(6,919)
Mobile home titling tax	105,000	105,000	123,181	18,181
Communications sales and use tax	1,700,000	1,950,000	1,840,367	(109,633)
Timber sales	1,800	1,258	1,598	340
Motor vehicle rental tax	80,000	80,000	77,914	(2,086)
State recordation tax	178,200	-	-	-
Personal property tax relief funds	4,296,000	4,296,000	4,295,993	(7)
Moped sales tax	8,000	49,000	44,406	(4,594)
Gaming revenues	-	87,000	80,208	(6,792)
Peer to peer vehicle sharing	-	-	270	270
Total non-categorical aid	6,446,413	6,651,758	6,540,518	(111,240)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 607,313	\$ 613,310	\$ 620,113	\$ 6,803
Sheriff	2,932,220	2,932,220	2,953,322	21,102
Commissioner of revenue	226,333	221,855	225,941	4,086
Treasurer	173,363	169,593	172,004	2,411
Registrar/electoral board	49,566	54,823	54,516	(307)
Clerk of the circuit court	486,984	501,550	524,176	22,626
Total shared expenses	4,475,779	4,493,351	4,550,072	56,721
Other categorical aid:				
Emergency medical services	80,000	87,590	87,590	-
Department of behavioral health-transfer detention order	-	56,628	79,873	23,245
Litter control grant	18,000	16,246	16,246	-
Library grant	167,700	185,987	188,381	2,394
Grant for restoration of records	10,000	10,153	10,153	-
Victim-witness grant	27,600	27,673	27,673	-
Performing arts grant	4,500	4,500	4,500	-
Firemans' insurance fund	243,000	277,545	277,545	-
Technology trust fund	40,000	40,000	40,000	-
Seized funds	10,000	30,000	86,606	56,606
E-911 wireless funding	233,300	233,345	262,279	28,934
Spay and neuter funds	2,000	2,160	2,654	494
Total other categorical aid	836,100	971,827	1,083,500	111,673
Total categorical aid	5,311,879	5,465,178	5,633,572	168,394
Total revenue from the Commonwealth	11,758,292	12,116,936	12,174,090	57,154
Revenue from the federal government:				
Non-categorical aid:				
Payments in lieu of taxes	500,000	560,000	575,990	15,990
Total non-categorical aid	500,000	560,000	575,990	15,990

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
DMV ground transportation safety grant	\$ 44,700	\$ 44,700	\$ 35,536	\$ (9,164)
Domestic violence grant	31,020	31,020	31,020	-
Sane grant	15,200	15,200	10,380	(4,820)
Bulletproof vest partnership grant	-	7,433	2,552	(4,881)
Victim-witness grant	83,020	83,020	83,020	-
CARES act	-	7,661,785	10,161,933	2,500,148
Firefighters grant program (AFG-S)	-	24,554	80,912	56,358
Tech rescue	-	-	2,028	2,028
ACSO CESF Covid grant CFDA 16.034	-	49,907	49,883	(24)
Opiod & substance abuse grant	-	136,009	66,962	(69,047)
Total categorical aid	173,940	8,053,628	10,524,226	2,470,598
Total revenue from the federal government	673,940	8,613,628	11,100,216	2,486,588
Total intergovernmental revenues	12,432,232	20,730,564	23,274,306	2,543,742
Total General Fund	\$ 99,918,507	\$ 113,553,934	\$ 118,422,050	\$ 4,868,116
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Charges for services:				
Public assistance and welfare administration	\$ 239,657	\$ 238,228	\$ 211,035	\$ (27,193)
Total charges for services	239,657	238,228	211,035	(27,193)
Recovered costs:				
City of Staunton, Virginia	812,045	812,045	812,045	-
City of Waynesboro, Virginia	760,854	760,854	760,854	-
Total recovered costs	1,572,899	1,572,899	1,572,899	-
Total revenue from local sources	1,812,556	1,811,127	1,783,934	(27,193)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	3,045,335	3,027,172	2,908,797	(118,375)
Children's Services Act program	3,683,000	3,940,000	3,222,890	(717,110)
Total categorical aid	6,728,335	6,967,172	6,131,687	(835,485)
Total revenue from the Commonwealth	6,728,335	6,967,172	6,131,687	(835,485)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 7,167,538	\$ 7,124,791	\$ 6,311,517	\$ (813,274)
Children's Services Act program	-	-	69,408	69,408
Total categorical aid	7,167,538	7,124,791	6,380,925	(743,866)
Total revenue from the federal government	7,167,538	7,124,791	6,380,925	(743,866)
Total intergovernmental revenues	13,895,873	14,091,963	12,512,612	(1,579,351)
Total Virginia Public Assistance Fund	\$ 15,708,429	\$ 15,903,090	\$ 14,296,546	\$ (1,606,544)
Debt Service Fund:				
County Debt Service Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ 38,600	\$ 33,919	\$ 33,919	\$ -
Total charges for services	38,600	33,919	33,919	-
Total revenue from local sources	38,600	33,919	33,919	-
Total County Debt Service Fund	\$ 38,600	\$ 33,919	\$ 33,919	\$ -
Capital Projects Funds:				
County Capital Improvement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 9,918	\$ 9,918	\$ 9,918	\$ -
Revenue from the use of property	5,000	21,280	21,280	-
Total revenue from use of money and property	14,918	31,198	31,198	-
Miscellaneous revenue:				
Other miscellaneous	30,000	14,500	3,061,454	3,046,954
Total miscellaneous revenue	30,000	14,500	3,061,454	3,046,954
Recovered costs:				
Other recovered costs	973,186	935,036	926,898	(8,138)
Total recovered costs	973,186	935,036	926,898	(8,138)
Total revenue from local sources	1,018,104	980,734	4,019,550	3,038,816

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Capital Improvement Funds:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Economic Development Grant	\$ -	\$ 1,950,000	\$ 850,000	\$ (1,100,000)
Hazardous Material Grant	10,000	10,000	10,000	-
Reimbursement Department of Transportation	1,015,000	35,235	28,085	(7,150)
Burn building grant	-	50,000	50,001	1
Watershed/Flood Protection-Dam	-	-	902,164	902,164
Total categorical aid	1,025,000	2,045,235	1,840,250	(204,985)
Total revenue from the Commonwealth	1,025,000	2,045,235	1,840,250	(204,985)
Revenue from the federal government:				
Categorical aid:				
SHSP-ECC	-	233,345	35,799	(197,546)
Emergency planning grant	14,882	14,882	14,882	-
Watershed grant	392,000	2,007,742	1,105,578	(902,164)
Transportation enhancement	-	-	45,072	45,072
DuPont settlement grant	606,000	45,000	15,769	(29,231)
Total categorical aid	1,012,882	2,300,969	1,217,100	(1,083,869)
Total revenue from the federal government	1,012,882	2,300,969	1,217,100	(1,083,869)
Total intergovernmental revenues	2,037,882	4,346,204	3,057,350	(1,288,854)
Total County Capital Improvements Fund	\$ 3,055,986	\$ 5,326,938	\$ 7,076,900	\$ 1,749,962
School Capital Improvements Fund:				
Intergovernmental revenues:				
Revenue from Augusta County School Board	\$ -	\$ -	\$ 2,582,459	\$ 2,582,459
Total intergovernmental revenues	-	-	2,582,459	2,582,459
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	16,167	16,127	16,141	14
Total revenue from use of money and property	16,167	16,127	16,141	14
Miscellaneous revenue:				
Other miscellaneous	11,040	430,133	681,539	251,406
Total miscellaneous revenue	11,040	430,133	681,539	251,406
Total revenue from local sources	27,207	446,260	697,680	251,420
Total School Capital Improvements Fund	\$ 27,207	\$ 446,260	\$ 3,280,139	\$ 2,833,879
Total Primary Government	\$ 118,748,729	\$ 135,264,141	\$ 143,109,554	\$ 7,845,413

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from the use of money and property:				
Revenue from the use of property	\$ 20,000	\$ -	\$ -	\$ -
Total revenue from the use of money and property	20,000	-	-	-
Charges for services:				
Charges for education	470,352	208,857	238,519	29,662
Tuition and payments from other divisions	1,176,160	1,122,978	1,133,160	10,182
Total charges for services	1,646,512	1,331,835	1,371,679	39,844
Miscellaneous revenue:				
Other miscellaneous	228,550	234,243	288,402	54,159
Total miscellaneous revenue	228,550	234,243	288,402	54,159
Total revenue from local sources	1,895,062	1,566,078	1,660,081	94,003
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Augusta, Virginia	45,544,333	48,621,935	42,436,138	(6,185,797)
Total revenues from local governments	45,544,333	48,621,935	42,436,138	(6,185,797)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	12,715,000	12,560,000	13,289,351	729,351
Basic school aid	29,386,268	29,788,075	28,674,508	(1,113,567)
Regular foster children	113,351	137,244	155,010	17,766
Adult secondary education	100,184	104,203	100,653	(3,550)
Gifted and talented	324,959	322,647	321,988	(659)
Remedial education	852,251	846,188	844,459	(1,729)
Special education	1,538,957	1,528,009	1,524,886	(3,123)
Textbook payment	658,931	654,244	652,906	(1,338)
Standards of learning-project graduation	9,220	9,220	9,220	-
Vocational standards of quality payments	1,305,968	1,296,677	1,294,027	(2,650)
Vocational adult education	16,772	16,772	16,773	1
Social security instructional	1,735,159	1,716,728	1,713,219	(3,509)
Retirement instructional	4,046,661	3,999,610	3,991,435	(8,175)
Group life insurance instructional	122,626	121,754	121,505	(249)
Compensation supplement	747,823	-	-	-
Early reading intervention	281,320	276,890	276,890	-
Supplemental lottery	2,287,736	2,363,215	2,533,488	170,273
Homebound education	14,469	22,950	14,377	(8,573)
Regional tuition program	910,000	1,086,583	935,505	(151,078)
Vocational education - equipment	55,886	48,517	58,643	10,126
Vocational occupational preparedness	184,921	210,189	212,419	2,230
Mentor teacher program	5,056	4,953	4,953	-
Special education - foster children	68,124	65,889	48,184	(17,705)
At risk payments	1,180,302	1,020,009	1,018,123	(1,886)
Virtual Virginia administrative	-	2,465	2,465	-
Primary class size	1,255,286	1,237,930	1,237,930	-
Technology	518,000	518,000	518,000	-
Standards of learning algebra readiness	120,725	118,643	118,643	-
At risk four-year olds	1,010,324	685,861	683,258	(2,603)
English as a second language	144,868	134,137	134,137	-
Other state funds	235,140	1,237,918	1,334,299	96,381
Total categorical aid	61,946,287	62,135,520	61,841,254	(294,266)
Total revenue from the Commonwealth	61,946,287	62,135,520	61,841,254	(294,266)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 135,736	\$ 129,102	\$ 118,542	\$ (10,560)
Title I	1,322,504	1,264,800	1,259,291	(5,509)
Title VI-B, special education flow-through	2,237,490	2,460,690	2,584,627	123,937
Vocational education	144,795	244,453	147,098	(97,355)
Title VI-B, special education pre-school	62,027	59,340	63,598	4,258
Title IV Part A	67,500	50,400	55,407	5,007
Title III Part A	15,576	34,632	33,461	(1,171)
Title II Part A	250,165	240,247	245,443	5,196
ITCV grant	68,022	79,681	79,681	-
CARES act	-	7,526,356	7,286,507	(239,849)
ARPA	-	-	611,468	611,468
VPI - TANF	-	-	210,529	210,529
Total categorical aid	4,303,815	12,089,701	12,695,652	605,951
Total revenue from the federal government	4,303,815	12,089,701	12,695,652	605,951
Total intergovernmental revenues	111,794,435	122,847,156	116,973,044	(5,874,112)
Total School Operating Fund	\$ 113,689,497	\$ 124,413,234	\$ 118,633,125	\$ (5,780,109)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from the use of money and property:				
Revenue from the use of money	\$ 50,000	\$ 6,500	\$ 6,238	\$ (262)
Total revenue from use of money and property	50,000	6,500	6,238	(262)
Charges for services:				
Cafeteria sales	1,495,500	41,170	54,440	13,270
Total charges for services	1,495,500	41,170	54,440	13,270
Total revenue from local sources	1,545,500	47,670	60,678	13,008
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	173,000	66,242	70,186	3,944
Total categorical aid	173,000	66,242	70,186	3,944
Total revenue from the Commonwealth	173,000	66,242	70,186	3,944
Revenue from the federal government:				
Categorical aid:				
School food program grant	2,730,250	3,354,000	3,189,568	(164,432)
USDA donated food	250	-	462,372	462,372
Total categorical aid	2,730,500	3,354,000	3,651,940	297,940
Total revenue from the federal government	2,730,500	3,354,000	3,651,940	297,940
Total intergovernmental revenues	2,903,500	3,420,242	3,722,126	301,884
Total School Cafeteria Fund	\$ 4,449,000	\$ 3,467,912	\$ 3,782,804	\$ 314,892

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
Head Start Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ 4,865	\$ 4,865	\$ -
Total revenue from use of money and property	-	4,865	4,865	-
Miscellaneous revenue:				
Other miscellaneous	50,000	50,000	64,596	14,596
Total miscellaneous revenue	50,000	50,000	64,596	14,596
Total revenue from local sources	50,000	54,865	69,461	14,596
Intergovernmental revenue:				
Revenue from local governments:				
Contributions from County of Augusta, Virginia	-	-	3,785	3,785
Total revenue from local governments	-	-	3,785	3,785
Revenue from the federal government:				
Categorical aid:				
Head start grant	3,060,565	3,626,790	3,557,677	(69,113)
Total categorical aid	3,060,565	3,626,790	3,557,677	(69,113)
Total revenue from the federal government	3,060,565	3,626,790	3,557,677	(69,113)
Total intergovernmental revenues	3,060,565	3,626,790	3,561,462	(65,328)
Total Head Start Fund	\$ 3,110,565	\$ 3,681,655	\$ 3,630,923	\$ (50,732)
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 1,094,221	\$ 1,049,271	\$ 1,022,528	\$ (26,743)
Total charges for services	1,094,221	1,049,271	1,022,528	(26,743)
Miscellaneous revenue:				
Other miscellaneous	2,800	2,800	36,290	33,490
Total miscellaneous revenue	2,800	2,800	36,290	33,490
Total revenue from local sources	1,097,021	1,052,071	1,058,818	6,747
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	674,755	674,755	661,043	(13,712)
Technology funds	26,000	26,000	26,000	-
Governor's school program evaluation	-	-	4,690	4,690
Total categorical aid	700,755	700,755	691,733	(9,022)
Total revenue from the Commonwealth	700,755	700,755	691,733	(9,022)
Total intergovernmental revenues	700,755	700,755	691,733	(9,022)
Total Governor's School Fund	\$ 1,797,776	\$ 1,752,826	\$ 1,750,551	\$ (2,225)

**SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Major and Minor Revenue Source	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board (Continued):				
School Endowments				
Revenue from local sources:				
Scholarship	\$ -	\$ -	\$ 2,669	\$ 2,669
Use of money and property	-	-	505	505
Total revenue from local sources	-	-	3,174	3,174
Total Endowment Fund	\$ -	\$ -	\$ 3,174	\$ 3,174
Total Discretely Presented Component Unit- School Board	\$ 123,046,838	\$ 133,315,627	\$ 127,800,577	\$ (5,515,050)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 154,326	\$ 154,166	\$ 148,091	\$ (6,075)
Total legislative	154,326	154,166	148,091	(6,075)
General and financial administration:				
County administrator	870,747	1,002,467	1,004,054	1,587
Human resources	275,120	294,314	286,596	(7,718)
Legal services	440,737	662,092	595,453	(66,639)
Commissioner of revenue	955,483	1,033,750	1,027,642	(6,108)
Treasurer	573,628	596,547	598,447	1,900
Finance	392,485	402,464	397,185	(5,279)
Information technology	786,504	895,733	852,772	(42,961)
Other general and financial administration	459,058	1,085,335	1,062,272	(23,063)
Total general and financial administration	4,753,762	5,972,702	5,824,421	(148,281)
Board of elections:				
Electoral board and officials	338,278	427,496	406,766	(20,730)
Total board of elections	338,278	427,496	406,766	(20,730)
Total general government administration	5,246,366	6,554,364	6,379,278	(175,086)
Judicial administration:				
Courts:				
Circuit court	177,530	177,922	177,914	(8)
General district court	6,150	6,150	6,400	250
Special magistrates	3,600	3,842	3,406	(436)
Clerk of the circuit court	1,075,408	1,095,830	1,066,372	(29,458)
Total courts	1,262,688	1,283,744	1,254,092	(29,652)
Commonwealth's attorney:				
Commonwealth's attorney	1,346,421	1,506,410	1,462,001	(44,409)
Total commonwealth's attorney	1,346,421	1,506,410	1,462,001	(44,409)
Total judicial administration	2,609,109	2,790,154	2,716,093	(74,061)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 7,503,461	\$ 7,724,068	\$ 7,717,872	\$ (6,196)
Emergency operations center	2,056,878	2,110,953	2,039,635	(71,318)
Total law enforcement and traffic control	9,560,339	9,835,021	9,757,507	(77,514)
Fire and rescue services:				
Fire department	8,118,012	9,161,809	8,928,167	(233,642)
Volunteer emergency operations	1,981,837	1,907,925	2,129,571	221,646
Fire training center	432,757	474,183	467,363	(6,820)
Fire revolving fund disbursements	605,000	605,000	76,957	(528,043)
EMS transport service	592,255	738,501	640,597	(97,904)
Total fire and rescue services	11,729,861	12,887,418	12,242,655	(644,763)
Correction and detention:				
Probation and detention	2,080,049	3,610,970	3,551,654	(59,316)
Total correction and detention	2,080,049	3,610,970	3,551,654	(59,316)
Inspections:				
Building	413,847	429,161	431,151	1,990
Total inspections	413,847	429,161	431,151	1,990
Other protection:				
Animal control	462,698	486,501	494,023	7,522
Drug enforcement funds	48,000	50,000	36,301	(13,699)
Total other protection	510,698	536,501	530,324	(6,177)
Total public safety	24,294,794	27,299,071	26,513,291	(785,780)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	16,000	16,000	14,707	(1,293)
Streetlights	116,600	122,000	119,734	(2,266)
Total maintenance of highways, streets, bridges and sidewalks	132,600	138,000	134,441	(3,559)
Sanitation and waste removal:				
Refuse collection and disposal	2,146,010	2,275,696	2,335,995	60,299
Recycling program	167,000	167,000	145,635	(21,365)
Total sanitation and waste removal	2,313,010	2,442,696	2,481,630	38,934
Maintenance of general buildings and grounds:				
General properties	1,973,249	2,226,857	2,060,909	(165,948)
Total maintenance of general buildings and grounds	1,973,249	2,226,857	2,060,909	(165,948)
Total public works	4,418,859	4,807,553	4,676,980	(130,573)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Health and welfare:				
Health:				
Supplement to local health department	\$ 571,337	\$ 571,337	\$ 571,337	\$ -
Total health	571,337	571,337	571,337	-
Mental health and mental retardation:				
Community services board	197,000	197,000	197,000	-
Total mental health and mental retardation	197,000	197,000	197,000	-
Welfare:				
Valley Education Alliance	1,000	1,000	1,000	-
Valley Program for the Aging	31,250	31,250	31,250	-
BRITE Transit Services	1,513	1,513	-	(1,513)
Community Centers	8,750	8,750	8,750	-
Verona Food Pantry	39,540	39,540	39,540	-
Lions Sight and Hearing/Oak Grove Theatre	3,463	3,463	3,463	-
CAPSAW	52,100	52,100	52,100	-
Craigsville personal property	37,337	38,986	38,986	-
Miscellaneous	5,000	5,000	5,000	-
Tax relief for the elderly	370,895	375,857	364,469	(11,388)
Total welfare	550,848	557,459	544,558	(12,901)
Total health and welfare	1,319,185	1,325,796	1,312,895	(12,901)
Education:				
Other instructional costs:				
Contributions to Blue Ridge Community College	5,000	5,000	5,000	-
Contribution to County School Board	45,544,333	46,866,449	45,044,041	(1,822,408)
Total education	45,549,333	46,871,449	45,049,041	(1,822,408)
Parks, recreation and cultural:				
Parks and recreation:				
Supervision of parks and recreation	901,141	581,636	536,087	(45,549)
Total parks and recreation	901,141	581,636	536,087	(45,549)
Cultural enrichment:				
Fine Arts Grant	9,500	9,500	9,500	-
Total cultural enrichment	9,500	9,500	9,500	-
Library:				
Contribution to county library	1,562,189	1,566,325	1,569,951	3,626
Total library	1,562,189	1,566,325	1,569,951	3,626
Total parks, recreation and cultural	2,472,830	2,157,461	2,115,538	(41,923)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
General Fund:				
Community development:				
Planning and community development:				
Community development	\$ 1,045,011	\$ 1,106,391	\$ 1,082,371	\$ (24,020)
Tourism development	8,600	57,906	57,969	63
Economic development	302,223	677,880	670,676	(7,204)
Contribution to Economic Development Authority	470,000	310,215	167,377	(142,838)
Total planning and community development	1,825,834	2,152,392	1,978,393	(173,999)
Environmental management:				
Contribution to soil and water district	95,928	95,928	100,636	4,708
Total environmental management	95,928	95,928	100,636	4,708
Cooperative extension program:				
Extension office	124,528	124,528	118,751	(5,777)
Total cooperative extension program	124,528	124,528	118,751	(5,777)
Total community development	2,046,290	2,372,848	2,197,780	(175,068)
Nondepartmental:				
Shenandoah Valley Regional Airport	134,080	134,080	134,080	-
Contingencies	89,392	1,408,653	1,443,990	35,337
Special Projects (CARES)	-	1,073,511	1,101,478	27,967
Total nondepartmental	223,472	2,616,244	2,679,548	63,304
Total General Fund	\$ 88,180,238	\$ 96,794,940	\$ 93,640,444	\$ (3,154,496)
Special Revenue Fund:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 10,205,846	\$ 10,289,283	\$ 10,342,236	\$ 52,953
Public assistance	3,081,000	2,947,000	2,412,025	(534,975)
Children's services	5,750,000	6,125,000	4,880,381	(1,244,619)
Total welfare and social services	19,036,846	19,361,283	17,634,642	(1,726,641)
Total health and welfare	19,036,846	19,361,283	17,634,642	(1,726,641)
Total Virginia Public Assistance Fund	\$ 19,036,846	\$ 19,361,283	\$ 17,634,642	\$ (1,726,641)
Debt Service Fund:				
County Debt Service:				
Debt Service:				
Principal retirement	\$ 557,677	\$ 557,677	\$ 557,677	\$ -
Interest and other fiscal charges	171,866	171,866	171,866	-
Total County Debt Service	729,543	729,543	729,543	-

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Primary Government:				
Debt Service Fund:				
School Debt Service:				
Debt Service:				
Principal retirement	\$ 4,948,004	\$ 4,948,004	\$ 4,948,004	\$ -
Interest and other fiscal charges	2,279,414	2,278,880	2,264,234	(14,646)
Total School Debt Service	7,227,418	7,226,884	7,212,238	(14,646)
Total Debt Service Fund	\$ 7,956,961	\$ 7,956,427	\$ 7,941,781	\$ (14,646)
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
County Schools	\$ 54,745	\$ 1,494,745	\$ -	\$ (1,494,745)
Landfill	400,000	400,000	672,157	272,157
Road construction	1,270,000	302,508	148,644	(153,864)
Programs	2,226,938	13,537,952	1,468,735	(12,069,217)
Equipment replacement	1,721,944	2,746,189	2,010,380	(735,809)
Building renovations and construction	254,495	1,837,035	652,596	(1,184,439)
Economic development	269,918	2,519,918	314,835	(2,205,083)
Community contributions	100,000	100,000	810,462	710,462
Total capital projects expenditures	6,298,040	22,938,347	6,077,809	(16,860,538)
Total County Capital Improvements Fund	\$ 6,298,040	\$ 22,938,347	\$ 6,077,809	\$ (16,860,538)
School Capital Improvements Fund:				
Capital projects expenditures:				
Transportation	\$ 1,040,316	\$ 1,108,136	\$ 1,108,136	\$ -
Equipment/technology	463,172	1,005,172	1,276,373	271,201
Other School projects	-	93,641	76,431	(17,210)
Building renovations	-	87,477	67,627	(19,850)
Total capital projects expenditures	1,503,488	2,294,426	2,528,567	234,141
Debt Service:				
Principal retirement	-	-	376,077	376,077
Interest and other fiscal charges	-	-	87,095	87,095
	-	-	463,172	463,172
Total School Capital Improvements Fund	\$ 1,503,488	\$ 2,294,426	\$ 2,991,739	\$ 697,313
Total Primary Government	\$ 122,975,573	\$ 149,345,423	\$ 128,286,415	\$ (21,059,008)

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 265,938	\$ 273,244	\$ 259,020	\$ (14,224)
Executive administration services	675,308	922,732	956,800	34,068
Personnel	697,759	747,330	750,463	3,133
Fiscal services	779,823	799,169	816,570	17,401
Data processing services	552,125	551,980	563,089	11,109
Total administration of schools	2,970,953	3,294,455	3,345,942	51,487
Instruction costs:				
Elementary and secondary schools	73,386,322	76,270,907	74,925,383	(1,345,524)
Guidance services	3,265,481	3,115,004	3,267,273	152,269
Social worker services	598,374	584,392	604,859	20,467
Other instructional costs	2,852,023	2,852,796	2,943,611	90,815
Media services	1,960,040	1,842,239	1,950,448	108,209
Technology services	3,346,962	5,151,176	4,877,185	(273,991)
Office of the principal	7,063,975	6,957,933	7,086,338	128,405
Total instruction costs	92,473,177	96,774,447	95,655,097	(1,119,350)
Operating costs:				
Attendance and health services	1,761,810	1,737,725	1,740,956	3,231
Pupil transportation	6,980,790	6,891,929	6,246,572	(645,357)
Operation and maintenance of school plant	9,502,767	11,692,220	11,338,620	(353,600)
School food services	-	-	305,938	305,938
Total operating costs	18,245,367	20,321,874	19,632,086	(689,788)
Total education	113,689,497	120,390,776	118,633,125	(1,757,651)
Total School Operating Fund	\$ 113,689,497	\$ 120,390,776	\$ 118,633,125	\$ (1,757,651)
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 4,716,110	\$ 3,727,557	\$ 3,974,039	\$ 246,482
Total school food services	4,716,110	3,727,557	3,974,039	246,482
Total education	4,716,110	3,727,557	3,974,039	246,482
Total Cafeteria Fund	\$ 4,716,110	\$ 3,727,557	\$ 3,974,039	\$ 246,482

**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2021**

Entity, Fund, Function, Activity and Elements	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Discretely Presented Component Unit - School Board:				
Head Start Fund:				
Education:				
Instruction	\$ 2,635,329	\$ 3,025,943	\$ 2,933,507	\$ (92,436)
Administration, attendance and health	412,373	565,614	563,742	(1,872)
Transportation services	61,683	92,795	95,556	2,761
Operations and maintenance services	1,180	1,765	38,118	36,353
 Total education	3,110,565	3,686,117	3,630,923	(55,194)
 Total Head Start Fund	\$ 3,110,565	\$ 3,686,117	\$ 3,630,923	\$ (55,194)
Governor's School Fund:				
Education:				
Instruction	\$ 1,686,576	\$ 1,641,626	\$ 1,725,525	\$ 83,899
Operations and maintenance services	111,200	111,200	25,026	(86,174)
 Total education	1,797,776	1,752,826	1,750,551	(2,275)
 Total Governor's School Fund	\$ 1,797,776	\$ 1,752,826	\$ 1,750,551	\$ (2,275)
School Endowments:				
Education:				
Scholarship	\$ -	\$ -	\$ 2,000	\$ 2,000
 Total education	-	-	2,000	2,000
 Total Endowment Fund	\$ -	\$ -	\$ 2,000	\$ 2,000
Total Discretely Presented Component Unit - School Board	\$ 123,313,948	\$ 129,557,276	\$ 127,990,638	\$ (1,566,638)

STATISTICAL SECTION

COUNTY OF AUGUSTA, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

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

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

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

NET POSITION/ASSETS⁽¹⁾ BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary Government										
Governmental activities:										
Net investment in capital assets	\$ 14,050,950	\$ 6,243,063	\$ 14,785,963	\$ 16,731,529	\$ 14,697,452	\$ (28,355,363)	\$ 14,587,191	\$ 16,861,519	\$ 16,560,315	\$ 17,804,738
Restricted	1,700,541	1,803,491	4,534,029	3,933,728	26,675,632	8,456,531	3,800,220	2,950,318	2,858,862	2,872,983
Unrestricted	46,866,214	43,862,461	41,015,719	25,271,482	4,559,615	39,611,252	36,958,335	43,746,456	44,584,619	62,473,568
Total primary government, governmental activities net assets	<u>\$ 62,617,705</u>									
Total primary government, governmental activities net position		\$ 51,909,015	\$ 60,335,711	\$ 45,936,739	\$ 45,932,699	\$ 19,712,420	\$ 55,345,746	\$ 63,558,293	\$ 64,003,796	\$ 83,151,289
Component Unit ⁽²⁾										
Component unit - school board:										
Net investment in capital assets	\$ 73,689,709	\$ 79,495,252	\$ 73,843,782	\$ 75,857,589	\$ 88,522,897	\$ 118,060,129	\$ 78,473,778	\$ 78,418,587	\$ 81,373,540	\$ 83,276,085
Unrestricted (deficit)	(1,771,091)	(2,760,786)	(3,294,961)	(98,567,183)	(96,659,726)	(96,428,666)	(115,961,481)	(112,884,090)	(111,869,153)	(110,660,711)
Total component unit net assets	<u>\$ 71,918,618</u>									
Total component unit net position		\$ 76,734,466	\$ 70,548,821	\$ (22,709,594)	\$ (8,136,829)	\$ 21,631,463	\$ (37,487,703)	\$ (34,465,503)	\$ (30,495,613)	\$ (27,384,626)
Total Reporting Entity										
Net investment in capital assets	\$ 87,740,659	\$ 85,738,315	\$ 88,629,745	\$ 92,589,118	\$ 103,220,349	\$ 89,704,766	\$ 93,060,969	\$ 95,280,106	\$ 97,933,855	\$ 101,080,823
Restricted	1,700,541	1,803,491	4,534,029	3,933,728	26,675,632	8,456,531	3,800,220	2,950,318	2,858,862	2,872,983
Unrestricted	45,095,123	41,101,675	37,720,758	(73,295,701)	(92,100,111)	(56,817,414)	(79,003,146)	(69,137,634)	(67,284,534)	(48,187,143)
Total reporting entity net assets	<u>\$ 134,536,323</u>									
Total reporting entity net position		\$ 128,643,481	\$ 130,884,532	\$ 23,227,145	\$ 37,795,870	\$ 41,343,883	\$ 17,858,043	\$ 29,092,790	\$ 33,508,183	\$ 55,766,663

Notes:

- (1) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."
- (2) Component unit net position/assets are included in the table due to public schools being significant portions of the County operations. In Virginia, the County issues debt to finance the construction of facilities for the component unit because the component unit does not have borrowing or taxing authority.
- (3) At June 30, 2014, net position was restated for the implementation of GASB Statement No. 68, which reduced net position by \$13,744,283 for the primary government and \$96,743,465 for the component unit - school board.
- (4) At June 30, 2017, net position was restated for the implementation of GASB Statement No. 75, which reduced net position by \$2,777,000 for the primary government and \$21,048,441 for the component unit - School Board.
- (5) At June 30, 2021, net position was restated for the implementation of GASB Statement No. 84, which increased net position for the primary government by \$4,215,616 and \$3,345,882 for the component unit – School Board.

CHANGES IN NET POSITION/ASSETS⁽²⁾
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary Government										
Expenses:										
Governmental activities:										
General government	\$ 5,596,300	\$ 6,214,685	\$ 5,826,866	\$ 5,872,140	\$ 5,499,180	\$ 6,377,127	\$ 6,503,063	\$ 8,988,980	\$ 7,547,543	\$ 10,368,248
Judicial administration	1,679,718	1,763,311	1,772,021	1,716,540	1,865,010	1,995,424	2,017,262	2,108,041	2,103,246	3,201,680
Public safety	16,383,625	20,223,736	19,778,068	18,716,024	12,567,986	21,392,046	23,846,222	24,101,613	30,057,120	30,145,981
Public works	4,913,232	9,779,172	11,849,900	6,880,503	7,230,620	5,305,146	7,281,618	4,543,783	8,891,842	5,660,252
Health and welfare	13,531,460	13,600,850	14,576,794	14,725,715	14,668,197	16,469,416	16,186,578	18,370,628	19,625,147	19,449,540
Education	39,414,225	44,657,620	36,151,010	45,818,355	57,310,966	75,383,817	10,657,884	48,304,659	53,373,007	51,977,469
Parks, recreation and cultural	3,686,421	2,908,027	2,613,593	2,771,476	2,821,846	2,858,721	3,316,542	2,449,762	2,870,905	2,713,834
Community development	1,987,718	3,607,318	2,703,540	2,878,735	1,750,061	1,797,866	2,184,255	1,905,013	2,051,382	2,498,072
Interest on long-term debt	2,506,373	2,575,695	2,314,911	2,137,087	1,869,342	3,246,063	2,710,519	2,403,885	2,167,209	1,992,140
Total primary government expenses	89,699,072	105,330,414	97,586,703	101,516,575	105,583,208	134,825,626	74,703,943	113,176,364	128,687,401	128,007,216
Program revenues:										
Governmental activities:										
Charges for services:										
General government	566,517	612,266	621,178	854,701	647,440	740,688	738,561	696,917	730,655	735,644
Judicial administration	238,266	238,047	218,470	222,118	207,767	232,593	267,257	281,445	210,170	237,672
Public safety	831,899	1,180,338	1,497,982	1,502,939	1,430,692	1,631,946	1,914,075	3,155,549	2,963,621	3,447,974
Public works	947,668	947,251	1,092,513	1,065,703	1,093,681	1,281,673	1,528,230	2,221,686	1,822,007	1,714,279
Health and welfare	388,108	329,763	153,074	142,772	181,556	158,177	190,817	1,342,228	1,712,553	1,783,934
Parks, recreation and cultural	791,546	816,405	752,909	772,613	843,530	824,567	817,258	996,007	488,413	223,121
Operating grants and contributions	15,109,815	16,026,250	17,285,378	16,701,623	16,661,521	18,706,733	19,057,643	18,868,004	22,870,708	28,670,410
Capital grants and contributions	1,319,142	5,723,148	7,429,523	3,084,267	3,994,031	2,296,245	3,423,147	1,204,916	1,635,216	5,639,809
Total primary government program revenues	20,192,961	25,873,468	29,051,027	24,346,736	25,060,218	25,872,622	27,936,988	28,766,752	32,433,343	42,452,843
Total primary government net expenses⁽¹⁾	(69,506,111)	(79,456,946)	(68,535,676)	(77,169,839)	(80,522,990)	(108,953,004)	(46,766,955)	(84,409,612)	(96,254,058)	(85,554,373)
General revenues and other changes in net assets/position:										
Governmental activities:										
Taxes:										
Property taxes	44,920,894	46,893,968	51,900,224	53,585,755	56,937,887	58,296,837	60,545,183	66,259,967	68,989,644	69,028,670
Local sales and use taxes	4,532,643	4,823,327	4,803,575	4,984,203	5,422,965	5,542,113	5,673,129	6,240,415	6,822,265	7,827,992
Consumer utility taxes	1,684,948	1,714,242	1,724,037	1,749,332	1,781,431	1,786,347	1,791,413	1,804,213	1,812,435	1,834,845
Business licenses taxes	3,241,549	3,183,170	3,488,169	3,734,050	3,526,206	3,625,435	3,813,142	4,065,916	4,313,711	4,384,814
Restaurant food taxes	2,193,920	2,246,096	2,081,118	2,320,903	2,419,683	2,544,440	2,504,972	2,558,254	2,418,593	2,599,472
Other local taxes	1,557,871	1,629,127	1,853,526	1,856,653	1,964,970	2,106,591	2,107,785	2,171,699	2,094,917	2,650,641
Unrestricted grants and contributions	7,152,277	7,373,603	7,578,602	7,446,327	7,510,753	7,497,164	7,382,817	7,540,903	7,399,577	7,116,508
Unrestricted revenues from use of money and property	594,536	509,635	537,628	567,927	634,230	592,384	795,317	1,510,344	1,272,079	685,333
Gain (loss) on disposal of capital assets	-	375,088	-	-	-	285,000	-	-	-	-
Miscellaneous	164,360	-	818,655	270,000	320,825	456,414	563,523	470,448	1,576,340	4,357,975
Total primary government general revenues and other changes in net assets/position	66,042,998	68,748,256	74,785,534	76,515,150	80,518,950	82,732,725	85,177,281	92,622,159	96,699,561	100,486,250
Change in net assets:										
Total primary government	\$ (3,463,113)									
Change in net position:										
Total primary government	\$ (10,708,690)	\$ 6,249,858	\$ (654,689)	\$ (4,040)	\$ (26,220,279)	\$ 38,410,326	\$ 8,212,547	\$ 445,503	\$ 14,931,877	

CHANGES IN NET POSITION/ASSETS⁽²⁾
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Component Unit ⁽²⁾										
Expenses:										
School Board	\$ 99,494,039	\$ 101,705,922	\$ 110,663,364	\$ 106,500,888	\$ 96,031,665	\$ 83,895,486	\$ 156,045,549	\$ 113,102,026	\$ 115,752,405	\$ 128,035,472
Total component unit expenses	99,494,039	101,705,922	110,663,364	106,500,888	96,031,665	83,895,486	156,045,549	113,102,026	115,752,405	128,035,472
Program revenues:										
Charges for services	3,625,413	4,216,248	3,272,742	3,257,108	3,367,635	3,116,679	3,027,439	4,147,506	3,729,168	2,448,647
Operating grants and contributions	62,352,796	63,796,761	60,559,006	63,399,705	64,139,916	66,074,497	67,255,166	69,424,386	72,793,629	82,508,442
Capital grants and contributions	-	-	-	449,479	46,509	-	-	-	-	-
Total component unit program revenues	65,978,209	68,013,009	63,831,748	67,106,292	67,554,060	69,191,176	70,282,605	73,571,892	76,522,797	84,957,089
Total component unit net expense⁽¹⁾	(33,515,830)	(33,692,913)	(46,831,616)	(39,394,596)	(28,477,605)	(14,704,310)	(85,762,944)	(39,530,134)	(39,229,608)	(43,078,383)
General revenues and other changes in net assets/position:										
Unrestricted grants and contributions	36,339,862	38,164,900	40,795,739	41,844,914	42,430,723	43,347,751	46,156,655	42,124,975	42,848,640	42,439,923
Unrestricted revenues from use of money and property	45,453	43,931	35,294	34,841	54,183	55,715	143,819	116,756	105,152	11,608
Miscellaneous	832,006	299,927	607,376	999,891	565,464	1,069,136	1,391,745	310,603	245,706	391,957
Total component unit general revenues and other changes in net assets/position	37,217,321	38,508,758	41,438,409	42,879,646	43,050,370	44,472,602	47,692,219	42,552,334	43,199,498	42,843,488
Change in net assets:										
Total component unit	\$ 3,701,491									
Change in net position:										
Total component unit		\$ 4,815,845	\$ (5,393,207)	\$ 3,485,050	\$ 14,572,765	\$ 29,768,292	\$ (38,070,725)	\$ 3,022,200	\$ 3,969,890	\$ (234,895)
Total Reporting Entity Change in Net Assets	<u>\$ 238,378</u>									
Total Reporting Entity Change in Net Position		<u>\$ (5,892,845)</u>	<u>\$ 856,651</u>	<u>\$ 2,830,361</u>	<u>\$ 14,568,725</u>	<u>\$ 3,548,013</u>	<u>\$ 339,601</u>	<u>\$ 11,234,747</u>	<u>\$ 4,415,393</u>	<u>\$ 14,696,982</u>

Notes:

- (1) Net (expense) revenues is the difference between the expenses and program revenues. This difference indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in a parentheses are net expenses indicating that expenses were greater than program revenues and, therefore, general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, demonstrating that program revenues were more than sufficient to cover expenses.
- (2) This table reports financial information based on the accrual basis of accounting. The County implemented GASB Statement No. 63 in fiscal year 2013. This standard eliminated the use of the term "net assets" and now refers to this measurement as "net position."
- (3) The component unit, School Board, was included in this table due to their significance to the County.

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumers' Utility Tax	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
2021	\$ 69,028,670	\$ 7,827,992	\$ 1,834,845	\$ 4,384,814	\$ 2,599,472	\$ 2,650,641	\$ 88,326,434
2020	68,989,644	6,822,265	1,812,435	4,313,711	2,418,593	2,094,917	86,451,565
2019	66,259,967	6,240,415	1,804,213	4,065,916	2,558,254	2,171,699	83,100,464
2018	60,545,183	5,673,129	1,791,413	3,813,142	2,504,972	2,107,785	76,435,624
2017	58,296,837	5,542,113	1,786,347	3,625,435	2,544,440	2,106,591	73,901,763
2016	56,937,887	5,422,965	1,781,431	3,526,206	2,419,683	1,964,970	72,053,142
2015	53,585,755	4,984,203	1,749,332	3,734,050	2,320,903	1,856,653	68,230,896
2014	51,900,224	4,803,575	1,724,037	3,488,169	2,081,118	1,853,526	65,850,649
2013	46,893,968	4,823,327	1,714,242	3,183,170	2,246,096	1,629,127	60,489,930
2012	44,920,894	4,532,643	1,684,948	3,241,549	2,193,920	1,557,871	58,131,825

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

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 143,157	\$ 91,255	\$ 41,721	\$ 154,477	\$ 106,493	\$ 93,961	\$ 1,203,806	\$ 1,209,984	\$ 1,203,343	\$ 727,134
Restricted	1,700,541	1,803,492	2,006,339	2,352,414	2,659,784	2,966,538	2,932,086	2,756,012	2,556,267	2,872,983
Committed	407,722	747,920	691,504	1,116,221	1,249,070	1,171,649	1,498,042	1,714,591	2,794,338	5,099,049
Assigned	199,905	203,579	206,303	221,784	234,072	253,977	257,332	317,243	387,367	454,735
Unassigned	11,940,495	12,319,579	11,986,399	12,001,256	12,439,272	13,658,436	11,798,202	13,172,482	18,202,654	12,958,451
Total general fund	14,391,820	15,165,825	14,932,266	15,846,152	16,688,691	18,144,561	17,689,468	19,170,312	25,143,969	22,112,352
All Other Governmental Funds										
Restricted	5,374,308	4,929,034	2,244,271	455,329	19,457,305	5,489,993	868,135	194,307	302,595	-
Committed	8,134,044	5,294,761	3,304,648	1,148,900	2,645,897	-	-	-	-	-
Assigned	22,294,342	21,750,133	24,831,423	25,357,733	25,219,223	27,326,844	27,607,372	31,371,591	30,034,487	48,942,712
Unassigned	-	-	-	(318,771)	(757,966)	(397,747)	-	-	-	-
Total all other governmental funds	35,802,694	31,973,928	30,380,342	26,643,191	46,564,459	32,419,090	28,475,507	31,565,898	30,337,082	48,942,712
Total fund balances	\$ 50,194,514	\$ 47,139,753	\$ 45,312,608	\$ 42,489,343	\$ 63,253,150	\$ 50,563,651	\$ 46,164,975	\$ 50,736,210	\$ 55,481,051	\$ 71,055,064

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

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
General property taxes	\$ 44,460,692	\$ 47,584,001	\$ 51,399,020	\$ 52,963,125	\$ 56,207,747	\$ 58,114,396	\$ 61,109,229	\$ 66,330,173	\$ 68,528,431	\$ 69,199,131
Other local taxes	15,787,363	16,174,522	13,976,359	14,671,097	15,140,297	15,613,974	15,890,441	16,840,497	17,461,921	19,297,764
Permits, privilege fees and regulatory licenses	487,988	526,622	524,896	764,794	568,023	645,578	637,374	608,943	602,235	643,011
Fines and forfeitures	209,963	239,453	208,086	206,125	149,052	214,784	311,426	347,877	272,161	253,102
Revenue from use of money and property	609,792	544,808	549,465	594,562	677,776	719,415	843,096	1,510,344	1,272,079	685,333
Charges for services	3,066,053	3,357,995	3,603,144	3,589,927	3,644,104	4,009,282	4,507,398	5,340,430	4,392,269	4,496,600
Miscellaneous	322,129	542,617	756,329	432,789	813,309	1,624,932	616,839	470,448	1,576,340	4,357,975
Recovered costs	1,267,077	1,476,825	1,489,783	2,430,905	2,493,669	2,433,649	2,712,874	2,396,582	2,660,754	2,749,911
Intergovernmental:										
Commonwealth	15,076,076	18,182,170	23,726,548	19,888,254	18,484,319	19,110,574	20,881,834	18,972,342	18,693,674	20,146,027
Federal	5,870,864	8,265,021	8,035,610	7,128,583	9,164,401	8,084,971	8,880,678	8,641,481	13,211,827	18,698,241
Local	-	-	-	-	-	-	-	-	-	2,582,459
Total revenues	87,157,997	96,894,034	104,269,240	102,670,161	107,342,697	110,571,555	116,391,189	121,459,117	128,671,691	143,109,554
Expenditures										
General government administration	4,075,387	4,625,805	4,342,595	4,673,312	4,638,398	5,075,701	5,856,944	5,466,486	5,673,355	6,379,278
Judicial administration	1,685,862	1,782,776	1,762,176	1,839,987	1,910,072	2,030,508	2,137,419	2,178,024	2,375,328	2,716,093
Public safety	15,098,509	17,314,645	18,043,770	18,173,128	19,178,655	20,393,454	21,739,801	23,021,684	24,190,420	26,513,291
Public works	3,159,713	3,301,565	3,356,040	3,465,517	3,467,975	3,686,463	3,810,788	4,415,893	4,710,949	4,676,980
Health and welfare	14,531,194	14,728,109	15,703,648	16,389,266	16,378,953	17,863,715	18,103,067	18,819,407	18,824,305	18,947,537
Education	31,821,633	33,822,914	36,443,632	37,852,654	38,511,372	40,078,627	41,566,439	42,051,057	42,768,948	45,049,041
Parks, recreation and cultural	2,684,847	2,637,783	2,585,384	2,685,441	2,798,340	2,834,341	2,838,479	2,489,020	2,377,415	2,115,538
Community development	1,374,221	1,428,431	1,446,741	1,447,545	1,555,969	1,808,146	1,838,995	1,859,303	2,030,070	2,197,780
Nondepartmental	222,620	204,272	137,489	144,535	169,899	209,231	143,194	213,767	240,340	2,679,548
Capital projects	15,232,499	18,408,583	14,236,573	13,012,823	19,974,595	37,433,314	13,166,593	6,947,042	13,566,401	8,606,376
Debt service:										
Principal	5,802,775	5,739,880	5,874,929	5,554,182	5,766,351	4,909,556	6,208,384	6,464,345	6,304,005	5,881,758
Interest and other fiscal charges	2,740,438	2,573,576	2,671,273	2,440,691	2,232,757	2,755,287	3,379,762	2,961,858	2,695,710	2,523,195
Total expenditures	98,429,698	106,568,339	106,604,250	107,679,081	116,583,336	139,078,343	120,789,865	116,887,886	125,757,246	128,286,415
Excess (deficiency) of revenues over (under) expenditures	(11,271,701)	(9,674,305)	(2,335,010)	(5,008,920)	(9,240,639)	(28,506,788)	(4,398,676)	4,571,231	2,914,445	14,823,139
Other Financing Sources (Uses)										
Sale of land	-	-	-	-	-	285,000	-	-	-	-
Transfers in	16,250,701	13,458,170	16,621,651	17,538,558	20,160,743	15,898,012	19,450,584	22,495,848	23,820,301	28,485,546
Transfers out	(16,250,701)	(13,458,170)	(16,621,651)	(17,538,558)	(20,160,743)	(15,898,012)	(19,450,584)	(22,495,848)	(23,820,301)	(28,485,546)
Proceeds from issuance of capital lease	-	-	-	-	-	-	-	-	1,830,396	750,874
Bonds issued	6,600,000	5,526,185	691,882	2,185,655	27,622,785	14,285,000	-	-	-	-
Premium on bonds issued	966,694	718,271	-	-	2,381,661	1,247,289	-	-	-	-
Sale of capital assets	-	375,088	-	-	-	-	-	-	-	-
Total other financing sources, net	7,566,694	6,619,544	691,882	2,185,655	30,004,446	15,817,289	-	-	1,830,396	750,874
Net change in fund balances	\$ (3,705,007)	\$ (3,054,761)	\$ (1,643,128)	\$ (2,823,265)	\$ 20,763,807	\$ (12,689,499)	\$ (4,398,676)	\$ 4,571,231	\$ 4,744,841	\$ 15,574,013
Debt Service as a Percentage of Noncapital Expenditures	9.70%	8.00%	8.24%	7.68%	6.99%	5.60%	8.10%	8.06%	7.38%	6.77%

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumers' Utility Tax	Business License Tax	Restaurant Food Tax	Other Local Tax	Total
2021	\$ 69,199,131	\$ 7,827,992	\$ 1,834,845	\$ 4,384,814	\$ 2,599,472	\$ 2,650,641	\$ 88,496,895
2020	68,528,431	6,822,265	1,812,435	4,313,711	2,418,593	2,094,917	85,990,352
2019	66,330,173	6,240,415	1,804,213	4,065,916	2,558,254	2,171,699	83,170,670
2018	61,109,229	5,673,129	1,791,413	3,813,142	2,504,972	2,107,785	76,999,670
2017	58,114,396	5,542,113	1,786,347	3,625,435	2,544,440	2,106,591	73,719,322
2016	56,207,747	5,422,965	1,781,431	3,526,206	2,444,725	1,964,970	71,348,044
2015	52,963,125	4,984,203	1,749,332	3,734,050	2,320,903	1,856,653	67,608,266
2014	51,399,030	4,803,575	1,724,037	3,488,169	2,081,118	1,853,526	65,349,455
2013	47,584,001	4,823,327	1,714,242	3,183,170	2,246,096	1,629,127	61,179,963
2012	44,460,692	4,532,643	1,684,948	3,241,549	2,193,920	1,557,871	57,671,623

**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⁾
2021	\$7,582,050,648	\$ 780,556,010	\$ 242,485,670	\$ 482,755,979	\$9,087,848,307	\$ 0.81	\$ 11,219,565,811	81.00%
2020	7,471,356,719	757,708,190	233,718,440	471,627,175	8,934,410,524	0.81	10,095,379,123	88.50%
2019	7,179,876,646	726,168,020	216,125,380	458,514,898	8,580,684,944	0.81	9,157,614,668	93.70%
2018	6,596,809,781	694,028,820	210,101,090	452,830,444	7,953,770,135	0.81	8,654,809,723	91.90%
2017	6,809,979,950	685,423,223	199,672,770	459,153,026	8,154,228,969	0.76	8,647,114,495	94.30% ⁽⁵⁾
2016	6,749,732,645	664,734,844	190,814,950	394,852,593	8,000,135,032	0.76	8,483,706,291	94.30%
2015	6,664,333,605	634,007,910	182,405,510	304,068,097	7,784,815,122	0.74	7,792,607,730	99.90%
2014	6,720,763,659	630,856,230	174,573,180	302,295,345	7,828,488,414	0.70	7,955,780,909	98.40%
2013	6,627,699,412	610,670,920	169,345,780	306,388,610	7,714,104,722	0.67	7,714,104,722	100.00%
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%

Source: Commissioner of Revenue

Notes:

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

PROPERTY TAX RATES⁽¹⁾
Last Ten Fiscal Years

Calendar Year	Property Tax Rates						Total Direct Rate
	Real Estate	Personal Property ⁽²⁾		Mobile Homes	Machinery and Tools		
		Vehicle	Other				
2021	\$ 0.63	\$ 2.60	\$ 2.00	\$ 0.63	\$ 2.00	\$ 0.81	
2020	0.63	2.50	2.00	0.63	2.00	0.81	
2019	0.63	2.50	2.00	0.63	2.00	0.81	
2018	0.63	2.50	2.00	0.63	2.00	0.81	
2017	0.58	2.50	2.00	0.58	2.00	0.76	
2016	0.58	2.50	2.00	0.58	2.00	0.76	
2015	0.58	2.50	2.00	0.58	2.00	0.74	
2014	0.56	2.50	1.90	0.56	1.90	0.70	
2013	0.51	2.50	1.90	0.51	1.90	0.67	
2012	0.48	2.25	1.90	0.48	1.90	0.63	

Notes:

⁽¹⁾ Per \$100 of assessed value.

⁽²⁾ Personal Property includes:

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

Other – business personal property, large trucks and trailers

PRINCIPAL PROPERTY TAXPAYERS
Current Year and the Period Nine Years Prior

Taxpayer	Business Type	Fiscal Year 2021			Fiscal Year 2012		
		2020 Assessed Valuation	Rank	% of Total Assessed Valuation	2011 Assessed Valuation	Rank	% of Total Assessed Valuation
Virginia Power	Public Utility	\$ 324,296,990	1	3.57%	\$ 162,209,830	1	2.13%
Hershey Foods Corporation	Food Manufacturer	155,465,540	2	1.71%	93,998,100	2	1.23%
McKee Baking Company	Food Manufacturer	69,233,930	3	0.76%	62,889,402	3	0.82%
Shenandoah Valley Electric	Public Utility	53,985,911	4	0.59%	49,582,801	4	0.65%
Target Corporation	Distribution Center	52,046,210	5	0.57%	41,230,224	5	0.54%
Shamrock Foods Company	Food Manufacturer	36,683,960	6	0.40%	-		0.00%
Hollister, Inc.	Medical Supplies Mfg.	31,454,509	7	0.35%	16,868,115	9	0.22%
MeadWestvaco	Paper Mfg. Warehouse	27,090,200	8	0.30%	20,540,400	7	0.27%
Nibco, Inc.	Copper Pipe Fittings	26,550,410	9	0.29%	-		0.00%
Daikin (formerly McQuay International)	Industrial Air Cond. Equip.	26,218,060	10	0.29%	-		0.00%
Pactiv (formerly Reynolds Metals)	Flexible Packaging	-		-	15,553,826	10	0.20%
First Republic Group Realty/Colonial Realty	Real Estate	-		-	17,066,800	8	0.22%
Verizon/Bell Atlantic	Public Utility	-		-	21,901,050	6	0.29%
		<u>\$ 803,025,720</u>		<u>8.83%</u>	<u>\$ 501,840,548</u>		<u>6.57%</u>

Source: Commissioner of Revenue

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

Calendar Year	Total Tax Levy for the Calendar Year	Collected within the Calendar Year of the Levy ⁽¹⁾		Collections in Subsequent Calendar Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021 ⁽²⁾	\$ 47,898,631	\$ 24,065,353	50.24%	\$ -	\$ 24,065,353	50.24%
2020	67,192,028	64,684,273	96.27%	- ⁽³⁾	64,684,273	96.27%
2019	64,933,964	63,630,951	97.99%	908,436	64,539,387	99.39%
2018	60,756,580	59,184,706	97.41%	1,119,260	60,303,966	99.26%
2017	56,348,173	54,566,805	96.84%	1,246,647	55,813,452	99.05%
2016	55,511,225	53,258,040	95.94%	1,329,220	54,587,260	98.34%
2015	54,957,577	52,062,743	94.73%	1,409,097	53,471,840	97.30%
2014	50,824,584	49,510,805	97.42%	1,230,061	50,740,866	99.84%
2013	47,830,373	46,083,456	96.35%	1,115,903	47,199,359	98.68%
2012	44,774,638	43,464,667	97.07%	1,089,365	44,554,032	99.51%

Source: Commissioner of Revenue, County Treasurer’s Office

Notes:

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

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

Fiscal Years	Governmental Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Other Notes/Bonds	Capital Leases			
2021	\$ 63,516,501	\$ 5,170,965	\$ 1,750,669	\$ 70,438,135	1.99%	\$ 909
2020	68,813,173	5,807,487	2,126,746	76,747,406	2.29%	1,016
2019	74,473,645	6,424,009	-	80,897,654	2.53%	1,072
2018	80,768,982	7,020,530	-	87,789,512	2.75%	1,168
2017	86,828,357	7,597,052	-	94,425,409	2.97%	1,259
2016	75,885,169	8,163,572	-	84,048,741	2.84%	1,131
2015	51,139,403	8,715,094	-	59,854,497	2.04%	805
2014	56,548,128	6,890,001	-	63,438,129	2.25%	859
2013	62,543,941	6,244,457	-	68,788,398	2.53%	931
2012	68,402,704	-	-	68,402,704	2.51%	929

Notes:

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

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

Fiscal Year	Net Bonded Debt ⁽³⁾	Ratio of Net General Obligation Debt to Assessed Value ⁽²⁾	Net Bonded Debt per Capita ⁽¹⁾
2021	\$ 63,516,501	0.70%	\$ 820
2020	68,813,173	0.77%	911
2019	74,473,645	0.87%	987
2018	80,768,982	1.02%	1,075
2017	86,828,357	1.06%	1,158
2016	75,885,169	0.95%	1,021
2015	51,139,403	0.66%	688
2014	56,548,128	0.72%	766
2013	62,543,941	0.81%	846
2012	68,402,704	0.90%	929

Notes:

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2021 ⁽²⁾	77,487	\$ 45,658	58.92%	45-49 ⁽¹⁾	9,745	3.50%
2020 ⁽²⁾	75,558	44,316	58.65%	45-49	9,896	5.80%
2019	75,457	42,436	56.24%	45-49	9,925	2.60%
2018	75,144	42,436	56.47%	45-49	9,939	3.00%
2017	74,997	42,436	56.58%	45-49	9,968	3.60%
2016	74,314	39,856	53.63%	50-54	10,106	3.50%
2015	74,314	39,479	53.12%	50-54	10,162	4.70%
2014	73,862	38,255	51.79%	50-54	10,325	4.70%
2013	73,912	36,764	49.74%	50-54	10,415	5.30%
2012	73,658	37,053	50.30%	50-54	10,405	5.90%

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

Note:

⁽¹⁾ Data that is unavailable for a more recent year is noted as the prior year’s amount.

⁽²⁾ Fiscal year 2020 unemployment rate was affected by the Worldwide COVID 19 pandemic.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Augusta County School Board	1000+	1	4.24%	1000+	1	3.84%
Augusta Medical Center	1000+	2	4.24%	1000+	2	3.84%
Hershey Chocolate of Virginia	500-999	3	2.12%	500-999	3	1.92%
Target Corp.	500-999	4	2.12%	500-999	5	1.92%
McKee Foods Corporation	250-499	5	1.06%	500-999	4	1.92%
AAF McQuay, Inc.	250-499	6	1.06%	500-999	6	1.92%
Hollister, Inc.	250-499	7	1.06%	250-499	7	0.96%
NIBCO of Virginia	250-499	8	1.06%	-		
County of Augusta	250-499	9	1.06%	250-499	10	0.96%
Variform Inc. (formerly PlyGem/Alcoa)	250-499	10	1.06%	250-499		0.96%
Blue Ridge Community College	-			250-499	8	0.96%
Augusta Correctional Center	-		-	250-499	9	0.96%
Totals, average	<u>6,750</u>		<u>19.08%</u>	<u>7,875</u>		<u>20.16%</u>
Total County employment	<u>35,344</u>			<u>39,028</u>		

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

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years**

Function	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	46	47	46	47	50	50	50	50	53	53
Judicial administration	26	23	23	23	26	27	27	27	30	31
Public safety:										
Sheriffs department	74	74	76	80	76	78	80	85	88	89
Emergency communication center	19	18	18	18	18	18	18	18	18	21
Fire & rescue	59	80	80	86	105	105	105	105	106	109
Building inspections	6	6	6	6	6	6	6	6	6	6
Animal control	3	3	3	3	3	3	3	3	3	3
Public works										
Facilities management:	17	17	17	19	27	31	31	35	35	35
Health and welfare:										
Department of social services	129	121	123	132	134	144	145	145	153	156
Culture and recreation:										
Parks and recreation	10	10	10	11	10	10	10	6	6	7
Library	15	15	15	15	16	16	16	16	16	16
Community development	12	10	10	10	11	11	11	11	11	12
Economic development	1	1	2	2	2	2	2	2	2	2
Totals	417	425	429	452	484	501	504	509	527	540

Source: Human Resources

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

Function	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Sheriffs Department:										
Number of police personnel and officers	74	74	76	80	73	80	80	88	88	89
Physical arrests	1,608	1,642	1,865	1,876	1,907	2,383	2,469	2,328	2,549	2,676
Traffic violations	4,079	3,367	3,928	3,444	2,419	5,045	5,695	5,273	5,631	5,778
Parking violations	-	-	28	9	6	6	-	4	5	-
Fire and rescue:										
Number of calls answered	18,093	18,884	17,949	17,645	17,866	18,338	18,811	20,055	15,845	20,031
Number of volunteers ⁽¹⁾	884	890	964	921	858	813	785	607	605	650
Number of paid fire personnel and officers	59	80	81	86	86	105	105	105	106	109
Building inspections:										
Permits issued	780	728	801	812	826	907	779	825	794	N/A
Animal control:										
Number of calls answered	2,884	3,272	2,940	2,961	2,781	2,510	2,737	2,854	2,589	N/A
Public Works										
Facilities Management										
Trucks/vehicles ⁽³⁾	7	7	7	7	7	7	15	15	16	16
Health and Welfare										
Department of Social Services:										
Caseload	12,153	12,389	12,050	11,555	11,420	11,514	11,708	12,299	13,809	15,601
Culture and Recreation										
Parks and recreation:										
After-school program participants ⁽⁴⁾	291	304	289	284	285	279	272	226	159	-
Community Development										
Planning:										
Zoning permits issued	525	487	471	509	521	517	475	492	459	N/A
Component Unit - School Board										
Education:										
Instruction	1,111	1,105	1,088	1,079	1,071	1,079	1,056	1,064	1,077	1,102
Other	467	474	478	476	485	513	502	511	510	483
Total	1,578	1,579	1,566	1,555	1,555	1,592	1,558	1,575	1,587	1,585
Average daily membership	10,405	10,415	10,325	10,162	10,106	9,968	9,939	9,925	9,896	9,745
Local expenditures per pupil ⁽²⁾	3,879	4,046	4,357.37	4,459.09	4,530	4,640	5,090	5,113	5,109	5,363

Source: Individual County departments

Notes:

- (1) All County funded stations
- (2) Includes debt service
- (3) In fiscal year 2018, Maintenance and Parks and Recreation grounds was merged to create Facilities Management. Vehicles were moved from Parks and Recreation.
- (4) In fiscal year 2020, the Parks and Recreation departments' after-school program was significantly impacted by the COVID 19 pandemic. The program ceased operating in March of 2020 due to shelter at home orders.

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

Function	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Administration buildings	17	17	17	17	17	17	17	17	17	17
Vehicles	5	5	5	5	5	5	5	5	5	5
Public Safety										
Sheriff's Department:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	71	72	75	75	74	75	81	81	87	93
Other vehicles	11	17	14	13	15	10	19	19	21	21
Fire and rescue:										
Number of fire & rescue stations	17	17	17	17	17	17	17	17	17	17
Number of apparatus	155	159	169	169	170	176	179	179	190	181
Building inspections:										
Vehicles	4	3	4	4	4	4	4	4	4	4
Animal control:										
Vehicles	3	3	3	3	3	3	3	3	3	3
Mobile Command Units	1	1	1	1	1	1	1	1	1	1
Public Works										
General maintenance:										
Trucks/vehicles ⁽²⁾	7	7	7	7	7	7	15	15	16	16
Compactor sites	10	10	10	10	10	10	10	10	10	10
Health and Welfare										
Department of Social Services:										
Vehicles	27	28	28	28	29	28	29	29	30	30
Culture and Recreation										
Parks and recreation:										
Community centers	6	6	6	6	6	6	6	6	6	6
Vehicles	14	15	15	14	12	12	12	7	6	6
Parks	5	5	5	5	5	5	5	5	5	5
Parks acreage	210	210	210	210	210	210	210	217	217	217
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts ⁽¹⁾	18	18	18	18	18	18	18	18	18	18
Library:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Community Development										
Planning:										
Vehicles	4	4	4	4	4	4	4	4	4	4
Economic Development:										
Vehicles	-	-	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Number of schools:										
Elementary	12	12	11	11	11	11	11	11	11	11
Middle	4	4	4	4	4	4	4	4	4	4
High	5	5	5	5	5	5	5	5	5	5

Source: Individual County departments

Notes:

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

COMPLIANCE SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Augusta, Virginia (County), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 2, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

P. B. Mares, LLP

Harrisonburg, Virginia
December 2, 2021