

County of Washington, Virginia



ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

COUNTY OF WASHINGTON, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

COUNTY OF WASHINGTON, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
List of Elected and Appointed Officials	1

FINANCIAL SECTION

Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-11

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	12
Statement of Activities	2	13
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	17
Statement of Fiduciary Net Position - Fiduciary Funds	7	18
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	8	19
Notes to Financial Statements		20-97

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: General Fund	9	98
Schedule of Changes in Net Pension Liability and Related Ratios - Primary Government - Pension Plans	10	99
Schedule of Changes in Net Pension Liability and Related Ratios - Component Unit School Board's Supplemental Retirement Pension Plan - Pension Plans	11	100
Schedule of Changes in Net Pension Liability and Related Ratios - Component Unit Washington Park Authority - Pension Plans	12	101
Schedule of Changes in Net Pension Liability and Related Ratios - Component Unit School Board (nonprofessional) - Pension Plans	13	102
Schedule of Employer's Share of Net Pension Liability VRS - Teacher Retirement Plan - Pension Plans	14	103
Schedule of Employer Contributions - Pension Plans	15	104
Notes to Required Supplementary Information - Pension Plans	16	105

COUNTY OF WASHINGTON, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Other Postemployment Benefits - Healthcare - Primary Government		
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios	17	106
Notes to Required Supplementary Information - County OPEB	18	107
Other Postemployment Benefits - Healthcare - Component Unit School Board		
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios	19	108
Notes to Required Supplementary Information - School OPEB.....	20	109
Other Postemployment Benefits - Group Life Insurance Plan (GLI)		
Schedule of Employer's Share of Net OPEB Liability	21	110
Schedule of Employer Contributions	22	111
Notes to Required Supplementary Information.....	23	112
Other Postemployment Benefits - Health Insurance Credit (HIC) Plan		
Schedule of Changes in the Employer's Net OPEB Asset and		
Related Ratios - Primary Government.....	24	113
Schedule of Changes in the Employer's Net OPEB Asset and		
Related Ratios - Component Unit School Board (nonprofessional).....	25	114
Schedule of Employer Contributions	26	115
Notes to Required Supplementary Information.....	27	116
Other Postemployment Benefits - Teacher Employee Health Insurance Credit (HIC) Plan		
Schedule of School Board's Share of Net OPEB Liability	28	117
Schedule of Employer Contributions	29	118
Notes to Required Supplementary Information.....	30	119
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -		
County Capital Improvements Fund	31	120
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -		
School Capital Projects Fund	32	121
Combining Statement of Fiduciary Net Position - Fiduciary Funds.....	33	122
Combining Statement of Changes in Assets and Liabilities - Agency Funds	34	123
Discretely Presented Component Unit - School Board:		
Balance Sheet	35	124
Statement of Revenues, Expenditures, and Changes in Fund Balances -		
Governmental Funds	36	125
Schedule of Revenues, Expenditures, and Changes in Fund Balances -		
Budget and Actual	37	126

COUNTY OF WASHINGTON, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Other Supplementary Information: (Continued)

Exhibit Page

Discretely Presented Component Unit - School Board: (Continued)		
Statement of Net Position - Proprietary Fund	38	127
Statement of Revenues, Expenses, and Changes in Net position - Proprietary Fund.....	39	128
Statement of Cash Flows - Proprietary Fund	40	129
Statement of Fiduciary Net Position - Fiduciary Fund	41	130
Statement of Changes in Fiduciary Net Position	42	131
Other Component Units:		
Combining Statement of Net Position	43	132
Combining Statement of Activities.....	44	133

Schedule Page

Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	134-138
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	139-142

Statistical Information:

Table Page

Government-wide information:		
Government-Wide Expenses by Function	1	143
Government-Wide Revenues	2	144
Fund information:		
General Governmental Expenditures by Function	3	145
General Governmental Revenues by Source	4	146
Property Tax Levies and Collections.....	5	147
Assessed Value of Taxable Property	6	148
Property Tax Rates	7	149
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	150
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	151

COMPLIANCE SECTION

Page

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	152-153
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	154-155
Schedule of Expenditures of Federal Awards	156-157
Schedule of Findings and Questioned Costs	158-159

INTRODUCTORY SECTION

COUNTY OF WASHINGTON, VIRGINIA

BOARD OF SUPERVISORS

Randy Pennington, Vice-Chair	Dwayne Ball, Chair	Phillip B. McCall
Charlie Hargis Jr.		Wayne Stevens Jr.
G. Michael Rush	Jason N. Berry, Clerk	Saul A. Hernandez

COUNTY SCHOOL BOARD

Tom Musick, Chair	Elizabeth P. Lowe, Vice-Chair
Megan Hamilton	J. Sanders Henderson, III
Billy W. Brooks	Lee Brannon
Melissa Caudill, Clerk	

SOCIAL SERVICES BOARD

Don Mullins, Vice-Chair	Kathy Roark, Chair	Hannah Ford
Debbie Anderson		Daniel Ruble
Doris Wells		Betty James

OTHER OFFICIALS

Clerk of the Circuit Court.....	Patricia S. Moore
Commonwealth's Attorney.....	Joshua S. Cumbow
Commissioner of the Revenue.....	Dr. Mark J. Matney
Treasurer	Fred W. Parker
Sheriff	Blake Andis
Superintendent of Schools	Dr. Brian Ratliff
Director of Social Services	Kathy M. Johnson
County Administrator	Jason N. Berry
Finance Director.....	Tammy Sturgill
County Attorney	Lucy E. Phillips

FINANCIAL SECTION

Independent Auditors' Report

**To the Honorable Members of
The Board of Supervisors
County of Washington, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Highlands Airport Authority or the Washington County School Activity Funds, which represents 46 and 2 percent, and 6 and 1 percent, respectively, of the assets and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the Virginia Highlands Airport Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 28 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 28 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 98, and 98-119 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Washington, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2021, on our consideration of the County of Washington, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 County of Washington, Virginia'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 of Washington, Virginia's internal control over financial reporting and compliance.

Robinson, Farrow, Cox Associates

Blacksburg, Virginia
November 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the
Board of Supervisors
To the Citizens of Washington County
County of Washington, Virginia

As management of the County of Washington, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$43,658,585 (net position). Of this amount, \$27,250,069 was considered unrestricted.
- The change in net position of the County's governmental activities was \$10,254,230 for the current fiscal year. In the prior fiscal year, the change in net position of the County's governmental activities was \$5,259,792.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$53,426,900. Of the amount \$27,904,970 was considered unassigned, \$498,711 was considered assigned, \$5,353,371 was considered committed, \$19,638,566 was considered restricted and \$31,282 was considered nonspendable.
- During the year, the County had revenues in excess of expenditures in the General Fund of \$7,731,392. In the prior fiscal year, the revenues were in excess of the expenditures for the General Fund by \$3,062,909.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements – The Government-wide Financial Statements are designed to provide the readers with a broad overview of the County’s finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the County’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-wide Financial Statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Our governmental activities include general government, courts, public safety, sanitation, social services, education, cultural events, and recreation.

The Government-wide Financial Statements include not only the County of Washington, Virginia itself (known as the primary government), but also a legally separate school board for which the County of Washington, Virginia is financially accountable. The financial statements also include three discretely presented component units that we do not control, but do exercise a significant financial relationship with. These include the Park Authority, the Industrial Development Authority and the Virginia Highlands Airport Authority.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Washington, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund and the School Capital Improvement Fund, of which all three are considered to be major funds.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary Funds – The County maintains one proprietary fund. This Internal Service Fund accounts for activities similar to those found in the private sector.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds and expendable trust funds. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's Government-wide Financial Statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of 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 for budgetary comparison and presentation of combining financial statements for the discretely presented component units and the non-major funds.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$43,658,585 at the close of the most recent fiscal year.

A significant portion of the County's net position \$15,766,152 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position \$642,364, are subject to restrictions on how they may be used. The remaining balance of net position \$27,250,069 may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Position and Statement of Activities for 2021 and 2020.

Statement of Net Position

	Governmental Activities	Governmental Activities
	2021	2020
Current and other assets	\$ 82,821,190	\$ 54,304,992
Capital and other assets	31,642,606	30,489,975
Total assets	<u>\$ 114,463,796</u>	<u>\$ 84,794,967</u>
Deferred outflows of resources	<u>\$ 5,331,160</u>	<u>\$ 4,648,886</u>
Current and other liabilities	\$ 11,534,373	\$ 9,844,684
Long-term liabilities	49,270,476	30,706,402
Total liabilities	<u>\$ 60,804,849</u>	<u>\$ 40,551,086</u>
Deferred inflows of resources	<u>\$ 15,331,522</u>	<u>\$ 15,488,412</u>
Net position:		
Net investment in capital assets	\$ 15,766,152	\$ 12,595,805
Restricted	642,364	204,257
Unrestricted	27,250,069	20,604,293
Total net position	<u>\$ 43,658,585</u>	<u>\$ 33,404,355</u>

Statement of Activities

	Governmental Activities 2021	Governmental Activities 2020
Program revenues		
Charges for services	\$ 2,988,182	\$ 2,495,335
Operating grants and contributions	23,057,731	11,833,894
Capital grants and contributions	622,059	90,694
General revenues		
Property taxes	40,552,439	39,425,070
Other taxes	11,797,008	10,723,489
Revenue from use of money and property	267,683	450,980
Miscellaneous	1,147,852	1,313,517
Gain on disposal of capital assets	323,351	-
Grants and contributions not restricted to specific programs	4,093,099	4,178,080
Total revenues	84,849,404	70,511,059
Expenses		
General government	4,964,274	4,151,979
Judicial administration	2,143,930	1,308,309
Public safety	14,654,648	14,115,117
Public works	4,674,732	4,514,320
Health and welfare	10,715,602	9,555,389
Education	27,706,636	27,254,510
Parks, recreation and cultural	2,227,415	2,237,034
Community development	6,541,971	1,489,230
Interest on debt	965,966	625,379
Total expenses	74,595,174	65,251,267
Change in net position	\$ 10,254,230	\$ 5,259,792

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

Financial Analysis of the County's Funds

As noted 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 spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County’s net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$53,426,900; .06% or \$31,282 constitutes nonspendable fund balance, 36.76% or \$19,638,566 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately 10.02% or \$5,353,371 has been committed by action of the Board of Supervisors and .93% or \$498,711 has been assigned by the Board of Supervisors. The remaining balance, \$27,904,970 or 52.23% is unassigned, meaning there is no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$34,126,626 of this amount \$27,904,970 was considered unassigned.

Total general fund revenues increased \$15,077,651 and expenditures increased \$11,400,691 over prior year amounts. For fiscal year ended June 30, 2021, revenues exceeded expenditures by \$7,731,392 for the general fund, as compared to the fiscal year ended June 30, 2020, revenues exceeded expenditures by \$3,062,909 for the general fund.

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year. The County budgeted revenues of \$77,593,933 for fiscal year 2021. The actual revenues were \$85,750,988 which is a favorable variance of \$8,157,055. The favorable variance is attributed largely to revenues exceeding the budget for general property taxes, local sales and use taxes, and the Coronavirus Relief Funds. The budgeted expenditures were \$87,373,335 for the County. The actual expenditures were \$77,900,532 which is a favorable variance of \$9,472,803 which is attributed largely to expenditures for all departments budgeted for more than was actually spent.

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds activities as of June 30, 2021 amounts to \$31,642,606 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The main capital expenditures during fiscal year 2021 were for the purchase of vehicles for the sheriff’s department, the purchase of two trash trucks, and unified communications for conference rooms, Board room, and training room.

Additional information on the County of Washington’s capital assets can be found in Note 18 of this report.

Long-term debt – At the end of the current fiscal year, the County’s primary government had total debt outstanding as follows:

Primary Government:		
Compensated absences	\$	1,396,905
Net OPEB liabilities		2,710,546
Net pension liability		8,962,458
General obligation bonds		5,742,665
Lease revenue notes		30,019,583
Landfill post-closure costs		60,627
Literary loans		377,692
Total	\$	<u>49,270,476</u>

Additional information on the County of Washington’s long-term debt can be found in Note 8 of this report.

Economic Factors

The June 2021 unemployment rate for the County of Washington, Virginia was 4.2%, which is a significant decrease from a rate of 7.9% in June 2020. This would seem to be attributed largely to the effects of COVID-19 on the economy. The County’s unemployment rate is slightly below the state’s average unemployment rate of 4.3% and below the national average rate of 5.9%.

Request for Information

This financial report is designed to provide a general overview of the County’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Budget and Finance, Government Center Building, One Government Center Place, Suite A, Abingdon, Virginia 24210.

Basic Financial Statements

County of Washington, Virginia
Statement of Net Position
June 30, 2021

	Primary Government Governmental Activities	Component Units School Board	Other
ASSETS			
Cash and cash equivalents	\$ 35,873,078	\$ 3,683,912	\$ 3,614,061
Cash in custody of others	-	1,578,107	30,000
Investments	6,436,209	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	17,630,137	-	-
Accounts receivable	793,362	378,654	99,271
Notes receivable	-	-	9,438,247
Rent receivable	-	-	22,752
Grants receivable	-	-	2,019,404
Due from primary government	-	5,650,060	-
Due from other governmental units	3,049,629	2,457,498	71,164
Inventories	-	-	30,724
Prepaid items	31,282	921,338	26,275
Net pension asset	-	-	1,496
Restricted assets:			
Cash and cash equivalents (in custody of others)	19,001,652	-	-
Net OPEB asset	5,841	-	-
Capital assets (net of accumulated depreciation):			
Land	1,745,423	2,819,475	28,978,232
Buildings and system	26,406,989	7,588,067	2,996,536
Improvements other than buildings	89,495	-	7,093,674
Machinery and equipment	3,041,452	5,376,609	165,544
Construction in progress	359,247	110,290	24,727,182
Total assets	\$ 114,463,796	\$ 30,564,010	\$ 79,314,562
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	\$ 1,267,284	\$ -	\$ 1,577,992
Pension related items	3,682,875	16,134,072	61,359
OPEB related items	381,001	4,136,372	7,707
Total deferred outflows of resources	\$ 5,331,160	\$ 20,270,444	\$ 1,647,058
LIABILITIES			
Accounts payable	\$ 289,690	\$ 1,154,548	\$ 2,441,169
Accrued liabilities	-	1,034,617	-
Accrued wages	73,190	7,711,838	25,513
Accrued interest payable	165,664	-	53,155
Due to other governmental units	16,587	-	-
Due to component unit	5,680,060	-	-
Unearned revenue	5,309,182	-	70,155
Long-term liabilities:			
Due within one year	3,349,746	2,515,438	1,522,483
Due in more than one year	45,920,730	91,003,589	14,237,341
Total liabilities	\$ 60,804,849	\$ 103,420,030	\$ 18,349,816
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 14,374,303	\$ -	\$ -
Pension related items	462,397	8,294,772	96,954
OPEB related items	494,822	1,432,516	802
Total deferred inflows of resources	\$ 15,331,522	\$ 9,727,288	\$ 97,756
NET POSITION			
Net investment in capital assets	\$ 15,766,152	\$ 15,894,441	\$ 61,376,712
Restricted	642,364	518,830	-
Unrestricted	27,250,069	(78,726,135)	1,137,336
Total net position	\$ 43,658,585	\$ (62,312,864)	\$ 62,514,048

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

County of Washington, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit					
					Primary Governmental Activities	Other Component Units				
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$	4,964,274	\$	781,525	\$	1,487,992	\$	-	\$	-
Judicial administration		2,143,930		12,404		1,125,850		(1,005,676)		-
Public safety		14,654,648		1,446,667		3,517,335		(9,118,587)		-
Public works		4,674,732		696,459		101,163		(3,877,110)		-
Health and welfare		10,715,602		-		10,190,472		(525,130)		-
Education		27,706,636		-		867,358		(26,839,278)		-
Parks, recreation, and cultural		2,227,415		13,803		183,597		(2,030,015)		-
Community development		6,541,971		37,324		5,177,708		(1,276,939)		-
Interest on long-term debt		965,966		-		406,256		(559,710)		-
Total government activities	\$	74,595,174	\$	2,988,182	\$	23,057,731	\$	(47,927,202)	\$	-
COMPONENT UNITS:										
School Board	\$	88,302,943	\$	1,638,287	\$	58,111,040	\$	-	\$	-
Other Component Units		6,325,413		1,313,303		395,997		-		9,370,312
Total component units	\$	94,628,356	\$	2,951,590	\$	58,507,037	\$	(28,553,616)	\$	9,370,312
General revenues:										
General property taxes	\$			40,552,439	\$		\$	-	\$	-
Other local taxes:										
Local sales and use taxes				8,549,487				-		-
Consumers' utility taxes				1,151,383				-		-
Franchise license taxes				39				-		-
Utility license taxes				135,763				-		-
Motor vehicle licenses				1,165,568				-		-
Bank stock taxes				71,877				-		-
Taxes on recordation and wills				581,830				-		-
Hotel and motel room taxes				141,061				-		-
Unrestricted revenues from use of money and property				267,683				7,447		577,083
Miscellaneous				1,147,852				994,049		41,131
Payments from Washington County				-				26,110,657		609,357
Grants and contributions not restricted to specific programs				4,093,099				-		-
Gain on disposal of capital assets				323,351				-		-
Total general revenues	\$			58,181,432	\$			27,112,153	\$	1,227,571
Change in net position	\$			10,254,230	\$			(1,441,463)	\$	10,597,883
Net position - beginning, as restated				33,404,355				(60,871,401)		51,916,165
Net position - ending	\$			43,658,585	\$			(62,312,864)	\$	62,514,048

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

County of Washington, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>County Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 35,569,006	\$ -	\$ 304,072	\$ 35,873,078
Investments	6,436,209	-	-	6,436,209
Receivables (net of allowance for uncollectibles):				
Taxes receivable	17,630,137	-	-	17,630,137
Other receivables	793,362	-	-	793,362
Due from other governmental units	3,049,629	-	-	3,049,629
Prepaid items	31,282	-	-	31,282
Restricted assets:				
Cash and cash equivalents	-	19,001,652	-	19,001,652
Total assets	<u>\$ 63,509,625</u>	<u>\$ 19,001,652</u>	<u>\$ 304,072</u>	<u>\$ 82,815,349</u>
LIABILITIES				
Accounts payable	\$ 284,240	\$ 5,450	\$ -	\$ 289,690
Accrued wages	73,190	-	-	73,190
Due to other governmental units	16,587	-	-	16,587
Due to component unit	5,680,060	-	-	5,680,060
Unearned revenue	5,309,182	-	-	5,309,182
Total liabilities	<u>\$ 11,363,259</u>	<u>\$ 5,450</u>	<u>\$ -</u>	<u>\$ 11,368,709</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>\$ 18,019,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,019,740</u>
FUND BALANCES				
Nonspendable	\$ 31,282	\$ -	\$ -	\$ 31,282
Restricted	642,364	18,996,202	-	19,638,566
Committed	5,049,299	-	304,072	5,353,371
Assigned	498,711	-	-	498,711
Unassigned	27,904,970	-	-	27,904,970
Total fund balances	<u>\$ 34,126,626</u>	<u>\$ 18,996,202</u>	<u>\$ 304,072</u>	<u>\$ 53,426,900</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,509,625</u>	<u>\$ 19,001,652</u>	<u>\$ 304,072</u>	<u>\$ 82,815,349</u>

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

County of Washington, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	53,426,900
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	1,745,423	
Buildings and system		26,406,989	
Improvements other than buildings		89,495	
Machinery and equipment		3,041,452	
Construction in progress		359,247	31,642,606

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.

Unavailable revenue	\$	3,645,437	
Net OPEB asset		5,841	3,651,278

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds

Deferred charge on refunding	\$	1,267,284	
Pension related items		3,682,875	
OPEB related items		381,001	5,331,160

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds and note	\$	(5,643,373)	
General obligation bond premium		(99,292)	
Literary loans		(377,692)	
Lease revenue notes		(26,118,446)	
Lease revenue notes premium		(3,901,137)	
Landfill post-closure liability		(60,627)	
Net OPEB liabilities		(2,710,546)	
Net pension liability		(8,962,458)	
Compensated absences		(1,396,905)	
Accrued interest payable		(165,664)	(49,436,140)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds

Pension related items	\$	(462,397)	
OPEB related items		(494,822)	(957,219)

Net position of governmental activities	\$	43,658,585	
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The notes to the financial statements are an integral part of this statement.

County of Washington, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>County Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 40,914,567	\$ -	\$ -	\$ 40,914,567
Other local taxes	11,797,008	-	-	11,797,008
Permits, privilege fees, and regulatory licenses	258,803	-	-	258,803
Fines and forfeitures	1,231,424	-	-	1,231,424
Revenue from the use of money and property	266,147	1,536	-	267,683
Charges for services	1,497,955	-	-	1,497,955
Miscellaneous	1,147,852	-	-	1,147,852
Recovered costs	914,343	-	-	914,343
Intergovernmental:				
Commonwealth	13,644,352	50,000	-	13,694,352
Federal	14,078,537	-	-	14,078,537
Total revenues	<u>\$ 85,750,988</u>	<u>\$ 51,536</u>	<u>\$ -</u>	<u>\$ 85,802,524</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,359,704	\$ -	\$ -	\$ 4,359,704
Judicial administration	2,147,936	-	-	2,147,936
Public safety	16,248,444	-	-	16,248,444
Public works	4,211,381	589,186	-	4,800,567
Health and welfare	10,671,136	-	-	10,671,136
Education	27,303,071	-	67,603	27,370,674
Parks, recreation, and cultural	2,056,988	50,000	-	2,106,988
Community development	6,542,215	-	-	6,542,215
Nondepartmental	1,106,026	-	-	1,106,026
Debt service:				
Principal retirement	2,308,637	-	-	2,308,637
Interest and other fiscal charges	944,994	-	-	944,994
Total expenditures	<u>\$ 77,900,532</u>	<u>\$ 639,186</u>	<u>\$ 67,603</u>	<u>\$ 78,607,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,850,456</u>	<u>\$ (587,650)</u>	<u>\$ (67,603)</u>	<u>\$ 7,195,203</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 275,664	\$ 250,000	\$ 525,664
Transfers out	(525,664)	-	-	(525,664)
Issuance of lease revenue notes	-	19,316,732	-	19,316,732
Sale of capital assets	406,600	-	-	406,600
Total other financing sources (uses)	<u>\$ (119,064)</u>	<u>\$ 19,592,396</u>	<u>\$ 250,000</u>	<u>\$ 19,723,332</u>
Net change in fund balances	\$ 7,731,392	\$ 19,004,746	\$ 182,397	\$ 26,918,535
Fund balances - beginning	26,395,234	(8,544)	121,675	26,508,365
Fund balances - ending	<u>\$ 34,126,626</u>	<u>\$ 18,996,202</u>	<u>\$ 304,072</u>	<u>\$ 53,426,900</u>

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

County of Washington, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds		\$ 26,918,535
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.		
Capital Outlay	\$ 2,731,981	
Depreciation Expense	<u>(1,434,751)</u>	1,297,230
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(144,599)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(362,128)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 treatment of long-term obligations and related items.		
Debt issued or incurred:		
Lease revenue notes	\$ (15,975,000)	
Premium on lease revenue notes	(3,341,732)	
Increase in landfill post-closure liability	(719)	
Principal repayments:		
General obligation bonds and note	1,297,369	
Literary loans	279,260	
Lease revenue notes	<u>732,008</u>	(17,008,814)
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.		
Amortization of bond premium	\$ 98,111	
Amortization of deferred amount on refunding	(68,502)	
Change in compensated absences	215,134	
Change in OPEB related items	11,975	
Change in pension related items	(652,131)	
Change in accrued interest payable	<u>(50,581)</u>	(445,994)
Change in net position of governmental activities		<u>\$ 10,254,230</u>

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

County of Washington, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 253,512
Accounts receivable	3,688
Total assets	<u>\$ 257,200</u>
NET POSITION	
Restricted for:	
Social services clients	\$ 86,090
School board employee fringe benefits	25,209
Soil erosion deposits	44,619
Commonwealth Attorney collection program	101,282
Total liabilities	<u>\$ 257,200</u>

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

County of Washington, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
Additions	
Interest	\$ 6,577
Social services receipts	79,670
Fringe benefits receipts from retirees	155,366
Soil erosion deposit	19,710
Commonwealth Attorney collections	102,345
Total additions	<u>\$ 363,668</u>
Deductions:	
Payments for social services clients	\$ 76,964
Payments for fringe benefits	159,459
Return of soil erosion deposits	12,658
Payments for Commonwealth Attorney Collections	65,142
Total deductions	<u>\$ 314,223</u>
 Net Increase (decrease) in fiduciary net position	 \$ 49,445
 Net Position, beginning - as restated	 207,755
Net Position, ending	<u><u>\$ 257,200</u></u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

The County of Washington, Virginia is a political subdivision 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 - None

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

The Washington County School Board operates the elementary and secondary public schools in the County. School Board members are elected. 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 School Board is presented as a governmental fund type. The School Board does not issue separate financial statements.

Other Discretely Presented Component Units:

The Virginia Highlands Airport Authority was created by the County of Washington to operate a regional airport. Washington County Board of Supervisors appoints the members of the Airport Authority. The County contributes a significant amount to the Authority's operations and there exists a financial benefit/burden relationship. A complete financial report of the Authority can be obtained by contacting the Authority.

The Industrial Development Authority of Washington County is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Washington County. Washington County Board of Supervisors appoints the members of the Board of Directors of the Industrial Development Authority. There exists a financial benefit/burden relationship between the County and the Industrial Development Authority. A complete financial report of the Authority can be obtained by contacting the Authority.

The Park Authority of Washington County, Virginia is authorized to acquire, operate and maintain public parks and recreation areas within Washington County, Virginia. Washington County Board of Supervisors appoints the eight member board of directors of the Park Authority. There exists a financial benefit/burden relationship between the County and the Park Authority. A complete financial report of the Authority can be obtained by contacting the Authority.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

A. Financial Reporting Entity (Continued)

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

Jointly Governed Organizations - The County, in conjunction with other local jurisdictions, participates in supporting the Southwest Virginia Regional Jail Authority, Appalachian Juvenile Commission, and the Highlands Community Services. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$3,868,924 to the Regional Jail, \$224,912 to the Juvenile Commission, and \$237,500 to the Community Services Board. The County does not have any ongoing financial responsibility for these Organizations.

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. *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 net position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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 and fiduciary 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 when they have been earned and 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 principal and interest expenditures on general long-term debt 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. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The County 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 other funds. The general fund includes the activities of the Forfeited Asset, Law Library, Road Improvement, Economic Development Fund, Traffic Enforcement, Anthem County Health Fund, IDA Revenue Bond, and CARES Fund.

The County Capital Improvements Fund is reported as a major *capital projects fund*. The fund accounts for and reports financial resources to be used for the acquisition and construction of major capital projects of the County.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

The County reports the following nonmajor governmental fund:

The School Capital Projects Fund is reported as a nonmajor *capital projects fund*. The fund accounts for and reports financial resources to be used for the acquisition and construction of major capital projects of the School Board.

Additionally, the County reports the following fund type:

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Fringe Benefits, Soil Erosion Deposits and Commonwealth Attorney Collection Program funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

3. Receivables and payables

Activities 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). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on May 20th and November 20th. Personal property taxes are due and collectible annually on November 20th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$920,036 at June 30, 2021 and is comprised solely of property taxes.

6. Use of Estimates

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

7. Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life is not capitalized.

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

7. Capital assets (Continued)

Property, plant, and equipment, and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20-50
Structures, lines, and accessories	20-40
Machinery and equipment	3-30
Land improvements	10

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

9. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

10. Fund Balance

The following classifications of fund balance 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 that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

10. Fund Balance (Continued)

- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council/Board of Supervisors/Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council/Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general 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. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The County's highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County's Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy. The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

11. 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 (expenditure/expense) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the short of the life of the refunded or refunding debt. The other item is comprised of certain items related to the net pension liability (asset) and net OPEB liabilities (asset) and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability (asset) and net OPEB liability (asset) measurement date. For more detailed information on these items, reference the related notes.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

11. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability (asset) and net OPEB liabilities (asset) are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

12. 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's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position 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.

13. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

In addition to the VRS related OPEB, the County and School Board allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees for the School Board receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

14. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund 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.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, 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. All nonfiduciary funds have legally adopted budgets.
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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 2-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary information (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the General Capital Projects Funds. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

A. Excess of expenditures over appropriations

For fiscal year 2021, no departments had an excess of expenditures over appropriations.

B. Deficit fund equity

At June 30, 2021, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 3-Deposits and Investments: (Continued)

Investments: (Continued)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County's investments at June 30, 2021 were held in the County's name by the County's custodial bank. The Local Government Investment (LGIP) Pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Value		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f/S1
LGIP	\$ 577	\$ -
VIP Stable NAV Liq. Pool	4,238,564	-
VIP 1-3 Yr High Quality Bond Fund	-	2,197,068
SNAP	19,001,652	-

Concentration of Credit Risk

At June 30, 2021, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

Investment Type	Fair Value	Less than 1 yr	1-5 years
Local Government Investment Pool (LGIP)	\$ 577	\$ 577	\$ -
Virginia Investment Pool	6,435,632	4,238,564	2,197,068
SNAP	19,001,652	19,001,652	-

External Investment Pools

The fair value of the positions in the external investment pools (Local Government Investment Pool (LGIP) and State Non-Arbitrage Pool (SNAP)) are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 4 - Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

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

<u>Investment</u>	<u>6/30/2021</u>
Investments measured at the net asset value (NAV):	
VACO/VML VIP Stable Nav Liquidity Pool	\$ 4,238,564
VACO/VML VIP 1-3 Year High Quality Bond Fund	2,197,068
Total Investments measured at NAV	<u>\$ 6,435,632</u>

Note 5-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit- School Board</u>
<u>Local Government:</u>		
Southwest Virginia Regional Jail	\$ 222,544	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,553,440	-
State sales tax	-	1,172,727
Categorical aid-shared expenses	156,544	-
Categorical aid-other	245,480	-
Noncategorical aid	161,950	-
Categorical aid-VPA funds	205,348	-
Categorical aid-CSA funds	225,666	-
<u>Federal Government:</u>		
Categorical aid-VPA funds	245,862	-
Categorical aid-other	32,795	1,284,771
Totals	<u>\$ 3,049,629</u>	<u>\$ 2,457,498</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	<u>\$ 5,680,060</u>	<u>\$ -</u>
Component Unit - School Board:		
School Fund	<u>\$ -</u>	<u>\$ 5,650,060</u>
Component Unit - Park Authority:		
Washington Park Authority	<u>\$ -</u>	<u>\$ 30,000</u>

Note 7-Interfund Transfers and Balances:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 525,664
County Capital Improvement Fund	275,664	-
School Capital Projects Fund	250,000	-
Total	<u>\$ 525,664</u>	<u>\$ 525,664</u>

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2021
Direct Borrowings and Placements:				
General Obligation bonds and note	\$ 6,940,742	\$ -	\$ (1,297,369)	\$ 5,643,373
General Obligation bond premium	120,233	-	(20,941)	99,292
Literary loans	656,952	-	(279,260)	377,692
Total Direct Borrowings and Placements	\$ 7,717,927	\$ -	\$ (1,597,570)	\$ 6,120,357
Lease revenue notes	10,875,454	15,975,000	(732,008)	26,118,446
Lease revenue premium	636,575	3,341,732	(77,170)	3,901,137
Landfill post-closure liability	59,908	719	-	60,627
Net OPEB liabilities	2,587,308	488,803	(365,565)	2,710,546
Net pension liability	7,217,191	4,801,311	(3,056,044)	8,962,458
Compensated absences	1,612,039	993,895	(1,209,029)	1,396,905
Total	<u>\$ 30,706,402</u>	<u>\$ 25,601,460</u>	<u>\$ (7,037,386)</u>	<u>\$ 49,270,476</u>

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

Year Ending June 30,	Direct Borrowings and Placements				Lease Revenue Notes	
	Literary Loans		GO Bonds and Note			
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 234,068	\$ 11,331	\$ 971,566	\$ 531,233	\$ 752,036	\$ 956,427
2023	57,555	4,309	901,898	514,165	772,064	977,364
2024	57,567	2,582	906,873	498,620	1,141,099	942,828
2025	28,502	855	855,003	483,272	1,189,141	897,928
2026	-	-	855,319	469,111	1,245,697	3,606,738
2027-2031	-	-	1,152,714	462,113	5,406,208	2,837,424
2032-2036	-	-	-	-	4,440,709	1,802,949
2037-2041	-	-	-	-	4,971,492	833,157
2042-2046	-	-	-	-	4,265,000	70,173
2047-2048	-	-	-	-	1,935,000	-
Totals	\$ 377,692	\$ 19,077	\$ 5,643,373	\$ 2,958,514	\$ 26,118,446	\$ 12,924,988

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Advanced Refunding:

The Washington County Industrial Development Authority (IDA) issued \$15,977,360 (including a premium of \$1,187,360) of Public Facilities Lease Revenue and Refunding Bonds, Series 2016 for the purpose of providing funds to refund in advance of their maturities the Public Facilities Lease Revenue and Refunding Bonds, Series 2010 of \$23,523,021 and to pay the costs incurred in connection with the issuance and delivery of the Series 2016 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the County's and IDA's financial statements. A portion of the proceeds of the Series 2016 Bonds, together with amounts contributed from the Refunded 2010 Bonds Debt Service Reserve Fund, will be used to purchase the Restricted Escrow Fund Securities and to provide the cash that will be placed in an irrevocable escrow account to advance refund the Refunded 2010 Bonds. The Escrow agent will pay the scheduled debt service requirement of the Refunded 2010 Bonds on each scheduled payment date.

The reacquisition price exceeded the carrying amount of the old debt by \$2,009,547. This amount is being shown as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The advanced refunding was undertaken to reduce the total debt service payments over the next 24 years by \$3,348,535 and resulted in an economic gain of \$1,718,389 on a present value basis.

These bonds were originally issued to purchase and renovate the County Administration and Sheriff's Office building, which amounted to 80.14% of the issuance. The remaining amount was issued for an IDA project. As such the County has shown the 80.14% as a long term liability on its books as a lease revenue bond. The remaining amount of 19.86% is shown as a long term liability on the IDA's books. The County agreed to pay the debt service of the 19.86%, appropriated annually by the Board of Supervisors.

A breakdown of the outstanding balance by entity as of June 30, 2021 follows:

	Primary Government	Component Unit- IDA	Total
Lease revenue notes	\$ 9,127,946	\$ 2,262,054	\$ 11,390,000
Premium	559,405	138,629	698,034
Total	<u>\$ 9,687,351</u>	<u>\$ 2,400,683</u>	<u>\$ 12,088,034</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
Bonds and Note						
GO Bond	3.1-5.35%	11/15/2001	2022	\$ 1,217,614	\$ 69,395	\$ 69,395
GO Bond	3.1-5.35%	12/23/2003	2024	972,237	167,380	54,684
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a	9,358	3,118
GO Bond	5.05%	11/1/2007	2027	1,565,886	604,476	82,143
GO Bond	5.05%	11/1/2007	2027	1,204,508	464,977	63,186
GO Bond	5.05%	11/1/2007	2027	1,243,435	480,003	65,228
GO Bond	5.05%	11/1/2007	2027	989,925	382,142	51,930
Premium on \$5,003,754 bonds	n/a	n/a	n/a	n/a	89,934	34,092
QSC Bond	5.31%	7/1/2010	2027	8,145,000	3,475,000	585,000
Total Direct Borrowings and Placements					<u>\$ 5,742,665</u>	<u>\$ 1,008,776</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
State Literary Fund Loan	3%	10/1/2001	2022	\$ 1,001,149	\$ 67,057	\$ 50,066
State Literary Fund Loan	3%	10/1/2001	2022	1,172,618	58,648	58,648
State Literary Fund Loan	3%	10/1/2001	2022	530,000	26,500	26,500
State Literary Fund Loan	3%	10/1/2001	2022	661,338	16,093	33,084
State Literary Fund Loan	3%	10/1/2001	2022	164,300	8,215	8,215
State Literary Fund Loan	3%	3/15/2004	2024	302,206	38,466	15,110
State Literary Fund Loan	3%	3/15/2004	2024	279,506	40,796	13,975
State Literary Fund Loan	3%	5/1/2005	2025	439,616	95,941	21,980
State Literary Fund Loan	3%	5/1/2005	2025	129,816	25,976	6,490
Total Direct Borrowings and Placements					<u>\$ 377,692</u>	<u>\$ 234,068</u>
Lease Revenue Notes						
Lease Revenue Note	2%-4%	6/16/2016	2041	\$ 3,969,636	\$ 3,057,076	\$ 198,616
Lease Revenue Note	2%-4%	6/16/2016	2041	7,883,070	6,070,870	394,420
Premium on \$7,883,070 bonds	n/a	n/a	n/a	n/a	559,405	76,537
Lease Revenue Note	2.49%	9/24/2015	2026	1,612,500	1,015,500	159,000
Lease Revenue Note	2.49%	5/26/2021	2047	15,975,000	15,975,000	-
Premium on \$15,975,000 bonds	n/a	n/a	n/a	n/a	3,341,732	230,650
Total Lease Revenue Notes					<u>\$ 30,019,583</u>	<u>\$ 1,059,223</u>
Other Obligations						
Landfill Post-closure liability	n/a	n/a	n/a	n/a	\$ 60,627	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,710,546	-
Net pension liability	n/a	n/a	n/a	n/a	8,962,458	-
Compensated Absences	n/a	n/a	n/a	n/a	1,396,905	1,047,679
Total Other Obligations					<u>\$ 13,130,536</u>	<u>\$ 1,047,679</u>
Total Long-term Obligations					<u>\$ 49,270,476</u>	<u>\$ 3,349,746</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8-Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board-Indebtedness:

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

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2021
Compensated absences	\$ 3,275,118	\$ 2,535,138	\$ (2,456,339)	\$ 3,353,917
Net OPEB liabilities	15,312,410	4,934,055	(2,300,768)	17,945,697
Net pension liability - VRS	57,499,923	23,589,943	(18,117,380)	62,972,486
Net pension liability - supplemental retirement program	10,322,504	1,320,801	(2,396,378)	9,246,927
Total	<u>\$ 86,409,955</u>	<u>\$ 32,379,937</u>	<u>\$ (25,270,865)</u>	<u>\$ 93,519,027</u>

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 3,353,917	\$ 2,515,438
Net OPEB liabilities	n/a	n/a	n/a	n/a	17,945,697	-
Net pension liability - VRS	n/a	n/a	n/a	n/a	62,972,486	-
Net pension liability - supplemental retirement program	n/a	n/a	n/a	n/a	9,246,927	-
Total Other Obligations					<u>\$ 93,519,027</u>	<u>\$ 2,515,438</u>

Note 9-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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:

	Primary Government (1)	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	210	128
Inactive members:		
Vested inactive members	48	14
Non-vested inactive members	49	27
Inactive members active elsewhere in VRS	94	13
Total inactive members	191	54
Active members	264	91
Total covered employees	665	273

(1) Includes Component Unit Washington Park Authority

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Contributions

The contribution requirement for active employees is governed by §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 employer contribution rate for the year ended June 30, 2021 was 11.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, 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 \$1,290,439 and \$1,054,090 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit Washington County Park Authority's (WCPA) contractually required contribution rate for the year ended June 30, 2021 was 11.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, 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 Component Unit WCPA were \$4,460 and \$1,468 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2021 was 7.36% 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 Component Unit School Board were \$190,225 and \$207,174 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is 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. The County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) net pension liabilities were 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 and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's, Component Unit WCPA, and Component Unit School Board's (nonprofessional) 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 of June 30, 2020.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - 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 expenses, including inflation*

* Administrative expenses as a percent of the fair 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.

All Others (Non-10 Largest) - Non-Hazardous Duty: 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 BB to 2020; males set forward 3 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 2 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:

All Others (Non-10 Largest) - Non-Hazardous Duty:

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 at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's 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 of June 30, 2020.

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

*Administrative expenses as a percent of the fair 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:

All Others (Non-10 Largest) - Hazardous Duty: 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 1 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 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 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:

All Others (Non-10 Largest) - Hazardous Duty:

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 at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased from 7.00% to 6.75%

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best 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%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* 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. Most recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Discount Rate

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; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 for 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was 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, participating employers and 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.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 52,417,689	\$ 45,200,498	\$ 7,217,191
Changes for the year:			
Service cost	\$ 1,309,381	\$ -	\$ 1,309,381
Interest	3,442,999	-	3,442,999
Differences between expected and actual experience	(583,334)	-	(583,334)
Impact in change of proportion	130,976	112,942	18,034
Contributions - employer	-	1,057,628	(1,057,628)
Contributions - employee	-	554,327	(554,327)
Net investment income	-	860,754	(860,754)
Benefit payments, including refunds of employee contributions	(3,082,517)	(3,082,517)	-
Administrative expenses	-	(29,888)	29,888
Other changes	-	(1,008)	1,008
Net changes	\$ 1,217,505	\$ (527,762)	\$ 1,745,267
Balances at June 30, 2020	\$ 53,635,194	\$ 44,672,736	\$ 8,962,458

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit Washington County Park Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 204,172	\$ 176,060	\$ 28,112
Changes for the year:			
Service cost	\$ 1,824	\$ -	\$ 1,824
Interest	4,797	-	4,797
Differences between expected and actual experience	(813)	-	(813)
Impact in change of proportion	(130,976)	(112,942)	(18,034)
Contributions - employer	-	1,473	(1,473)
Contributions - employee	-	772	(772)
Net investment income	-	1,199	(1,199)
Benefit payments, including refunds of employee contributions	(4,294)	(4,294)	-
Administrative expenses	-	(42)	42
Net changes	\$ (129,462)	\$ (113,834)	\$ (15,628)
Balances at June 30, 2020	\$ 74,710	\$ 62,226	\$ 12,484

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 14,636,525	\$ 13,300,643	\$ 1,335,882
Changes for the year:			
Service cost	\$ 256,716	\$ -	\$ 256,716
Interest	956,415	-	956,415
Differences between expected and actual experience	(229,482)	-	(229,482)
Contributions - employer	-	208,112	(208,112)
Contributions - employee	-	131,357	(131,357)
Net investment income	-	251,310	(251,310)
Benefit payments, including refunds of employee contributions	(934,816)	(934,816)	-
Administrative expenses	-	(8,902)	8,902
Other changes	-	(292)	292
Net changes	\$ 48,833	\$ (353,231)	\$ 402,064
Balances at June 30, 2020	\$ 14,685,358	\$ 12,947,412	\$ 1,737,946

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) net pension 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:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability	\$ 15,478,440	\$ 8,962,458	\$ 3,520,660
Component Unit Washington County Park Authority			
Net Pension Liability	\$ 21,560	\$ 12,484	\$ 4,904
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 3,159,151	\$ 1,737,946	\$ 521,770

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

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

For the year ended June 30, 2021, the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,946,110, \$(351), and \$184,508, respectively. At June 30, 2021, the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit- Washington County Park Authority		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 499,533	\$ 462,397	\$ 1,946	\$ 812	\$ -	\$ 137,261
Net difference between projected and actual earnings on pension plan investments	1,343,602	-	922	-	385,783	-
Change in assumptions	535,943	-	2,088	-	33,317	-
Change in proportionate share	13,358	-	-	13,358	-	-
Employer contributions subsequent to the measurement date	1,290,439	-	4,460	-	190,225	-
Total	\$ 3,682,875	\$ 462,397	\$ 9,416	\$ 14,170	\$ 609,325	\$ 137,261

\$1,290,439, \$4,460, and \$190,225 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended 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 as follows:

Year ended June 30	Primary Government	Component Unit Washington County Park Authority	Component Unit School Board (nonprofessional)
2022	\$ 676,629	\$ (2,319)	\$ (91,115)
2023	383,297	(3,661)	113,366
2024	440,666	(3,833)	134,372
2025	429,447	599	125,216
Thereafter	-	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.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 WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the VRS Teacher Retirement Plan upon employment. Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employee 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. 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 were \$5,931,256 and \$5,591,377 for the years ended June 30, 2021 and June 30, 2020, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the school division reported a liability of \$61,234,540 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, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division'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 division's proportion was 0.42080% as compared to 0.42078% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$5,660,049. 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,589,288
Net difference between projected and actual earnings on pension plan investments	4,657,565	-
Change of assumptions	4,180,025	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,559,275
Employer contributions subsequent to the measurement date	<u>5,931,256</u>	<u>-</u>
Total	\$ <u>14,768,846</u>	\$ <u>6,148,563</u>

\$5,931,256 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended 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 as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2022	\$ (841,123)
2023	829,190
2024	1,484,811
2025	1,320,706
Thereafter	(104,557)

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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 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 expenses, including inflation*

* Administrative expenses as a percent of the fair 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 3 years with 1.5% increase compounded from ages 65 to 75 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 WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates: (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	Lowered rates at older ages and changed final retirement 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 fit experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 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 (Asset)	<u>\$ 14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

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 pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension 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:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 89,844,823	\$ 61,234,540	\$ 37,570,219

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.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 10-School Board Supplemental Retirement Program:

Defined Benefit Plan

Plan Description:

The effective date of the Supplemental Retirement Program for Washington County Public Schools is January 1, 2006.

The Supplemental Retirement Program is a single-employer defined benefit plan. The Supplemental Retirement Program has one participating employer, the Washington County Public School System. Participants who meet the following eligibility requirements are eligible to receive benefits from the plan:

- Participant is a former employee of Washington County, Virginia public school system and has retired for purposes of eligibility to receive retirement benefits under the Virginia Retirement System;
- Participant has a bona fide separation from service of at least 30 days during a period of time the employee would normally be working;

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-School Board Supplemental Retirement Program: (Continued)

Plan Description: (Continued)

- Participant is not eligible for disability retirement benefits under the Virginia Retirement System or Social Security; and
- Participant has at least 10 consecutive years of employment with the Washington County Public Schools immediately preceding retirement.

A participant may elect to receive a retirement benefit in one of the forms of payment shown below. The retirement benefit shall commence in accordance with plan provisions and the participant must elect to have his retirement benefit commence no later than his Social Security Retirement Age. Optional forms of payments:

- Monthly payment of 20% of contracted salary divided by 12 for 84 months following date of retirement
- Monthly payment of 23.33% of contracted salary divided by 12 for 72 months following date of retirement
- Monthly payment of 28% of contracted salary divided by 12 for 60 months following date of retirement.

If a participant dies prior to the commencement of his retirement benefit, his beneficiary shall receive a death benefit equal to the retirement benefit the participant would have received had the participant retired the day before his death. The participant's beneficiary shall choose a form of benefit as described above. In the event a participant dies after the first year of participation in the plan, the benefit will be the entire remaining balance of the participant's account.

Contributions Policy

All funding is paid by the employer, Washington County Public Schools, and no employee contributions are allowed or required.

Actuarial Methods and Assumptions Used to Determine Contribution Rates and Net Pension Liability

The following assumptions were used to determine contribution rates and net pension liability:

Actuarial Methods:

- Actuarial Cost Method—The actuarial cost method used to determine the actuarial accrued liability and the normal cost for both funding and financial reporting purposes is the Entry Age Actuarial Cost Method. The accrued liability and the normal cost are used to determine the School's contribution requirement. Under this method, the cost of each individual's pension is allocated on a level percent of payroll basis between the time employment starts (entry age) and the assumed retirement date. The normal cost is the amount allocated for a given year and actuarial liability is the accumulation of prior normal costs as of the determination date. The total actuarial liability for retirement benefits is the sum of the actuarial liability for all members.
- Asset Cost Method—
 - GASB 68--Market value of assets
 - Actuarially determined contribution—Market value of assets

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-School Board Supplemental Retirement Program: (Continued)

Actuarial Methods and Assumptions Used to Determine Contribution Rates and Net Pension Liability (Continued)

Actuarial Methods: (Continued)

- Amortization Method—
 - GASB 68 recognition period—For differences between expected and actual experience with regard to economic or demographic factors and for changes in assumptions, the amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all employees determined at the beginning of the measurement period. The differences between projected and actual earnings on pension plan investments will be recognized over a closed five-year period.
 - Actuarially determined contribution—The unfunded liability will be amortized as a level dollar method over an open 20 year period.

Actuarial Assumptions for GASB 68 Results:

- Valuation date—July 1, 2020
- Measurement date—June 30, 2021
- Mortality table—
 - Pub-2010 Public Retirement Plans Teachers Amount-Weighted mortality table projected generationally with Scale MP-2020
- Interest rate—
 - Discount rate—July 1, 2021 and 2020 valuations is 2.00%.
 - Expected long term rate of return—July 1, 2021 and 2020 valuations is 2.00%.
 - Municipal bond rate—July 1, 2021 valuation is 2.16%. July 1, 2020 valuation is 2.21%.
- Inflation—2.00% per year
- Salary increase—2.50% per year
- Ad-hoc COLA—None

Actuarial Assumptions for Recommended Contribution that Differ from the GASB 68 Assumptions:

All assumptions are the same for the recommended contribution as those used for the GASB 68 assumption except the following:

- Discount rate—4.00% per year

Plan Membership

As of June 30, 2021, membership in the Supplemental Retirement Program was comprised as follows:

Active participants	871
Active in contract period	23
Participants receiving benefits	<u>101</u>
Total	995

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-School Board Supplemental Retirement Program: (Continued)

Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the Washington County School Board's obligation to the Defined Benefit Plan. The net pension liability at June 30, 2021 is as follows:

Total pension liability (TPL)	\$ 19,400,546
Plan fiduciary net position	<u>10,153,619</u>
Net pension liability (NPL)	<u>\$ 9,246,927</u>
Plan fiduciary net position as a percentage of the total pension liability	52.34%
Covered employee payroll	\$ 37,750,882
Net pension liability as a percentage of covered payroll	24.49%

Expected Rate of Return and Target Allocation

The long-term expected rate of return on pension plan investments was determined by the client using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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.

Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the net pension liability. As an illustration, the following table presents the net pension liability for the Supplemental Retirement Program calculated using the discount rate of 2.00%, as well as what the Supplemental Retirement Program's net pension liability would be if it were calculated using a discount rate of one percentage point lower (1.00%) or one percentage point higher (3.00%) than the current rate:

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

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total Pension Liability	\$ 20,796,202	\$ 19,400,546	\$ 18,094,397
Plan Fiduciary Net Position	<u>10,153,619</u>	<u>10,153,619</u>	<u>10,153,619</u>
Net Pension Liability	\$ 10,642,583	\$ 9,246,927	\$ 7,940,778

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-School Board Supplemental Retirement Program: (Continued)

Summary of Deferred Outflows and Inflows of Resources

The Washington County Public Schools reports deferred outflows of resources and deferred inflows of resources on its Statement of Net Position as a result of pension related activities required under GAAP. Deferred outflows of resources represent a consumption of net position that is applied to future periods and, thus, is not recognized as an outflow of resources or expense until a later year. Deferred inflows of resources are an acquisition of net position that is not recognized in the current year but are recognized as an inflow of resources or revenue in a future year.

Since certain pension expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts increase the expense, they are labeled as deferred outflows and amounts that decrease the expense are labeled as deferred inflows. These outflows and inflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes in assumptions are amortized over the average remaining service lives of all employees that are provided with pensions through the pension plan at the beginning of the measurement period. Investment gains/losses are amortized over a five year period.

The component make up of deferred inflows of resources and deferred outflows of resources is as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 751,929	\$ 734,774
Change in assumptions	3,972	494,392
Net difference between projected and actual earnings on pension plan investments	-	779,782
Total	<u>\$ 755,901</u>	<u>\$ 2,008,948</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over specific years and recognized in pension expense in future years as shown below:

Amortization Schedule of Deferred Outflows and Inflows of Resources

Year Ended June 30,	
2022	\$ (273,795)
2023	(275,294)
2024	(250,132)
2025	(243,254)
2026	(186,098)
Thereafter	(24,474)

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-School Board Supplemental Retirement Program: (Continued)

Components of Pension Expense

	Pension Expense
Service Cost	\$ 902,534
Interest Cost	393,617
Projected Earnings on Plan Assets	(183,167)
Recognition of Outflow of Resources due to differences between expected and actual experience in the measurement of total pension liability	54,905
Recognition of Inflow of Resources due to assumption change	(98,311)
Recognition of Inflow of Resources due to differences between projected and actual earnings on plan investments	(240,553)
Administrative Expense	20,000
Pension Expense	<u>\$ 849,025</u>

The Defined Benefit Plan is considered part of the Washington County School Board's financial reporting entity and is included in the financial statements as a Pension Trust Fund.

Note 11-Summary of Pension Related Items:

County Pension Plan:

	Primary Government				Component Unit Park Authority			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):								
County	\$ 3,682,875	\$ 462,397	\$ 8,962,458	\$ 1,946,110	\$ 9,416	\$ 14,170	\$ 12,484	\$ (351)

*The Virginia Highlands Airport Authority is a separately audited entity that participates in its own pension plan not related to Washington County.

School Board Pension Plan:

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):				
School Board Nonprofessional	\$ 609,325	\$ 137,261	\$ 1,737,946	\$ 184,508
School Board Professional	14,768,846	6,148,563	61,234,540	5,660,049
School Board Supplemental:				
Retirement Plan (Note 10)	755,901	2,008,948	9,246,927	849,025
Totals	<u>\$ 16,134,072</u>	<u>\$ 8,294,772</u>	<u>\$ 72,219,413</u>	<u>\$ 6,693,582</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 12- Primary Government Other Postemployment Benefits - Healthcare:

Plan Description

The County administers a single-employer defined benefit healthcare plan, The Washington County OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include Medical and Life Insurance. Health benefits are offered for the lifetime of the retiree. Health benefits are offered to the spouse until the earlier of the death of the retiree or the death of the spouse. Spouses who are predeceased by the retiree are eligible to continue coverage through COBRA only. Retirees age 65 and over may elect the Advantage 65 Medicare supplement. Medicare eligible spouses are also eligible to elect the Advantage 65 Medicare supplement.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	267
Total retirees with coverage	<u>6</u>
Total	<u><u>273</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2021 was \$47,788.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increases	5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 0.00% in 2020 then to 4.00% over 53 years
Discount Rate	2.21% for accounting and funding disclosures as of June 30, 2020 2.16% for accounting and funding disclosures as of June 30, 2021
Retirement Age	The average age at retirement is 62

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 12-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates (General Employees)

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.
- Post-Retirement: RP-2014 Employee Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Sample rates are shown below.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

Mortality Rates (Public Safety Employees)

- 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 1 year. 35% of deaths are assumed to be service related.
- 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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2021 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Discount Rate

The discount rates are based on the Bond Buyer 20-year Bond GO Index as of their respective measurement dates.

Changes in Total OPEB Liability

	<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2020	\$ 1,681,409
Changes for the year:	
Service cost	124,178
Interest	39,378
Changes in assumptions	(79,666)
Effect of economic/demographic gains or losses	50,977
Benefit payments	(47,788)
Net changes	\$ 87,079
Balances at June 30, 2021	\$ <u>1,768,488</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 12-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Rate		
1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
\$ 1,951,910	\$ 1,768,488	\$ 1,604,748

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (-1.00%) or one percentage point higher (1.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (-1.00%)	Healthcare Cost Trend (0.00%)	1% Increase (1.00%)
\$ 1,541,568	\$ 1,768,488	\$ 2,039,873

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of \$67,654. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,755	\$ 62,917
Changes in assumptions	108,455	374,711
Total	<u>\$ 151,210</u>	<u>\$ 437,628</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	
2022	\$ (95,902)
2023	(85,992)
2024	(79,387)
2025	(19,583)
2026	(4,627)
Thereafter	(927)

Additional disclosures on changes in total OPEB liability, and related ratios can be found in the required supplementary information following the notes to the financial statements.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare:

Plan Description

The Schools administer a single-employer defined benefit healthcare plan, the Washington County Public Schools OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Schools' pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The benefits provided are the same as those provided to active employees, and include Medical and Life Insurance. Health benefits are offered until the retiree becomes eligible for Medicare. Health benefits are offered to the spouse until the earlier of the death of the retiree, the death of the spouse, or the spouse's attainment of Medicare eligibility. Spouses who are predeceased by the retiree are eligible to continue coverage through COBRA only. Retirees age 65 and over are not eligible to continue medical coverage in the plan.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	867
Total retirees with coverage	<u>56</u>
Total	<u><u>923</u></u>

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$411,599.

Total OPEB Liability

The Schools' net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increases	5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 22.90% in 2020 to 4.00% over 53 years
Discount Rate	2.21% for accounting and funding disclosures as of June 30, 2020 2.16% for accounting and funding disclosures as of June 30, 2021
Retirement Age	The average age at retirement is 62

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - General Employees

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related
- 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 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
- Post Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

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. 5% of deaths are assumed to be service related.
- 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 setback 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 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2021 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Discount Rate

The discount rates are based on the Bond Buyer 20-year Bond GO Index as of their respective measurement dates.

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 6,286,368
Changes for the year:	
Service cost	321,396
Interest	141,509
Changes in assumptions	2,019,091
Effect of economic/demographic gains or losses	486,677
Benefit payments	(411,599)
Net changes	\$ 2,557,074
Balances at June 30, 2021	\$ 8,843,442

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Rate		
1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
\$ 9,430,610	\$ 8,843,442	\$ 8,278,270

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (21.90%) or one percentage point higher (23.90%) than the current healthcare cost trend rates:

Rates		
1% Decrease (21.90%)	Healthcare Cost Trend (22.90%)	1% Increase (23.90%)
\$ 7,930,998	\$ 8,843,442	\$ 9,915,852

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

For the year ended June 30, 2021, the Schools will recognize OPEB expense in the amount of \$731,901. At June 30, 2021, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 636,896	\$ -
Changes in assumptions	2,107,218	751,043
Total	<u>\$ 2,744,114</u>	<u>\$ 751,043</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2022	\$	268,996
2023		268,996
2024		268,996
2025		307,440
2026		325,425
Thereafter		553,218

Additional disclosures on changes in Schools total OPEB liability, and related ratios can be found in the required supplementary information following the notes to the financial statements.

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan 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 Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §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 Plan 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% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). 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 Group Life Insurance Plan from the County were \$63,065 and \$60,406 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (non-professional) were \$15,255 and \$14,000 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (professional) were \$198,887 and \$190,776 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$942,058 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (nonprofessional) reported a liability of \$227,629 for its proportionate share of the Net GLI OPEB Liability.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

At June 30, 2021, the Component Unit-School Board (professional) reported a liability of \$2,975,035 for its proportionate share of the Net GLI OPEB Liability.

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 employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI 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 County's proportion was 0.05650% as compared to 0.05567% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (nonprofessional) proportion was 0.01360% as compared to 0.01390% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (professional) proportion was 0.17830% as compared to 0.18162% at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$33,092. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$6,032. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$77,873. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component-Unit School Board (Non-professional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,424	\$ 8,462	\$ 14,600	\$ 2,044	\$ 190,821	\$ 26,721
Net difference between projected and actual earnings on GLI OPEB plan investments	28,299	-	6,838	-	89,367	-
Change in assumptions	47,114	19,671	11,384	4,753	148,786	62,120
Changes in proportion	13,095	21,608	1,518	12,114	-	151,356
Employer contributions subsequent to the measurement date	63,065	-	15,255	-	198,887	-
Total	\$ 211,997	\$ 49,741	\$ 49,595	\$ 18,911	\$ 627,861	\$ 240,197

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$63,065, \$15,255, and \$198,887 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (Non-professional), and Component-Unit School Board (Professional), respectively, 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 Ended June 30	Primary Government	Component Unit- School Board (Non-professional)	Component Unit- School Board (Professional)
2022	\$ 11,357	\$ 780	\$ 9,233
2023	19,349	2,711	34,470
2024	28,743	4,474	59,729
2025	30,213	6,164	72,948
2026	8,557	1,318	12,584
Thereafter	972	(18)	(187)

Actuarial Assumptions

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. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant groups. Information for other groups can be referenced in the VRS CAFR.

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 investment expenses, including inflation*

*Administrative expenses as a percent of the fair 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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 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	Decreased rate from 7.00% to 6.75%

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - 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 3 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 2 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 14.00% to 15.00%
Discount Rate	Decreased from 7.00% to 6.75%

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - 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 1 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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 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 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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Plan 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 Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	<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.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	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%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

*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%.

Discount Rate

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 ended June 30, 2020, the rate contributed by the entity for the GLI OPEB 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 GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,238,408	\$ 942,058	\$ 701,395
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 299,236	\$ 227,629	\$ 169,478
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 3,910,912	\$ 2,975,035	\$ 2,215,015

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 14-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.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-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan 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 HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. 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. 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.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit - School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	34	51
Active members	77	91
Total covered employees	111	142

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2021 was 0.11% of covered employee compensation. The Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2021 was 1.060% 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 from the County to the Health Insurance Credit Program were \$3,476 and \$3,106 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the Component Unit - School board (Nonprofessional) to the Health Insurance Credit Program were \$29,945 and \$22,460 for the year ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability (Asset)

The County and Component Unit-School Board's (Nonprofessional) net HIC OPEB liability(asset) were measured as of June 30, 2020. The total HIC OPEB liability(asset) 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair 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 the OPEB liabilities.

Mortality Rates - Non-Largest Ten Locality Employers - 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 3 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 2 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:

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - 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 1 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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 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 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	Decreased rate from 7.00% to 6.75%

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
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%
Total	<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%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability 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 difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB 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's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability (Asset) - Primary Government

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 207,789	\$ 229,383	\$ (21,594)
Changes for the year:			
Service cost	\$ 3,670	\$ -	\$ 3,670
Interest	13,396	-	13,396
Differences between expected and actual experience	5,857	-	5,857
Contributions - employer		3,106	(3,106)
Net investment income	-	4,480	(4,480)
Benefit payments	(18,647)	(18,647)	-
Administrative expenses	-	(414)	414
Other changes	-	(2)	2
Net changes	\$ 4,276	\$ (11,477)	\$ 15,753
Balances at June 30, 2020	\$ 212,065	\$ 217,906	\$ (5,841)

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 292,280	\$ 1,584	\$ 290,696
Changes for the year:			
Service cost	\$ 7,170	\$ -	\$ 7,170
Interest	9,758	-	9,758
Benefit changes	17,086	-	17,086
Differences between expected and actual experience	86,252	-	86,252
Assumption changes	52,600	-	52,600
Contributions - employer	-	22,461	(22,461)
Net investment income	-	(3)	3
Benefit payments	(26,976)	(26,976)	-
Administrative expenses	-	1	(1)
Net changes	\$ 145,890	\$ (4,517)	\$ 150,407
Balances at June 30, 2020	\$ 438,170	\$ (2,933)	\$ 441,103

Sensitivity of the County's Health Insurance Credit Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County Net HIC OPEB Liability (Asset)	\$ 13,980	\$ (5,841)	\$ (22,938)

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the Component Unit-School Board's (Nonprofessional) Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the Component Unit-School Board's (Nonprofessional) HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Component Unit-School Board's (Nonprofessional) net HIC 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit-School Board (Nonprofessional)			
Net HIC OPEB Liability	\$ 490,064	\$ 441,103	\$ 399,420

Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB

For the year ended June 30, 2021, the County and Component Unit-School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$1,745 and \$65,661, respectively. At June 30, 2021, the County and Component Unit-School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit-School Board's (Nonprofessional) Health Insurance Credit Plan from the following sources:

	Primary Government		Component-Unit School Board (Non-professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,592	\$ 6,680	\$ 65,323	\$ 4,475
Net difference between projected and actual earnings on HIC OPEB plan investments	7,149	-	-	16
Change in assumptions	2,577	773	42,391	271
Employer contributions subsequent to the measurement date	3,476	-	29,945	-
Total	\$ 17,794	\$ 7,453	\$ 137,659	\$ 4,762

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB: (Continued)

\$3,476 and \$29,945 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and Component Unit-School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit- School Board (Non-professional)</u>
2022	\$ (792)	\$ 32,380
2023	1,930	35,186
2024	2,838	34,708
2025	2,889	678
2026	-	-
Thereafter	-	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.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 16-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan 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 HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. 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. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$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.

HIC Plan Notes

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.

Contributions

The contribution requirements 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 rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. 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 HIC Plan were \$445,046 and \$440,188 for the years ended June 30, 2021 and June 30, 2020, respectively.

Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2021, the school division reported a liability of \$5,458,488 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan 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 division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan 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 HIC Program was 0.41840% as compared to 0.42424% at June 30, 2019.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$387,322. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 72,896
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	24,190	-
Change in assumptions	107,907	29,824
Change in proportion	-	314,883
Employer contributions subsequent to the measurement date	<u>445,046</u>	<u>-</u>
Total	\$ <u>577,143</u>	\$ <u>417,603</u>

\$445,046 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net 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 Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (59,693)
2023	(57,295)
2024	(58,098)
2025	(51,254)
2026	(33,755)
Thereafter	(25,411)

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC 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 of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation:	
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair 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 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:

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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 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	Decreased rate from 7.00% to 6.75%

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan'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 HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
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 WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS 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 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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
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%
Total	<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%.

Discount Rate

The discount rate used to measure the total Teacher Employee 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 ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC 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, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC 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 HIC OPEB liability.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 6,110,208	\$ 5,458,488	\$ 4,904,573

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.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 17 - Summary of OPEB related items:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
County Stand-Alone Plan (Note 12)	\$ 151,210	\$ 437,628	\$ 1,768,488	\$ 67,654	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 13)	-	-	-	-	2,744,114	751,043	8,843,442	731,901
VRS OPEB Plans:								
Group Life Insurance Plan (Note 14)								
County	211,997	49,741	942,058	33,092	-	-	-	-
School Board Nonprofessional	-	-	-	-	49,595	18,911	227,629	6,032
School Board Professional	-	-	-	-	627,861	240,197	2,975,035	77,873
County Health Insurance Credit Plan (Note 15)	17,794	7,453	(5,841)	1,745	137,659	4,762	441,103	65,661
Teacher Health Insurance Credit Plan (Note 16)	-	-	-	-	577,143	417,603	5,458,488	387,322
Totals	\$ 381,001	\$ 494,822	\$ 2,704,705	\$ 102,491	\$ 4,136,372	\$ 1,432,516	\$ 17,945,697	\$ 1,268,789

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 18-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,828,672	\$ -	\$ (83,249)	\$ 1,745,423
Construction in progress	197,063	162,184	-	359,247
Total capital assets not being depreciated	<u>\$ 2,025,735</u>	<u>\$ 162,184</u>	<u>\$ (83,249)</u>	<u>\$ 2,104,670</u>
Capital assets, being depreciated:				
Buildings	\$ 36,980,005	\$ 36,405	\$ (352,789)	\$ 36,663,621
Improvements other than buildings	270,445	46,130	(32,300)	284,275
Machinery and equipment	10,143,457	2,487,262	(2,783,252)	9,847,467
Total capital assets being depreciated	<u>\$ 47,393,907</u>	<u>\$ 2,569,797</u>	<u>\$ (3,168,341)</u>	<u>\$ 46,795,363</u>
Accumulated depreciation:				
Buildings	\$ (9,818,895)	\$ (730,885)	\$ 293,148	\$ (10,256,632)
Improvements other than buildings	(216,412)	(10,668)	32,300	(194,780)
Machinery and equipment	(8,894,360)	(693,198)	2,781,543	(6,806,015)
Total accumulated depreciation	<u>\$ (18,929,667)</u>	<u>\$ (1,434,751)</u>	<u>\$ 3,106,991</u>	<u>\$ (17,257,427)</u>
Total capital assets being depreciated, net	<u>\$ 28,464,240</u>	<u>\$ 1,135,046</u>	<u>\$ (61,350)</u>	<u>\$ 29,537,936</u>
Governmental activities capital assets, net	<u>\$ 30,489,975</u>	<u>\$ 1,297,230</u>	<u>\$ (144,599)</u>	<u>\$ 31,642,606</u>

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

Governmental activities:	
General government administration	\$ 115,326
Public safety	430,791
Public works	443,954
Health and welfare	30,273
Education	335,962
Parks, recreation, and cultural	<u>78,445</u>
Total depreciation expense-primary government	<u>\$ 1,434,751</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 18-Capital Assets: (Continued)

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

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,819,475	\$ -	\$ -	\$ 2,819,475
Construction in progress	140,197	110,290	(140,197)	110,290
Total capital assets not being depreciated	<u>\$ 2,959,672</u>	<u>\$ 110,290</u>	<u>\$ (140,197)</u>	<u>\$ 2,929,765</u>
Capital assets, being depreciated:				
Buildings	\$ 44,733,929	\$ 106,035	\$ -	\$ 44,839,964
Machinery and equipment	24,156,415	1,187,598	(710,054)	24,633,959
Total capital assets being depreciated	<u>\$ 68,890,344</u>	<u>\$ 1,293,633</u>	<u>\$ (710,054)</u>	<u>\$ 69,473,923</u>
Accumulated depreciation:				
Buildings	\$ (36,641,843)	\$ (610,054)	\$ -	\$ (37,251,897)
Machinery and equipment	(18,746,336)	(1,181,584)	670,570	(19,257,350)
Total accumulated depreciation	<u>\$ (55,388,179)</u>	<u>\$ (1,791,638)</u>	<u>\$ 670,570</u>	<u>\$ (56,509,247)</u>
Total capital assets being depreciated, net	<u>\$ 13,502,165</u>	<u>\$ (498,005)</u>	<u>\$ (39,484)</u>	<u>\$ 12,964,676</u>
Governmental activities capital assets, net	<u><u>\$ 16,461,837</u></u>	<u><u>\$ (387,715)</u></u>	<u><u>\$ (179,681)</u></u>	<u><u>\$ 15,894,441</u></u>

Note 19-Risk Management:

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its Component Unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit - School Board pay the Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 20-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 21-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Patricia S. Moore, Clerk of the Circuit Court	\$ 330,000
Fred W. Parker, Treasurer	750,000
Dr. Mark J. Matney, Commissioner of the Revenue	3,000
Blake Andis, Sheriff	30,000
All constitutional officers: blanket bond	50,000
<u>Virginia Association of Counties</u>	
All Social Services employees: blanket bond	\$ 250,000
All County employees-blanket bond	250,000

Component Unit - School Board:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
All School Board employees: blanket bond	\$ 100,000
<u>Travelers-Surety:</u>	
Melissa W. Caudill, Clerk of the School Board	\$ 10,000
<u>United States Fidelity and Guaranty Company-Surety:</u>	
Deputy Clerk of the School Board	\$ 10,000
Textbook Clerk	10,000
Dr. Brian Ratliff, Superintendent of Schools	10,000

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 22-Landfill Liability:

State and federal laws and regulations required the County to place a final cover on its landfill site which was closed on March 20, 1995, and to perform certain maintenance and monitoring functions at the site for ten years after closure. While the County has completed its required 10 year monitoring period, its landfill has not been released from (Department of Environmental Quality) DEQ monitoring requirements. The \$60,627 liability is the total estimated post-closure care liability at June 30, 2021 and represents what it would cost to perform all post-closure care in 2021. Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the DEQ's assurance requirements for landfill post-closure costs.

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

Note 23-Unavailable Revenue and Deferred Revenue:

Unavailable revenue and deferred revenue represent 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. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 3,645,437
Tax assessments due after June 30	13,547,937	13,547,937
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>826,366</u>	<u>826,366</u>
Total unavailable/deferred revenue	\$ <u><u>14,374,303</u></u>	\$ <u><u>18,019,740</u></u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 24-Self Health Insurance:

The Washington County School Board established a limited risk management program for health insurance for School Board employees. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2021, a total of \$12,579,197 was paid in benefits and administrative costs. The risk assumed by the School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$1,034,617 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2021 were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2020-21	\$ 958,647	\$ 12,655,167	\$ (12,579,197)	\$ 1,034,617
2019-20	858,283	11,890,502	(11,790,138)	958,647
2018-19	850,626	10,222,227	(10,214,570)	858,283
2017-18	1,041,042	9,196,997	(9,387,413)	850,626

Note 25-Tax Abatement:

The County offers partial exemption from real property taxes for real property devoted to commercial and industrial uses that is rehabilitated and which qualifies in accordance with the criteria set out in the Code of Virginia, 58.1-3221 and Washington County Code section 58-131, et. seq.

Virginia code section 58.1-3221 established that the governing body of any county may by ordinance, provide for the partial exemption from taxation of real property on which any structure or other improvement no less than twenty years of age has undergone substantial rehabilitation, renovation or replacement for commercial or industrial use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions as allowed by the statute, restrict such exemptions to real property located within described zones or districts for which boundaries shall be determined by the governing body. Having considered these powers and the benefit to public health, safety, and welfare that may be created by adaptive reuse and/or replacement of old commercial or industrial structures that may otherwise fall into disuse and disrepair, the Board of Supervisors of Washington County finds it in the best interest of public health, safety, and welfare to provide for such partial exemption from taxation within a specified geographic area as allowed by state law. The County adopted Ordinance 2011-011 on October 25, 2011.

Under this ordinance, an application is submitted to the Commissioner of Revenue of Washington County, Virginia to determine the eligibility for partial tax exemption from real property tax for certain rehabilitated, renovated, or replacement commercial or industrial structures. The real estate taxes abated according to this ordinance for fiscal year 2021 is \$70,059.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 26-Litigation:

As of June 30, 2021, there were no matters of litigation involving the County which would materially affect the County's financial position should a court decision on pending matters not be favorable.

Note 27-Fund Balance:

	General Fund	County Capital Improvements	School Capital Improvements	School Fund
Nonspendable:				
Prepaid items	\$ 31,282	\$ -	\$ -	\$ -
Restricted:				
Forfeited Asset Sharing	\$ 603,619	\$ -	\$ -	\$ -
Health Insurance	1,407	-	-	-
Special Grant Projects	6,570	-	-	-
CARES/ARPA	768	-	-	-
Washington County Park Authority	30,000	-	-	-
Courthouse Project	-	18,996,202	-	-
School Board - Food Service	-	-	-	119,098
School Board - Activity Funds	-	-	-	67,429
School Board - Fiscal Agency	-	-	-	332,303
Total	\$ 642,364	\$ 18,996,202	\$ -	\$ 518,830
Committed:				
Law Library	\$ 49,299	\$ -	\$ -	\$ -
Capital Improvements	-	-	304,072	-
Cash Flows	5,000,000	-	-	-
Total	\$ 5,049,299	\$ -	\$ 304,072	\$ -
Assigned:				
Economic Incentives	\$ 22,564	\$ -	\$ -	\$ -
Traffic Enforcement	470,547	-	-	-
School Board - Textbook	-	-	-	1,084,128
School Board - Activity Funds	-	-	-	1,105,673
School Capital Needs	5,600	-	-	-
Total	\$ 498,711	\$ -	\$ -	\$ 2,189,801

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 28-Restatement of Prior Financial Statements:

The County implemented provisions of Governmental Accounting Standards Board No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement established criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how these activities should be reported. The Special Welfare, Fringe Benefit, Soil Erosion, and Commonwealth Attorney Collection Program accounts are reported solely as fiduciary in the current year. The Discretely Presented Component Unit - School Board added the School Activity Funds as a Special Revenue fund. In addition to the change in accounting standard above the Component Unit Virginia Highlands Airport Authority restated beginning balance due to a prior period adjustment for loan proceeds.

The items mentioned above resulted in the following restatement of net position and fund balance:

	Net Position						Fund Balance
	Special Welfare	Fringe Benefit	Soil Erosion	Commonwealth Attorney Collection Program	Component Unit Virginia Highlands Airport Authority	Discretely Presented Component Unit School Board	School Activity Fund
Fund equity, as previously reported	\$ -	\$ -	\$ -	\$ -	\$ 35,278,063	\$ (62,399,842)	\$ -
Adjustments:							
Prior period adjustment for loan proceeds	-	-	-	-	(406,019)	-	-
Implementation of GASB84	83,168	22,941	37,567	64,079	-	1,528,441	1,528,441
Fund equity, as restated	\$83,168	\$22,941	\$37,567	\$ 64,079	\$ 34,872,044	\$ (60,871,401)	\$ 1,528,441

Note 29-Subsequent Events:

COVID-19

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$9,377,216. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$1,183,105. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On May 21, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$5,219,182 from the initial allocation are reported as unearned revenue as of June 30.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 29-Subsequent Events: (Continued)

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Line of Credit

On March 24, 2020, the Board of Supervisors authorized the County to work with Davenport & Company on a Request for Proposal for a possible line of credit. The line of credit would be used in the event the County needs additional liquidity due to the economic impact of COVID-19.

Davenport & Company and the County staff reviewed the proposals and provided recommendations to the Board of Supervisors at the May 12, 2020 meeting. The Board of Supervisors awarded the Request for Proposal to First Bank & Trust and adopted a resolution to authorize the issuance of up to \$12,500,000 principal amount of a taxable revenue anticipation note. The interest rate is 2.79% with interest due December 31, 2020 and June 30, 2021. Principal is due at final maturity on June 30, 2021. As of the audit report date, the County has not utilized the line of credit. The line of credit was not renewed beyond June 30, 2021.

Note 30-Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 30-Upcoming Pronouncements: (Continued)

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

County of Washington, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 38,312,000	\$ 38,562,000	\$ 40,914,567	\$ 2,352,567
Other local taxes	9,744,000	9,744,000	11,797,008	2,053,008
Permits, privilege fees, and regulatory licenses	186,750	186,750	258,803	72,053
Fines and forfeitures	1,123,081	1,130,895	1,231,424	100,529
Revenue from the use of money and property	250,000	274,999	266,147	(8,852)
Charges for services	803,932	843,932	1,497,955	654,023
Miscellaneous	1,233,500	1,330,557	1,147,852	(182,705)
Recovered costs	313,320	1,026,662	914,343	(112,319)
Intergovernmental:				
Commonwealth	13,022,286	14,983,832	13,644,352	(1,339,480)
Federal	3,577,186	9,510,306	14,078,537	4,568,231
Total revenues	\$ 68,566,055	\$ 77,593,933	\$ 85,750,988	\$ 8,157,055
EXPENDITURES				
Current:				
General government administration	\$ 4,064,814	\$ 5,113,107	\$ 4,359,704	\$ 753,403
Judicial administration	2,165,946	2,717,278	2,147,936	569,342
Public safety	14,329,735	18,873,408	16,248,444	2,624,964
Public works	3,798,979	4,497,489	4,211,381	286,108
Health and welfare	10,138,965	11,848,897	10,671,136	1,177,761
Education	27,276,454	29,939,020	27,303,071	2,635,949
Parks, recreation, and cultural	2,222,557	2,621,482	2,056,988	564,494
Community development	1,443,631	7,013,939	6,542,215	471,724
Nondepartmental	542,597	1,437,358	1,106,026	331,332
Debt service:				
Principal retirement	2,308,637	2,308,637	2,308,637	-
Interest and other fiscal charges	1,002,720	1,002,720	944,994	57,726
Total expenditures	\$ 69,295,035	\$ 87,373,335	\$ 77,900,532	\$ 9,472,803
Excess (deficiency) of revenues over (under) expenditures	\$ (728,980)	\$ (9,779,402)	\$ 7,850,456	\$ 17,629,858
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(177,620)	(3,054,500)	(525,664)	2,528,836
Sale of capital assets	6,600	406,600	406,600	\$ -
Total other financing sources (uses)	\$ (171,020)	\$ (2,647,900)	\$ (119,064)	\$ 2,528,836
Net change in fund balances	\$ (900,000)	\$ (12,427,302)	\$ 7,731,392	\$ 20,158,694
Fund balances - beginning	900,000	12,427,302	26,395,234	13,967,932
Fund balances - ending	\$ -	\$ -	\$ 34,126,626	\$ 34,126,626

County of Washington, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,309,381	\$ 1,158,196	\$ 1,130,197	\$ 1,232,016	\$ 1,216,787	\$ 1,197,031	\$ 1,190,097
Interest	3,442,999	3,254,655	3,194,594	3,146,004	3,051,538	2,921,020	2,786,695
Differences between expected and actual experience	(583,334)	1,360,797	(866,196)	(1,148,228)	(543,493)	47,701	-
Impact of change in proportion	130,976	959	471	(2,775)	(2,340)	-	-
Changes of assumptions	-	1,459,983	-	(112,337)	-	-	-
Benefit payments	(3,082,517)	(2,622,030)	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)	(1,996,668)
Net change in total pension liability	\$ 1,217,505	\$ 4,612,560	\$ 878,011	\$ 848,185	\$ 1,243,880	\$ 2,046,664	\$ 1,980,124
Total pension liability - beginning	52,417,689	47,805,129	46,927,118	46,078,933	44,835,054	42,788,390	40,808,274
Total pension liability - ending (a)	\$ 53,635,194	\$ 52,417,689	\$ 47,805,129	\$ 46,927,118	\$ 46,078,934	\$ 44,835,054	\$ 42,788,398
Plan fiduciary net position							
Impact of change in proportion	\$ 112,942	\$ 873	\$ 416	\$ (2,264)	\$ (1,963)	\$ -	\$ -
Contributions - employer	1,057,628	999,999	1,106,411	1,074,445	1,325,357	1,286,475	1,374,053
Contributions - employee	554,327	518,760	516,069	513,810	507,065	496,874	504,115
Net investment income	860,754	2,866,355	3,031,464	4,553,902	641,519	1,653,959	4,958,189
Benefit payments	(3,082,517)	(2,622,030)	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)	(1,996,668)
Administrator charges	(29,888)	(28,766)	(26,416)	(26,409)	(23,371)	(22,642)	(26,594)
Other	(1,008)	(1,804)	(2,696)	(4,048)	(275)	(352)	262
Net change in plan fiduciary net position	\$ (527,762)	\$ 1,733,387	\$ 2,044,193	\$ 3,842,941	\$ (30,280)	\$ 1,295,226	\$ 4,813,357
Plan fiduciary net position - beginning	45,200,498	43,467,111	41,422,918	37,579,977	37,610,257	36,315,031	31,501,680
Plan fiduciary net position - ending (b)	\$ 44,672,736	\$ 45,200,498	\$ 43,467,111	\$ 41,422,918	\$ 37,579,977	\$ 37,610,257	\$ 36,315,037
County's net pension liability - ending (a) - (b)	\$ 8,962,458	\$ 7,217,191	\$ 4,338,018	\$ 5,504,200	\$ 8,498,957	\$ 7,224,797	\$ 6,473,361
Plan fiduciary net position as a percentage of the total pension liability	83.29%	86.23%	90.93%	88.27%	81.56%	83.89%	84.87%
Covered payroll	\$ 11,568,452	\$ 10,855,168	\$ 10,742,040	\$ 10,344,991	\$ 10,341,453	\$ 9,974,884	\$ 9,957,113
County's net pension liability as a percentage of covered payroll	77.47%	66.49%	40.38%	53.21%	82.18%	72.43%	65.01%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board - Supplemental Retirement Pension Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$ 902,534	\$ 952,614	\$ 948,677	\$ 990,851	\$ 1,011,218
Interest	393,617	415,555	422,795	397,014	384,337
Differences between expected and actual experience	(102,433)	(524,875)	(472,908)	1,180,230	475,415
Changes in assumptions	4,540	(692,150)	-	-	-
Benefit payments, including refunds of employee contributions	(1,151,999)	(1,244,009)	(1,284,839)	(1,189,082)	(1,244,478)
Net change in total pension liability	\$ 46,259	\$ (1,092,865)	\$ (386,275)	\$ 1,379,013	\$ 626,492
Total pension liability - beginning	19,354,287	20,447,152	20,833,427	19,454,414	18,827,922
Total pension liability - ending (a)	\$ 19,400,546	\$ 19,354,287	\$ 20,447,152	\$ 20,833,427	\$ 19,454,414
Plan fiduciary net position					
Contributions - employer	\$ 1,425,162	\$ 1,382,908	\$ 1,438,098	\$ 1,457,080	\$ 1,116,599
Net investment income	868,783	387,974	418,289	146,385	188,569
Benefit payments, including refunds of employee contributions	(1,151,999)	(1,244,009)	(1,284,839)	(1,189,082)	(1,244,478)
Administrative expense	(20,110)	(18,826)	(17,957)	(9,954)	(2,208)
Net change in plan fiduciary net position	\$ 1,121,836	\$ 508,047	\$ 553,591	\$ 404,429	\$ 58,482
Plan fiduciary net position - beginning	9,031,783	8,523,736	7,970,145	7,565,716	7,507,234
Plan fiduciary net position - ending (b)	\$ 10,153,619	\$ 9,031,783	\$ 8,523,736	\$ 7,970,145	\$ 7,565,716
School Board's net pension liability - ending (a) - (b)	\$ 9,246,927	\$ 10,322,504	\$ 11,923,416	\$ 12,863,282	\$ 11,888,698
Plan fiduciary net position as a percentage of the total pension liability	52.34%	46.67%	41.69%	38.26%	38.89%
Covered payroll	\$ 37,750,882	\$ 38,188,055	\$ 38,745,934	\$ 38,643,824	\$ 39,204,917
School Board's net pension liability as a percentage of covered payroll	24.49%	27.03%	30.77%	33.29%	30.32%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit Washington County Park Authority
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,824	\$ 4,511	\$ 4,425	\$ 4,836	\$ 4,703	\$ 4,564	\$ 4,537
Interest	4,797	12,677	12,508	12,349	11,794	11,136	10,624
Differences between expected and actual experience	(813)	5,300	(3,391)	(4,507)	(2,101)	182	-
Impact of change in proportion	(130,976)	(960)	(471)	2,775	2,340	-	-
Changes of assumptions	-	5,687	-	(441)	-	-	-
Benefit payments	(4,294)	(10,213)	(10,106)	(8,897)	(9,580)	(8,079)	(7,612)
Net change in total pension liability	\$ (129,462)	\$ 17,002	\$ 2,965	\$ 6,115	\$ 7,156	\$ 7,803	\$ 7,549
Total pension liability - beginning	204,172	187,170	184,205	178,090	170,933	163,130	155,573
Total pension liability - ending (a)	\$ 74,710	\$ 204,172	\$ 187,170	\$ 184,205	\$ 178,089	\$ 170,933	\$ 163,122
Plan fiduciary net position							
Impact of change in proportion	\$ (112,942)	\$ (873)	\$ (416)	\$ 2,264	\$ 1,963	\$ -	\$ -
Contributions - employer	1,473	3,895	4,332	4,218	5,122	4,905	5,238
Contributions - employee	772	2,021	2,021	2,017	1,960	1,894	1,922
Net investment income	1,199	11,165	11,869	17,876	2,479	6,306	18,902
Benefit payments	(4,294)	(10,213)	(10,106)	(8,897)	(9,580)	(8,079)	(7,612)
Administrator charges	(42)	(112)	(103)	(104)	(90)	(86)	(101)
Other	-	(8)	(12)	(16)	(1)	(1)	1
Net change in plan fiduciary net position	\$ (113,834)	\$ 5,875	\$ 7,585	\$ 17,358	\$ 1,853	\$ 4,939	\$ 18,350
Plan fiduciary net position - beginning	176,060	170,185	162,600	145,242	143,389	138,450	120,094
Plan fiduciary net position - ending (b)	\$ 62,226	\$ 176,060	\$ 170,185	\$ 162,600	\$ 145,242	\$ 143,389	\$ 138,444
Component Unit WCPA's net pension liability - ending (a) - (b)	\$ 12,484	\$ 28,112	\$ 16,985	\$ 21,605	\$ 32,847	\$ 27,544	\$ 24,678
Plan fiduciary net position as a percentage of the total pension liability	83.29%	86.23%	90.93%	88.27%	81.56%	83.89%	84.87%
Covered payroll	\$ 16,717	\$ 42,501	\$ 42,166	\$ 39,982	\$ 39,427	\$ 38,029	\$ 37,961
Component Unit WCPA's net pension liability as a percentage of covered payroll	74.68%	66.14%	40.28%	54.04%	83.31%	72.43%	65.01%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 256,716	\$ 252,288	\$ 264,484	\$ 279,258	\$ 293,270	\$ 279,645	\$ 286,590
Interest	956,415	960,953	994,338	1,015,129	991,923	969,365	949,439
Differences between expected and actual experience	(229,482)	(177,385)	(787,021)	(592,020)	8,966	46,177	-
Changes of assumptions	-	336,199	-	(55,104)	-	-	-
Benefit payments	(934,816)	(926,873)	(970,576)	(917,986)	(1,007,279)	(938,586)	(964,155)
Net change in total pension liability	\$ 48,833	\$ 445,182	\$ (498,775)	\$ (270,723)	\$ 286,880	\$ 356,601	\$ 271,874
Total pension liability - beginning	14,636,525	14,191,343	14,690,118	14,960,841	14,673,961	14,317,360	14,045,486
Total pension liability - ending (a)	\$ 14,685,358	\$ 14,636,525	\$ 14,191,343	\$ 14,690,118	\$ 14,960,841	\$ 14,673,961	\$ 14,317,360
Plan fiduciary net position							
Contributions - employer	\$ 208,112	\$ 199,699	\$ 284,527	\$ 304,534	\$ 321,291	\$ 329,457	\$ 353,164
Contributions - employee	131,357	126,383	122,797	142,076	132,681	131,838	130,716
Net investment income	251,310	847,302	925,330	1,409,419	198,960	542,672	1,687,553
Benefit payments	(934,816)	(926,873)	(970,576)	(917,986)	(1,007,279)	(938,586)	(964,155)
Administrator charges	(8,902)	(8,832)	(8,284)	(8,434)	(7,746)	(7,794)	(9,397)
Other	(292)	(531)	(811)	(1,242)	(87)	(112)	89
Net change in plan fiduciary net position	\$ (353,231)	\$ 237,148	\$ 352,983	\$ 928,367	\$ (362,180)	\$ 57,475	\$ 1,197,970
Plan fiduciary net position - beginning	13,300,643	13,063,495	12,710,512	11,782,145	12,144,325	12,086,850	10,888,880
Plan fiduciary net position - ending (b)	\$ 12,947,412	\$ 13,300,643	\$ 13,063,495	\$ 12,710,512	\$ 11,782,145	\$ 12,144,325	\$ 12,086,850
School Division's net pension liability - ending (a) - (b)	\$ 1,737,946	\$ 1,335,882	\$ 1,127,848	\$ 1,979,606	\$ 3,178,696	\$ 2,529,636	\$ 2,230,510
Plan fiduciary net position as a percentage of the total pension liability	88.17%	90.87%	92.05%	86.52%	78.75%	82.76%	84.42%
Covered payroll	\$ 2,807,493	\$ 2,723,589	\$ 2,626,988	\$ 2,716,445	\$ 2,620,073	\$ 2,674,140	\$ 2,617,034
School Division's net pension liability as a percentage of covered payroll	61.90%	49.05%	42.93%	72.87%	121.32%	94.60%	85.23%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.42080%	0.42676%	0.43818%	0.45021%	0.45537%	0.46113%	0.48436%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 61,234,540	\$ 56,164,041	\$ 51,529,000	\$ 55,366,000	\$ 63,816,000	\$ 58,039,000	\$ 58,533,000
Employer's Covered Payroll	\$ 36,682,301	\$ 35,583,475	\$ 35,260,376	\$ 35,392,792	\$ 34,658,445	\$ 34,284,601	\$ 35,253,945
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	166.93%	157.84%	146.14%	156.43%	184.13%	169.29%	166.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Employer Contributions - Pension
Pension Plans
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 1,290,439	\$ 1,290,439	\$ -	\$ 11,636,080	11.09%
2020	1,054,090	1,054,090	-	11,568,452	9.11%
2019	998,459	998,459	-	10,855,168	9.20%
2018	1,106,407	1,106,407	-	10,742,040	10.30%
2017	1,097,538	1,097,538	-	10,344,991	10.61%
2016	1,325,194	1,325,194	-	10,341,453	12.81%
2015	1,286,475	1,286,475	-	9,974,884	12.90%
2014	1,374,081	1,374,081	-	9,957,113	13.80%
2013	1,300,182	1,300,182	-	9,421,612	13.80%
2012	959,836	959,836	-	8,654,962	11.09%
Component Unit Washington County Park Authority					
2021	\$ 4,460	\$ 4,460	\$ -	\$ 40,213	11.09%
2020	1,468	1,468	-	16,717	8.78%
2019	3,889	3,889	-	42,501	9.15%
2018	4,336	4,336	-	42,166	10.28%
2017	4,308	4,308	-	39,982	10.77%
2016	5,176	5,176	-	39,427	13.13%
2015	4,905	4,905	-	38,029	12.90%
2014	5,239	5,239	-	37,961	13.80%
2013	4,957	4,957	-	35,920	13.80%
2012	3,659	3,659	-	32,997	11.09%
Component Unit School Board (nonprofessional)					
2021	\$ 190,225	\$ 190,225	\$ -	\$ 2,824,992	6.73%
2020	207,174	207,174	-	2,807,493	7.38%
2019	203,223	203,223	-	2,723,589	7.46%
2018	284,527	284,527	-	2,626,988	10.83%
2017	310,218	310,218	-	2,716,445	11.42%
2016	322,026	322,026	-	2,620,073	12.29%
2015	329,457	329,457	-	2,674,140	12.32%
2014	353,300	353,300	-	2,617,034	13.50%
2013	366,464	366,464	-	2,714,546	13.50%
2012	277,364	277,364	-	2,426,635	11.43%
Component Unit School Board (professional)					
2021	\$ 5,931,256	\$ 5,931,256	\$ -	\$ 36,780,692	16.13%
2020	5,591,377	5,591,377	-	36,682,301	15.24%
2019	5,431,000	5,431,000	-	35,583,475	15.26%
2018	5,665,000	5,665,000	-	35,260,376	16.07%
2017	5,123,000	5,123,000	-	35,392,792	14.47%
2016	4,848,000	4,848,000	-	34,658,445	13.99%
2015	4,960,000	4,960,000	-	34,284,601	14.47%
2014	4,110,610	4,110,610	-	35,253,945	11.66%
2013	4,145,991	4,145,991	-	35,557,384	11.66%
2012	2,047,185	2,047,185	-	32,340,995	6.33%
Component Unit School Board - Supplemental Retirement Pension Plan					
2021	\$ 1,425,162	\$ 1,425,162	\$ -	\$ 37,750,882	3.78%
2020	1,382,908	1,382,908	-	38,188,055	3.62%
2019	1,438,098	1,438,098	-	38,745,934	3.71%
2018	1,457,080	1,457,080	-	38,643,824	3.77%
2017	1,433,150	1,116,599	316,551	39,204,917	2.85%

County of Washington, Virginia
Notes to Required Supplementary Information - Pension
Pension Plans
For the Year Ended June 30, 2021

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

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:

All Others (Non 10 Largest) - Non-Hazardous Duty:

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 at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

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 at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional 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 rates at older ages and changed final retirement 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	Decreased rate from 7.00% to 6.75%

County of Washington, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government - County OPEB
For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 124,178	\$ 85,763	\$ 129,553	\$ 147,277
Interest	39,378	51,637	89,054	82,392
Effect of Plan Changes	-	-	(411,822)	-
Changes in assumptions	(79,666)	176,241	(551,747)	(89,180)
Effect of economic/demographic gains or losses	50,977	-	-	-
Differences between expected and actual experience	-	-	(121,903)	-
Benefit payments	(47,788)	(43,241)	(30,916)	(76,284)
Net change in total OPEB liability	\$ 87,079	\$ 270,400	\$ (897,781)	\$ 64,205
Total OPEB liability - beginning	1,681,409	1,411,009	2,308,790	2,244,585
Total OPEB liability - ending	\$ 1,768,488	\$ 1,681,409	\$ 1,411,009	\$ 2,308,790
 Covered employee payroll	 \$ 11,599,216	 \$ 10,703,126	 \$ 10,703,126	 \$ 10,514,119
 County's total OPEB liability (asset) as a percentage of covered employee payroll	 15.25%	 15.71%	 13.18%	 21.96%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Washington, Virginia
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
Measurement Date: 6/30/2021

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.00% in 2020 then to 4.00% over 53 years
Discount Rate	2.21% for accounting and funding disclosures as of June 30, 2020
	2.16% for accounting and funding disclosures as of June 30, 2021
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.
	Post-Retirement: RP-2014 Employee Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Sample rates are shown below.
	Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.
Mortality Rates (Public Safety Employees)	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 1 year. 35% of deaths are assumed to be service related.
	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 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
	Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

County of Washington, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 321,396	\$ 225,688	\$ 273,552	\$ 323,245
Interest	141,509	200,595	263,845	226,975
Changes in assumptions	2,019,091	534,741	(1,217,393)	(177,186)
Effect of economic/demographic gains or losses	486,677	-	386,473	-
Benefit payments	(411,599)	(357,425)	(359,368)	(394,844)
Net change in total OPEB liability	\$ 2,557,074	\$ 603,599	\$ (652,891)	\$ (21,810)
Total OPEB liability - beginning	6,286,368	5,682,769	6,335,660	6,357,470
Total OPEB liability - ending	\$ 8,843,442	\$ 6,286,368	\$ 5,682,769	\$ 6,335,660
 Covered employee payroll	 \$ 37,638,661	 \$ 36,384,146	 \$ 36,384,146	 \$ 32,112,464
 School Board's total OPEB liability (asset) as a percentage of covered employee payroll	 23.50%	 17.28%	 15.62%	 19.73%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Washington, Virginia
Notes to Required Supplementary Information - School OPEB
For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
Measurement Date: 6/30/2021

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 22.90% in 2020 then to 4.00% over 53 years
Discount Rate	2.21% for accounting and funding disclosures as of June 30, 2020
	2.16% for accounting and funding disclosures as of June 30, 2021
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related
	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 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
	Post Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.
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. 5% of deaths are assumed to be service related.
	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 setback 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 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

County of Washington, Virginia
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.05650%	\$ 942,058	\$ 11,616,544	8.11%	52.64%
2019	0.05567%	905,899	10,913,809	8.30%	52.00%
2018	0.05680%	862,000	10,799,595	7.98%	51.22%
2017	0.05647%	850,000	10,416,753	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2020	0.01360%	\$ 227,629	\$ 2,807,497	8.11%	52.64%
2019	0.01390%	226,190	2,723,587	8.30%	52.00%
2018	0.01376%	209,000	2,617,104	7.99%	51.22%
2017	0.01473%	221,000	2,716,445	8.14%	48.86%
Component Unit School Board (professional)					
2020	0.17830%	\$ 2,975,035	\$ 36,687,712	8.11%	52.64%
2019	0.18162%	2,955,441	35,604,784	8.30%	52.00%
2018	0.18551%	2,818,000	35,275,151	7.99%	51.22%
2017	0.19188%	2,888,000	35,393,745	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 63,065	\$ 63,065	\$ -	\$ 11,678,733	0.54%
2020	60,406	60,406	-	11,616,544	0.52%
2019	57,000	57,000	-	10,913,809	0.52%
2018	56,158	56,158	-	10,799,595	0.52%
2017	54,167	54,167	-	10,416,753	0.52%
2016	49,923	49,923	-	10,400,684	0.48%
2015	48,292	48,292	-	10,060,894	0.48%
2014	47,990	47,990	-	9,997,908	0.48%
2013	45,447	45,447	-	9,468,150	0.48%
2012	24,370	24,370	-	8,703,599	0.28%
Component Unit School Board (nonprofessional)					
2021	\$ 15,255	\$ 15,255	\$ -	\$ 2,824,992	0.54%
2020	14,000	14,000	-	2,807,497	0.50%
2019	14,000	14,000	-	2,723,587	0.51%
2018	14,000	14,000	-	2,617,104	0.53%
2017	14,000	14,000	-	2,716,445	0.52%
2016	12,607	12,607	-	2,626,388	0.48%
2015	12,836	12,836	-	2,674,140	0.48%
2014	12,562	12,562	-	2,617,034	0.48%
2013	13,030	13,030	-	2,714,546	0.48%
2012	6,795	6,795	-	2,426,635	0.28%
Component Unit School Board (professional)					
2021	\$ 198,887	\$ 198,887	\$ -	\$ 36,830,900	0.54%
2020	190,776	190,776	-	36,687,712	0.52%
2019	184,000	184,000	-	35,604,784	0.52%
2018	183,000	183,000	-	35,275,151	0.52%
2017	184,000	184,000	-	35,393,745	0.52%
2016	166,775	166,775	-	34,744,814	0.48%
2015	164,567	164,567	-	34,284,725	0.48%
2014	170,023	170,023	-	35,421,424	0.48%
2013	170,611	170,611	-	35,543,959	0.48%
2012	90,555	90,555	-	32,340,996	0.28%

County of Washington, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

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:

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 rates at older ages and changed final retirement 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	Decreased rate from 7.00% to 6.75%

Non-Largest Ten 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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - 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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Washington, Virginia
Schedule of Changes in the Employer's Net OPEB Asset and Related Ratios
Primary Government
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 3,670	\$ 3,246	\$ 3,000	\$ 3,000
Interest	13,396	14,259	14,000	14,000
Differences between expected and actual experience	5,857	(9,543)	(3,000)	-
Changes of assumptions	-	4,443	-	(4,000)
Benefit payments	(18,647)	(16,628)	(19,000)	(8,000)
Other changes	-	12	1,000	1,000
Net change in total HIC OPEB liability	\$ 4,276	\$ (4,211)	\$ (4,000)	\$ 6,000
Total HIC OPEB Asset - beginning	207,789	212,000	216,000	210,000
Total HIC OPEB Asset - ending (a)	\$ 212,065	\$ 207,789	\$ 212,000	\$ 216,000
Plan fiduciary net position				
Contributions - employer	\$ 3,106	\$ 3,046	\$ 2,000	\$ 2,000
Net investment income	4,480	14,100	16,000	24,000
Benefit payments	(18,647)	(16,628)	(19,000)	(8,000)
Administrator charges	(414)	(304)	-	-
Other	(2)	169	(1,000)	1,000
Net change in plan fiduciary net position	\$ (11,477)	\$ 383	\$ (2,000)	\$ 19,000
Plan fiduciary net position - beginning	229,383	229,000	231,000	212,000
Plan fiduciary net position - ending (b)	\$ 217,906	\$ 229,383	\$ 229,000	\$ 231,000
Employer's net HIC OPEB asset - ending (a) - (b)	\$ (5,841)	\$ (21,594)	\$ (17,000)	\$ (15,000)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	102.75%	110.39%	108.02%	106.94%
Covered payroll	\$ 3,105,665	\$ 3,045,660	\$ 3,136,197	\$ 3,039,394
Employer's net HIC OPEB asset as a percentage of covered payroll	-0.19%	-0.71%	-0.54%	-0.49%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 7,170	\$ 3,721	\$ 4,000	\$ 4,000
Interest	9,758	19,276	20,000	21,000
Benefit changes	17,086	-	-	-
Differences between expected and actual experience	86,252	1,031	(15,000)	-
Changes of assumptions	52,600	5,630	-	(4,000)
Benefit payments	(26,976)	(25,502)	(26,000)	(25,000)
Other changes	-	124	1,000	(1,000)
Net change in total HIC OPEB liability	\$ 145,890	\$ 4,280	\$ (16,000)	\$ (5,000)
Total HIC OPEB Liability - beginning	292,280	288,000	304,000	309,000
Total HIC OPEB Liability - ending (a)	\$ 438,170	\$ 292,280	\$ 288,000	\$ 304,000
Plan fiduciary net position				
Contributions - employer	\$ 22,461	\$ 21,443	\$ 21,000	\$ 22,000
Net investment income	(3)	100	1,000	1,000
Benefit payments	(26,976)	(25,502)	(26,000)	(25,000)
Administrator charges	1	(1)	-	-
Other	-	544	(1,000)	(1,000)
Net change in plan fiduciary net position	\$ (4,517)	\$ (3,416)	\$ (5,000)	\$ (3,000)
Plan fiduciary net position - beginning	1,584	5,000	10,000	13,000
Plan fiduciary net position - ending (b)	\$ (2,933)	\$ 1,584	\$ 5,000	\$ 10,000
Employer's net HIC OPEB liability - ending (a) - (b)	\$ 441,103	\$ 290,696	\$ 283,000	\$ 294,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	-0.67%	0.54%	1.74%	3.29%
Covered payroll	\$ 2,807,497	\$ 2,723,587	\$ 2,617,104	\$ 2,716,445
Employer's net HIC OPEB liability as a percentage of covered payroll	15.71%	10.67%	10.81%	10.82%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 3,476	\$ 3,476	\$ -	\$ 3,160,443	0.11%
2020	3,106	3,106	-	3,105,665	0.10%
2019	3,000	3,000	-	3,045,660	0.10%
2018	2,000	2,000	-	3,136,197	0.06%
2017	2,000	2,000	-	3,039,394	0.07%
2016	3,413	3,413	-	3,102,845	0.11%
2015	3,232	3,232	-	2,938,344	0.11%
2014	1,230	1,230	-	3,074,512	0.04%
2013	3,772	3,772	-	9,430,471	0.04%
2012	2,605	2,605	-	8,684,692	0.03%
Component Unit School Board (nonprofessional)					
2021	\$ 29,945	\$ 29,945	\$ -	\$ 2,824,992	1.06%
2020	22,460	22,460	-	2,807,497	0.80%
2019	22,000	22,000	-	2,723,587	0.81%
2018	20,000	20,000	-	2,617,104	0.76%
2017	21,000	21,000	-	2,716,445	0.77%
2016	18,602	18,602	-	2,620,073	0.71%
2015	18,986	18,986	-	2,674,140	0.71%
2014	22,506	22,506	-	2,617,034	0.86%
2013	23,345	23,345	-	2,714,546	0.86%
2012	18,928	18,928	-	2,426,635	0.78%

County of Washington, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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:

Non-Largest Ten 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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - 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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Washington, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.41840%	\$ 5,458,488	\$ 36,682,301	14.88%	9.95%
2019	0.42424%	5,553,715	35,583,475	15.61%	8.97%
2018	0.43617%	5,538,000	35,275,151	15.70%	8.08%
2017	0.44848%	5,689,000	35,393,745	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 445,046	\$ 445,046	\$ -	\$ 36,780,692	1.21%
2020	440,188	440,188	-	36,682,301	1.20%
2019	424,000	424,000	-	35,583,475	1.19%
2018	434,000	434,000	-	35,275,151	1.23%
2017	393,000	393,000	-	35,393,745	1.11%
2016	368,033	368,033	-	34,720,087	1.06%
2015	363,418	363,418	-	34,284,725	1.06%
2014	393,178	393,178	-	35,421,424	1.11%
2013	394,394	394,394	-	35,531,009	1.11%
2012	194,046	194,046	-	32,340,996	0.60%

County of Washington, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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:

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 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	Decreased from 7.00% to 6.75%

Other Supplementary Information

County of Washington, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,536	\$ 1,536
Intergovernmental:				
Commonwealth	-	516,202	50,000	(466,202)
Total revenues	\$ -	\$ 516,202	\$ 51,536	\$ (464,666)
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 466,202	\$ -	\$ 466,202
Public works	127,620	2,803,000	589,186	2,213,814
Parks, recreation, and cultural	-	51,500	50,000	1,500
Total expenditures	\$ 127,620	\$ 3,320,702	\$ 639,186	\$ 2,681,516
Excess (deficiency) of revenues over (under) expenditures	\$ (127,620)	\$ (2,804,500)	\$ (587,650)	\$ 2,216,850
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 127,620	\$ 2,804,500	\$ 275,664	\$ (2,528,836)
Issuance of debt	-	-	19,316,732	19,316,732
Total other financing sources (uses)	\$ 127,620	\$ 2,804,500	\$ 19,592,396	\$ 16,787,896
Net change in fund balances	\$ -	\$ -	\$ 19,004,746	\$ 19,004,746
Fund balances - beginning	-	-	(8,544)	(8,544)
Fund balances - ending	\$ -	\$ -	\$ 18,996,202	\$ 18,996,202

County of Washington, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Capital Projects Fund
For the Year Ended June 30, 2021

	School Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
EXPENDITURES				
Current:				
Education	\$ 325,000	\$ 483,122	\$ 67,603	\$ 415,519
Total expenditures	\$ 325,000	\$ 483,122	\$ 67,603	\$ 415,519
Excess (deficiency) of revenues over (under) expenditures	\$ (325,000)	\$ (483,122)	\$ (67,603)	\$ 415,519
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 50,000	\$ 250,000	\$ 250,000	\$ -
Total other financing sources (uses)	\$ 50,000	\$ 250,000	\$ 250,000	\$ -
Net change in fund balances	\$ (275,000)	\$ (233,122)	\$ 182,397	\$ 415,519
Fund balances - beginning	275,000	233,122	121,675	(111,447)
Fund balances - ending	\$ -	\$ -	\$ 304,072	\$ 304,072

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Fringe Benefits - The Fringe Benefits fund accounts for those funds belonging to School Board employees.

Soil Erosion Deposits - The Soil Erosion Deposits fund accounts for erosion and sediment control deposits obtained on construction projects from the contractor. When the project has met the requirements, the deposit is released to the contractor.

Commonwealth Attorney Collection Program - The Commonwealth Attorney Collection Program fund accounts for the collection of delinquent fines, costs, forfeitures, penalties, and interest collected by the Commonwealth Attorney's office. A portion of the collections are remitted to the State.

County of Washington, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2021

	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>Soil Erosion Deposits</u>	<u>Commonwealth Attorney Collection Program</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 86,090	\$ 25,209	\$ 44,619	\$ 97,594	\$ 253,512
Accounts receivable	-	-	-	3,688	3,688
Total assets	<u>\$ 86,090</u>	<u>\$ 25,209</u>	<u>\$ 44,619</u>	<u>\$ 101,282</u>	<u>\$ 257,200</u>
NET POSITION					
Restricted for:					
Social services clients	\$ 86,090	\$ -	\$ -	\$ -	\$ 86,090
School board employee fringe benefits	-	25,209	-	-	25,209
Soil erosion deposits	-	-	44,619	-	44,619
Commonwealth Attorney collection program	-	-	-	101,282	101,282
Total net position	<u>\$ 86,090</u>	<u>\$ 25,209</u>	<u>\$ 44,619</u>	<u>\$ 101,282</u>	<u>\$ 257,200</u>

County of Washington, Virginia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2021

	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>Soil Erosion Deposits</u>	<u>Commonwealth Attorney Collection Program</u>	<u>Total</u>
Additions					
Interest	\$ 216	\$ 6,361	\$ -	\$ -	\$ 6,577
Social services receipts	79,670	-	-	-	79,670
Fringe benefits receipts from retirees	-	155,366	-	-	155,366
Soil erosion deposit	-	-	19,710	-	19,710
Commonwealth Attorney collections	-	-	-	102,345	102,345
Total additions	<u>\$ 79,886</u>	<u>\$ 161,727</u>	<u>\$ 19,710</u>	<u>\$ 102,345</u>	<u>\$ 363,668</u>
Deductions:					
Payments for social services clients	\$ 76,964	\$ -	\$ -	\$ -	\$ 76,964
Payments for fringe benefits	-	159,459	-	-	159,459
Return of soil erosion deposits	-	-	12,658	-	12,658
Payments for Commonwealth Attorney Collections	-	-	-	65,142	65,142
Total deductions	<u>\$ 76,964</u>	<u>\$ 159,459</u>	<u>\$ 12,658</u>	<u>\$ 65,142</u>	<u>\$ 314,223</u>
 Net Increase (decrease) in fiduciary net position	 \$ 2,922	 \$ 2,268	 \$ 7,052	 \$ 37,203	 \$ 49,445
 Net Position, beginning - as restated	 83,168	 22,941	 37,567	 64,079	 207,755
Net Position, ending	<u>\$ 86,090</u>	<u>\$ 25,209</u>	<u>\$ 44,619</u>	<u>\$ 101,282</u>	<u>\$ 257,200</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Washington, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating Fund	School Activity Fund	Total School Fund
ASSETS			
Cash and cash equivalents	\$ 2,109,494	\$ -	\$ 2,109,494
Cash in custody of others	-	1,578,107	1,578,107
Accounts receivable	152,588	226,066	378,654
Due from primary government	5,650,060	-	5,650,060
Due from other governmental units	2,457,498	-	2,457,498
Total assets	<u>\$ 10,369,640</u>	<u>\$ 1,804,173</u>	<u>\$ 12,173,813</u>
LIABILITIES			
Accounts payable	\$ 1,121,972	\$ 32,576	\$ 1,154,548
Accrued wages	7,711,838		7,711,838
Total liabilities	<u>\$ 8,833,810</u>	<u>\$ 32,576</u>	<u>\$ 8,866,386</u>
FUND BALANCES			
Restricted	\$ 451,401	\$ 67,429	\$ 518,830
Assigned	1,084,128	1,105,673	2,189,801
Unassigned	301	598,495	598,796
Total fund balances	<u>\$ 1,535,830</u>	<u>\$ 1,771,597</u>	<u>\$ 3,307,427</u>
Total liabilities and fund balances	<u>\$ 10,369,640</u>	<u>\$ 1,804,173</u>	<u>\$ 12,173,813</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 3,307,427
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 2,819,475	
Buildings and system		7,588,067	
Machinery and equipment		5,376,609	
Construction in progress		<u>110,290</u>	15,894,441
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.			
Prepaid items			921,338
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 16,134,072	
OPEB related items		<u>4,136,372</u>	20,270,444
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
			539,801
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB liabilities		\$ (17,945,697)	
Net pension liability - VRS		(62,972,486)	
Compensated absences		(3,353,917)	
Net pension liability - supplemental retirement		<u>(9,246,927)</u>	(93,519,027)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (8,294,772)	
OPEB related items		<u>(1,432,516)</u>	(9,727,288)
Net position of governmental activities			<u>\$ (62,312,864)</u>

County of Washington, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	\$ 7,447	\$ -	\$ 7,447
Charges for services	550,045	1,088,242	1,638,287
Miscellaneous	994,049	-	994,049
Recovered costs	88,936	-	88,936
Intergovernmental:			
Local government	26,110,657	-	26,110,657
Commonwealth	48,371,065	-	48,371,065
Federal	9,739,975	-	9,739,975
Total revenues	<u>\$ 85,862,174</u>	<u>\$ 1,088,242</u>	<u>\$ 86,950,416</u>
EXPENDITURES			
Current:			
Education	<u>\$ 86,074,667</u>	<u>\$ 1,376,052</u>	<u>\$ 87,450,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (212,493)</u>	<u>\$ (287,810)</u>	<u>\$ (500,303)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 69,347	\$ 600,313	\$ 669,660
Transfers out	(600,313)	(69,347)	(669,660)
Total other financing sources and uses	<u>\$ (530,966)</u>	<u>\$ 530,966</u>	<u>\$ -</u>
Net change in fund balances	(743,459)	243,156	\$ (500,303)
Fund balances - beginning, as restated	2,279,289	1,528,441	3,807,730
Fund balances - ending	<u>\$ 1,535,830</u>	<u>\$ 1,771,597</u>	<u>\$ 3,307,427</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ (500,303)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.			
Capital Outlay		\$ 1,263,726	
Depreciation Expense		<u>(1,791,638)</u>	(527,912)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.			(39,484)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.			(63,221)
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.			
Change in compensated absences		\$ (78,799)	
Pension related items		849,511	
OPEB related items		<u>(166,970)</u>	603,742
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.			(914,285)
Change in net position of governmental activities			<u>\$ (1,441,463)</u>

*The School Activity Fund does not require a legally adopted budget.

County of Washington, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 11,000	\$ 11,000	\$ 7,447	\$ (3,553)
Charges for services	2,818,128	2,818,128	550,045	(2,268,083)
Miscellaneous	1,237,468	1,237,468	994,049	(243,419)
Recovered costs	235,000	235,000	88,936	(146,064)
Intergovernmental:				
Local government	27,184,040	28,746,606	26,110,657	(2,635,949)
Commonwealth	47,829,639	47,829,639	48,371,065	541,426
Federal	8,119,518	8,119,518	9,739,975	1,620,457
Total revenues	<u>\$ 87,434,793</u>	<u>\$ 88,997,359</u>	<u>\$ 85,862,174</u>	<u>\$ (3,135,185)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 90,078,314</u>	<u>\$ 91,750,200</u>	<u>\$ 86,074,667</u>	<u>\$ 5,675,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,643,521)</u>	<u>\$ (2,752,841)</u>	<u>\$ (212,493)</u>	<u>\$ 2,540,348</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 69,347	\$ 69,347
Transfers out	-	-	(600,313)	(600,313)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (530,966)</u>	<u>\$ (530,966)</u>
Net change in fund balances	\$ (2,643,521)	\$ (2,752,841)	\$ (743,459)	\$ 2,009,382
Fund balances - beginning	2,643,521	2,752,841	2,279,289	(473,552)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,535,830</u>	<u>\$ 1,535,830</u>

County of Washington, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2021

	Internal Service <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,574,418
	<hr/>
LIABILITIES	
Current liabilities:	
Incurred but unpaid liability	\$ 1,034,617
	<hr/>
NET POSITION	
Unrestricted	\$ 539,801
Total net position	\$ 539,801
	<hr/> <hr/>

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

County of Washington, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2021

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 11,663,873
OPERATING EXPENSES	
Insurance claims and expenses	\$ 12,579,197
 Operating income (loss)	 \$ (915,324)
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 1,039
 Change in net position	 \$ (914,285)
Total net position - beginning	1,454,086
Total net position - ending	\$ 539,801

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

County of Washington, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 11,663,873
Payments for premiums	(12,503,227)
Net cash provided by (used for) operating activities	<u>\$ (839,354)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 1,039
Net cash provided by (used for) investing activities	<u>\$ 1,039</u>
Net increase (decrease) in cash and cash equivalents	\$ (838,315)
Cash and cash equivalents - beginning	2,412,733
Cash and cash equivalents - ending	<u><u>\$ 1,574,418</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (915,324)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in amounts incurred but unpaid	\$ 75,970
Net cash provided by (used for) operating activities	<u><u>\$ (839,354)</u></u>

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

County of Washington, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2021

	Employee Early Retirement Incentive <u>Plan</u>
ASSETS	
Cash and cash equivalents	\$ 161,357
Receivables:	
Interest and dividends	4
Investments, at fair value:	
Equity securities	5,008,603
Mutual Funds	4,983,655
Total assets	<u>\$ 10,153,619</u>
NET POSITION	
Held in trust for retirement plan	<u><u>\$ 10,153,619</u></u>

County of Washington, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2021

	Employee Early Retirement Incentive <u>Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,425,161
Investment earnings:	
Interest	\$ 45
Dividends	91,876
Net increase in the fair market value of investments	776,862
Total investment earnings	<u>\$ 868,783</u>
Less investment expense	
Net investment earnings	<u>\$ 868,783</u>
Total additions	<u>\$ 2,293,944</u>
DEDUCTIONS	
Benefits	\$ 1,151,999
Administrative expenses	20,110
Total deductions	<u>\$ 1,172,109</u>
Change in net position	\$ 1,121,835
Net position - beginning	9,031,784
Net position - ending	<u><u>\$ 10,153,619</u></u>

County of Washington, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2021

	<u>Park Authority</u>	<u>Industrial Develop- ment Authority</u>	<u>Virginia Highlands Airport Authority</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 131,680	\$ 2,205,031	\$ 1,277,350	\$ 3,614,061
Cash in custody of others	30,000	-	-	30,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	40,588	58,683	99,271
Notes receivable	-	9,438,247	-	9,438,247
Rent receivable	-	22,752	-	22,752
Grants receivable	-	-	2,019,404	2,019,404
Due from other governmental units	-	71,164	-	71,164
Inventories	-	-	30,724	30,724
Prepaid items	-	-	26,275	26,275
Net pension asset	-	-	1,496	1,496
Capital assets (net of accumulated depreciation):				
Land	753,776	14,599,038	13,625,418	28,978,232
Buildings and system	136,018	744,766	2,115,752	2,996,536
Improvements other than buildings	200,226	664,473	6,228,975	7,093,674
Machinery and equipment	22,692	4,650	138,202	165,544
Construction in progress	-	-	24,727,182	24,727,182
Total assets	<u>\$ 1,274,392</u>	<u>\$ 27,790,709</u>	<u>\$ 50,249,461</u>	<u>\$ 79,314,562</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ -	\$ 1,577,992	\$ -	\$ 1,577,992
Pension related items	9,416	-	51,943	61,359
OPEB related items	-	-	7,707	7,707
Total deferred outflows of resources	<u>\$ 9,416</u>	<u>\$ 1,577,992</u>	<u>\$ 59,650</u>	<u>\$ 1,647,058</u>
LIABILITIES				
Accounts payable	\$ 8,273	\$ 198,195	\$ 2,234,701	\$ 2,441,169
Accrued wages	8,057	-	17,456	25,513
Accrued interest payable	-	45,376	7,779	53,155
Deferred revenue	-	15,000	55,155	70,155
Long-term liabilities:				
Due within one year	-	1,015,333	507,150	1,522,483
Due in more than one year	12,484	12,109,030	2,115,827	14,237,341
Total liabilities	<u>\$ 28,814</u>	<u>\$ 13,382,934</u>	<u>\$ 4,938,068</u>	<u>\$ 18,349,816</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 14,170	\$ -	\$ 82,784	\$ 96,954
OPEB related items	-	-	802	802
Total deferred inflows of resources	<u>\$ 14,170</u>	<u>\$ -</u>	<u>\$ 83,586</u>	<u>\$ 97,756</u>
NET POSITION				
Net investment in capital assets	\$ 1,112,712	\$ 16,012,927	\$ 44,251,073	\$ 61,376,712
Unrestricted	128,112	(27,160)	1,036,384	1,137,336
Total Net Position	<u>\$ 1,240,824</u>	<u>\$ 15,985,767</u>	<u>\$ 45,287,457</u>	<u>\$ 62,514,048</u>

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

Supporting Schedules

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 25,499,000	\$ 25,499,000	\$ 26,861,070	\$ 1,362,070
Real and personal public service corporation taxes	1,633,500	1,633,500	1,680,778	47,278
Personal property taxes	7,531,500	7,781,500	8,282,561	501,061
Mobile home taxes	122,000	122,000	143,851	21,851
Machinery and tools taxes	2,871,000	2,871,000	3,027,683	156,683
Penalties	305,000	305,000	431,764	126,764
Interest	350,000	350,000	486,860	136,860
Total general property taxes	<u>\$ 38,312,000</u>	<u>\$ 38,562,000</u>	<u>\$ 40,914,567</u>	<u>\$ 2,352,567</u>
Other local taxes:				
Local sales and use taxes	\$ 6,835,000	\$ 6,835,000	\$ 8,549,487	\$ 1,714,487
Consumers' utility taxes	1,100,000	1,100,000	1,151,383	51,383
Franchise license taxes	-	-	39	39
Utility license taxes	150,000	150,000	135,763	(14,237)
Motor vehicle licenses	1,110,000	1,110,000	1,165,568	55,568
Bank stock taxes	37,500	37,500	71,877	34,377
Taxes on recordation and wills	351,500	351,500	581,830	230,330
Hotel and motel room taxes	160,000	160,000	141,061	(18,939)
Total other local taxes	<u>\$ 9,744,000</u>	<u>\$ 9,744,000</u>	<u>\$ 11,797,008</u>	<u>\$ 2,053,008</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and other animal related fees	\$ 26,500	\$ 26,500	\$ 41,059	\$ 14,559
Zoning, subdivision plat and soil erosion permits	1,500	1,500	2,686	1,186
Building permits	111,250	111,250	149,935	38,685
Waste hauling fees	27,500	27,500	30,485	2,985
Other permits and licenses	20,000	20,000	34,638	14,638
Total permits, privilege fees, and regulatory licenses	<u>\$ 186,750</u>	<u>\$ 186,750</u>	<u>\$ 258,803</u>	<u>\$ 72,053</u>
Fines and forfeitures:				
Court fines, forfeitures and interest	\$ 1,123,081	\$ 1,130,895	\$ 1,231,424	\$ 100,529
Revenue from use of money and property:				
Revenue from use of money	\$ 250,000	\$ 274,999	\$ 237,721	\$ (37,278)
Revenue from use of property	-	-	28,426	28,426
Total revenue from use of money and property	<u>\$ 250,000</u>	<u>\$ 274,999</u>	<u>\$ 266,147</u>	<u>\$ (8,852)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 17,932	\$ 17,932	\$ 12,799	\$ (5,133)
Charges for transportation of prisoners	7,500	7,500	11,450	3,950
Charges for copies	15,000	15,000	8,614	(6,386)
Charges for Commonwealth's Attorney	6,000	6,000	3,790	(2,210)
Charges for highways and streets	5,000	5,000	-	(5,000)
Commission fees	153,000	153,000	781,525	628,525
Charges for sanitation and waste removal and other related fees	500,000	540,000	665,974	125,974
Charges for parks and recreation	79,500	79,500	12,549	(66,951)
Charges for library	20,000	20,000	1,254	(18,746)
Total charges for services	<u>\$ 803,932</u>	<u>\$ 843,932</u>	<u>\$ 1,497,955</u>	<u>\$ 654,023</u>
Miscellaneous:				
Miscellaneous	\$ 183,500	\$ 280,557	\$ 324,892	\$ 44,335
Revenue Sharing - Bristol	350,000	350,000	192,309	(157,691)
Tennessee Valley Authority-payment in lieu of taxes	700,000	700,000	630,651	(69,349)
Total miscellaneous	<u>\$ 1,233,500</u>	<u>\$ 1,330,557</u>	<u>\$ 1,147,852</u>	<u>\$ (182,705)</u>

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Insurance recoveries	\$ -	\$ 79,315	\$ 107,157	\$ 27,842
Regional jail	-	268,489	293,519	25,030
Facility management CS building	90,000	90,000	82,830	(7,170)
Alcohol, tobacco and firearms funds	18,000	18,000	-	(18,000)
Other recovered costs	205,320	570,858	430,837	(140,021)
Total recovered costs	\$ 313,320	\$ 1,026,662	\$ 914,343	\$ (112,319)
Total revenue from local sources	\$ 51,966,583	\$ 53,099,795	\$ 58,028,099	\$ 4,928,304
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 40,000	\$ 40,000	\$ 34,419	\$ (5,581)
Mobile home titling tax	65,000	65,000	56,851	(8,149)
Motor vehicle rental tax	11,000	11,000	5,595	(5,405)
Grantors tax	100,000	100,000	164,644	64,644
Communications sales taxes	1,650,000	1,650,000	1,189,992	(460,008)
Games of skill tax	-	-	17,856	17,856
Personal property tax relief funds	2,559,286	2,559,286	2,559,286	-
Total noncategorical aid	\$ 4,425,286	\$ 4,425,286	\$ 4,028,643	\$ (396,643)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 661,366	\$ 661,366	\$ 662,861	\$ 1,495
Sheriff	2,379,330	2,401,830	2,407,193	5,363
Commissioner of revenue	181,885	181,885	169,383	(12,502)
Treasurer	164,500	164,500	164,874	374
Registrar/electoral board	50,250	50,250	52,179	1,929
Clerk of the Circuit Court	420,011	454,504	443,406	(11,098)
Total shared expenses	\$ 3,857,342	\$ 3,914,335	\$ 3,899,896	\$ (14,439)
Other categorical aid:				
Virginia Public Assistance	\$ 2,630,080	\$ 2,917,576	\$ 2,405,536	\$ (512,040)
Comprehensive services	1,358,000	2,038,000	1,774,367	(263,633)
Victim witness grant	24,103	24,103	28,449	4,346
Litter control grant	35,000	35,000	12,176	(22,824)
EMS grant-Four for life	70,000	70,000	53,598	(16,402)
Fire programs	135,000	169,266	169,266	-
Dog and cat sterilization grant	1,500	1,500	1,538	38
E-911 wireless grant	190,000	190,000	216,507	26,507
Library state aid	156,022	179,097	179,097	-
Asset forfeiture funds	-	566,882	572,059	5,177
SLC E-rate	-	5,376	6,292	916
DOJ - internet crimes against children	-	17,368	396	(16,972)
EMS financial assistance grant	-	190,804	195,437	4,633
Arts grant	-	4,500	4,500	-
Library of VA preservation of records	-	-	21,974	21,974
VFIRS hardware grant	-	28,751	21,249	(7,502)
Police equipment	-	66,035	53,372	(12,663)
Other state grants	139,953	139,953	-	(139,953)
Total other categorical aid	\$ 4,739,658	\$ 6,644,211	\$ 5,715,813	\$ (928,398)
Total categorical aid	\$ 8,597,000	\$ 10,558,546	\$ 9,615,709	\$ (942,837)
Total revenue from the Commonwealth	\$ 13,022,286	\$ 14,983,832	\$ 13,644,352	\$ (1,339,480)

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 3 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 30,500	\$ 30,500	\$ 64,456	\$ 33,956
Categorical aid:				
Virginia Public Assistance	\$ 3,037,306	\$ 3,114,810	\$ 3,402,325	\$ 287,515
QSCB interest rate subsidy	400,000	400,000	406,256	6,256
Victim witness grant	81,570	81,570	60,288	(21,282)
DMV Highway safety	-	33,199	10,745	(22,454)
VDEM grant	-	-	18,030	18,030
Coronavirus relief fund	-	5,398,966	9,777,674	4,378,708
DCJS-VSTOP grant	27,810	27,810	27,811	1
Alcohol safety	-	63,464	14,339	(49,125)
DHCD	-	357,850	296,613	(61,237)
Bullet proof vest	-	2,137	-	(2,137)
Total categorical aid	\$ 3,546,686	\$ 9,479,806	\$ 14,014,081	\$ 4,534,275
Total revenue from the federal government	\$ 3,577,186	\$ 9,510,306	\$ 14,078,537	\$ 4,568,231
Total General Fund	\$ 68,566,055	\$ 77,593,933	\$ 85,750,988	\$ 8,157,055
Capital Projects Funds				
County Capital Improvements Fund				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,536	\$ 1,536
Total revenue from use of money and property	\$ -	\$ -	\$ 1,536	\$ 1,536
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VA wireless E911 grant	\$ -	\$ 466,202	\$ -	\$ (466,202)
Mendota Trail	-	50,000	50,000	-
Total categorical aid	\$ -	\$ 516,202	\$ 50,000	\$ (466,202)
Total revenue from the Commonwealth	\$ -	\$ 516,202	\$ 50,000	\$ (466,202)
Total County Capital Improvements Fund	\$ -	\$ 516,202	\$ 51,536	\$ (464,666)
Total Primary Government	\$ 68,566,055	\$ 78,110,135	\$ 85,802,524	\$ 7,692,389
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,000	\$ 10,000	\$ 7,447	\$ (2,553)
Revenue from the use of property	1,000	1,000	-	(1,000)
Total revenue from use of money and property	\$ 11,000	\$ 11,000	\$ 7,447	\$ (3,553)
Charges for services:				
Charges for education	\$ 830,000	\$ 830,000	\$ 373,877	\$ (456,123)
Governor's School	717,844	717,844	109,230	(608,614)
Transportation of pupils	55,000	55,000	-	(55,000)
Cafeteria sales	1,215,284	1,215,284	66,938	(1,148,346)
Total charges for services	\$ 2,818,128	\$ 2,818,128	\$ 550,045	\$ (2,268,083)

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 4 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Other miscellaneous	\$ 1,237,468	\$ 1,237,468	\$ 994,049	\$ (243,419)
Recovered costs:				
Other recovered costs	\$ 235,000	\$ 235,000	\$ 88,936	\$ (146,064)
Total revenue from local sources	\$ 4,301,596	\$ 4,301,596	\$ 1,640,477	\$ (2,661,119)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Washington, Virginia	\$ 27,184,040	\$ 28,746,606	\$ 26,110,657	\$ (2,635,949)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 8,502,478	\$ 8,502,478	\$ 9,111,145	\$ 608,667
Basic school aid	21,998,746	21,998,746	20,937,148	(1,061,598)
GED funding	25,159	25,159	25,159	-
Summer remedial	56,695	56,695	30,710	(25,985)
Regular foster care	298,746	298,746	150,842	(147,904)
Adult high school courses	39,950	39,950	38,909	(1,041)
Gifted and talented	231,345	231,345	222,180	(9,165)
Remedial education	765,218	765,218	734,903	(30,315)
National board certified teacher	-	-	5,000	5,000
Preschool initiative	683,066	683,066	413,917	(269,149)
Special education	2,660,466	2,660,466	2,555,071	(105,395)
Textbook payment	478,128	478,128	459,186	(18,942)
Vocational education	1,116,684	1,116,684	1,072,446	(44,238)
Vocational equipment	-	-	31,731	31,731
Vocational educational occupational tech ed	-	-	124,717	124,717
Social security fringe benefits	1,401,416	1,401,416	1,345,898	(55,518)
Retirement fringe benefits	3,269,971	3,269,971	3,140,430	(129,541)
Life insurance fringe benefits	97,877	97,877	93,999	(3,878)
State lottery payments	1,659,500	1,659,500	1,781,791	122,291
Early reading intervention	72,559	72,559	72,559	-
Jobs for Virginia graduates-lottery proceeds	-	-	30,000	30,000
At risk payments	1,359,304	1,359,304	1,322,525	(36,779)
Adult literacy	-	-	83,420	83,420
Homebound	43,074	43,074	23,635	(19,439)
School food	27,712	27,712	-	(27,712)
Regional programs	328,073	328,073	285,281	(42,792)
Project graduation	6,642	6,642	-	(6,642)
Special education - foster care	-	-	148,333	148,333
Mentor teacher program	3,371	3,371	3,827	456
Primary class size	1,035,406	1,035,406	1,007,283	(28,123)
Technology	492,000	492,000	440,000	(52,000)
SOL algebra readiness	115,797	115,797	103,283	(12,514)
Special ed jail program	1,687	1,687	-	(1,687)
Security grant	-	-	30,195	30,195
English as a second language	47,245	47,245	47,245	-
GED testing	-	-	79,765	79,765
Governors school program	862,004	862,004	994,993	132,989
Other state funds	149,320	149,320	1,423,539	1,274,219
Total categorical aid	\$ 47,829,639	\$ 47,829,639	\$ 48,371,065	\$ 541,426

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 5 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ 43,500	\$ 43,500	\$ 19,333	\$ (24,167)
Adult basic education	400,000	400,000	377,117	(22,883)
Title I	2,050,000	2,050,000	1,959,357	(90,643)
Title VI-B, special education flow-through	1,700,000	1,700,000	1,450,996	(249,004)
Title VI-B, special education preschool	100,670	100,670	37,595	(63,075)
Title IV Part A LEA	100,000	100,000	147,567	47,567
Vocational education	160,000	160,000	144,427	(15,573)
Title II Part A	400,000	400,000	307,067	(92,933)
School breakfast and lunch program	2,219,518	2,219,518	2,598,855	379,337
Coronavirus relief funds	-	-	1,183,105	1,183,105
Education stabilization funds	-	-	1,387,018	1,387,018
Education for independence	-	-	127,538	127,538
Other federal	945,830	945,830	-	(945,830)
Total categorical aid	<u>\$ 8,119,518</u>	<u>\$ 8,119,518</u>	<u>\$ 9,739,975</u>	<u>\$ 1,620,457</u>
Total revenue from the federal government	<u>\$ 8,119,518</u>	<u>\$ 8,119,518</u>	<u>\$ 9,739,975</u>	<u>\$ 1,620,457</u>
Total School Operating Fund	<u>\$ 87,434,793</u>	<u>\$ 88,997,359</u>	<u>\$ 85,862,174</u>	<u>\$ (3,135,185)</u>

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 179,501	\$ 179,504	\$ 151,837	\$ 27,667
General and financial administration:				
County administrator	\$ 247,585	\$ 247,985	\$ 221,676	\$ 26,309
Personnel	156,784	156,784	145,419	11,365
Legal services	178,709	179,091	165,207	13,884
Commissioner of revenue	693,127	713,477	693,006	20,471
Treasurer	868,144	1,333,289	894,127	439,162
Central accounting and purchasing	278,414	279,614	272,656	6,958
Information technology	702,968	1,114,460	1,072,766	41,694
Assessor	325,000	370,000	242,394	127,606
Auditor	95,000	95,000	79,950	15,050
Total general and financial administration	\$ 3,545,731	\$ 4,489,700	\$ 3,787,201	\$ 702,499
Board of elections:				
Registrar	\$ 213,022	\$ 229,042	\$ 214,204	\$ 14,838
Electoral board	126,560	214,861	206,462	8,399
Total board of elections	\$ 339,582	\$ 443,903	\$ 420,666	\$ 23,237
Total general government administration	\$ 4,064,814	\$ 5,113,107	\$ 4,359,704	\$ 753,403
Judicial administration:				
Courts:				
Circuit court	\$ 113,472	\$ 113,472	\$ 98,212	\$ 15,260
General district court	35,817	35,817	31,654	4,163
Juvenile and domestic relations court	21,411	21,411	11,394	10,017
Special magistrates	5,352	5,352	5,295	57
Clerk of the circuit court	765,919	874,116	794,871	79,245
Law library	12,000	65,256	11,236	54,020
Total courts	\$ 953,971	\$ 1,115,424	\$ 952,662	\$ 162,762
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,211,975	\$ 1,601,854	\$ 1,195,274	\$ 406,580
Total judicial administration	\$ 2,165,946	\$ 2,717,278	\$ 2,147,936	\$ 569,342
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,925,866	\$ 7,376,842	\$ 6,536,285	\$ 840,557
Litter Control	31,301	31,301	3,385	27,916
Victim witness assistance	118,682	118,682	97,478	21,204
Animal control	25,396	33,784	22,059	11,725
Interstate enforcement	534,695	877,644	424,585	453,059
Court security	82,398	82,878	93,851	(10,973)
Other Sheriff grants	239,725	428,601	134,289	294,312
Total law enforcement and traffic control	\$ 6,958,063	\$ 8,949,732	\$ 7,311,932	\$ 1,637,800
Fire and rescue services:				
Volunteer fire departments	\$ 1,508,534	\$ 3,022,234	\$ 2,785,307	\$ 236,927
E-911	712,287	712,287	671,380	40,907
Total fire and rescue services	\$ 2,220,821	\$ 3,734,521	\$ 3,456,687	\$ 277,834
Correction and detention:				
Regional jail payments	\$ 3,616,452	\$ 3,956,307	\$ 3,868,924	\$ 87,383
Juvenile probation and detention	255,468	224,912	224,912	-
Total correction and detention	\$ 3,871,920	\$ 4,181,219	\$ 4,093,836	\$ 87,383
Inspections:				
Building	\$ 389,520	\$ 391,424	\$ 285,764	\$ 105,660

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Medical examiner	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Emergency services	888,411	1,615,512	1,099,225	516,287
Total other protection	<u>\$ 889,411</u>	<u>\$ 1,616,512</u>	<u>\$ 1,100,225</u>	<u>\$ 516,287</u>
Total public safety	<u>\$ 14,329,735</u>	<u>\$ 18,873,408</u>	<u>\$ 16,248,444</u>	<u>\$ 2,624,964</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	<u>\$ 2,354,096</u>	<u>\$ 2,839,626</u>	<u>\$ 2,834,564</u>	<u>\$ 5,062</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 1,444,883</u>	<u>\$ 1,657,863</u>	<u>\$ 1,376,817</u>	<u>\$ 281,046</u>
Total public works	<u>\$ 3,798,979</u>	<u>\$ 4,497,489</u>	<u>\$ 4,211,381</u>	<u>\$ 286,108</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 516,865</u>	<u>\$ 516,865</u>	<u>\$ 516,865</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	<u>\$ 237,500</u>	<u>\$ 237,500</u>	<u>\$ 237,500</u>	<u>\$ -</u>
Welfare:				
Virginia public assistance	<u>\$ 6,996,146</u>	<u>\$ 7,475,661</u>	<u>\$ 6,804,259</u>	<u>\$ 671,402</u>
Area agency on aging	72,055	72,055	72,055	-
Senior services	112,925	112,925	112,925	-
Community action agency	157,668	458,085	456,688	1,397
Community services	2,045,806	2,975,806	2,470,844	504,962
Total welfare	<u>\$ 9,384,600</u>	<u>\$ 11,094,532</u>	<u>\$ 9,916,771</u>	<u>\$ 1,177,761</u>
Total health and welfare	<u>\$ 10,138,965</u>	<u>\$ 11,848,897</u>	<u>\$ 10,671,136</u>	<u>\$ 1,177,761</u>
Education:				
Other instructional costs:				
Contributions to community college	<u>\$ 92,414</u>	<u>\$ 92,414</u>	<u>\$ 92,414</u>	<u>\$ -</u>
County School Board - CARES Allocation	-	1,100,000	1,100,000	-
Contribution to County School Board	27,184,040	28,746,606	26,110,657	2,635,949
Total education	<u>\$ 27,276,454</u>	<u>\$ 29,939,020</u>	<u>\$ 27,303,071</u>	<u>\$ 2,635,949</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks	<u>\$ 122,408</u>	<u>\$ 178,408</u>	<u>\$ 163,858</u>	<u>\$ 14,550</u>
Recreation	302,129	296,129	191,170	104,959
Total parks and recreation	<u>\$ 424,537</u>	<u>\$ 474,537</u>	<u>\$ 355,028</u>	<u>\$ 119,509</u>
Cultural enrichment:				
Cultural enrichment	<u>\$ 98,753</u>	<u>\$ 141,928</u>	<u>\$ 141,928</u>	<u>\$ -</u>
Library:				
Washington County library	<u>\$ 1,377,273</u>	<u>\$ 1,683,023</u>	<u>\$ 1,328,716</u>	<u>\$ 354,307</u>
Branch libraries	321,994	321,994	231,316	90,678
Total library	<u>\$ 1,699,267</u>	<u>\$ 2,005,017</u>	<u>\$ 1,560,032</u>	<u>\$ 444,985</u>
Total parks, recreation, and cultural	<u>\$ 2,222,557</u>	<u>\$ 2,621,482</u>	<u>\$ 2,056,988</u>	<u>\$ 564,494</u>
Community development:				
Planning and community development:				
Regional planning	<u>\$ 49,480</u>	<u>\$ 49,480</u>	<u>\$ 49,480</u>	<u>\$ -</u>
Zoning	98,492	98,492	90,984	7,508
Community development	205,030	4,542,233	4,435,819	106,414

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Planning and community development: (Continued)				
Economic development	\$ 165,992	\$ 656,211	\$ 484,486	\$ 171,725
CARES municipal utility relief	-	645,663	520,811	124,852
Contribution to Virginia Highlands Airport	111,111	203,334	203,334	-
Contribution to Washington County Industrial Development Authority	650,655	650,655	611,722	38,933
Total planning and community development	<u>\$ 1,280,760</u>	<u>\$ 6,846,068</u>	<u>\$ 6,396,636</u>	<u>\$ 449,432</u>
Environmental management:				
Contribution to soil and water district	<u>\$ 17,770</u>	<u>\$ 17,770</u>	<u>\$ 17,770</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	<u>\$ 145,101</u>	<u>\$ 150,101</u>	<u>\$ 127,809</u>	<u>\$ 22,292</u>
Total community development	<u>\$ 1,443,631</u>	<u>\$ 7,013,939</u>	<u>\$ 6,542,215</u>	<u>\$ 471,724</u>
Nondepartmental:				
Revenue refunds	\$ 80,500	\$ 80,500	\$ 97,877	\$ (17,377)
Other non departmental	462,097	1,356,858	1,008,149	348,709
Total nondepartmental	<u>\$ 542,597</u>	<u>\$ 1,437,358</u>	<u>\$ 1,106,026</u>	<u>\$ 331,332</u>
Debt service:				
Principal retirement	\$ 2,308,637	\$ 2,308,637	\$ 2,308,637	\$ -
Interest and other fiscal charges	1,002,720	1,002,720	944,994	57,726
Total debt service	<u>\$ 3,311,357</u>	<u>\$ 3,311,357</u>	<u>\$ 3,253,631</u>	<u>\$ 57,726</u>
Total General Fund	<u><u>\$ 69,295,035</u></u>	<u><u>\$ 87,373,335</u></u>	<u><u>\$ 77,900,532</u></u>	<u><u>\$ 9,472,803</u></u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Public safety:				
Emergency services equipment	<u>\$ -</u>	<u>\$ 466,202</u>	<u>\$ -</u>	<u>\$ 466,202</u>
Total public safety	<u>\$ -</u>	<u>\$ 466,202</u>	<u>\$ -</u>	<u>\$ 466,202</u>
Public works:				
Solid waste equipment	\$ -	\$ 51,649	\$ -	\$ 51,649
Solid waste facilities	25,000	80,000	56,136	23,864
General services - Green Cove EMS	-	206,217	81,252	124,965
Courthouse	102,620	2,102,620	427,023	1,675,597
General services facilities	-	362,514	24,775	337,739
Total public works	<u>\$ 127,620</u>	<u>\$ 2,803,000</u>	<u>\$ 589,186</u>	<u>\$ 2,213,814</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Mendota trail project	<u>\$ -</u>	<u>\$ 51,500</u>	<u>\$ 50,000</u>	<u>\$ 1,500</u>
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ 51,500</u>	<u>\$ 50,000</u>	<u>\$ 1,500</u>
Total Capital Projects Fund	<u><u>\$ 127,620</u></u>	<u><u>\$ 3,320,702</u></u>	<u><u>\$ 639,186</u></u>	<u><u>\$ 2,681,516</u></u>
School Capital Projects Fund:				
Education:				
Operating costs:				
Facilities	<u>\$ 325,000</u>	<u>\$ 483,122</u>	<u>\$ 67,603</u>	<u>\$ 415,519</u>
Total School Capital Projects Fund	<u><u>\$ 325,000</u></u>	<u><u>\$ 483,122</u></u>	<u><u>\$ 67,603</u></u>	<u><u>\$ 415,519</u></u>
Total Primary Government	<u><u>\$ 69,747,655</u></u>	<u><u>\$ 91,177,159</u></u>	<u><u>\$ 78,607,321</u></u>	<u><u>\$ 12,569,838</u></u>

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction costs				
Administration, attendance and health	\$ 3,406,195	\$ 3,420,619	\$ 3,310,628	\$ 109,991
Instruction	67,213,413	67,329,617	64,345,327	2,984,290
Instructional technology	2,745,860	3,874,469	3,593,694	280,775
Total instruction costs	<u>\$ 73,365,468</u>	<u>\$ 74,624,705</u>	<u>\$ 71,249,649</u>	<u>\$ 3,375,056</u>
Operating costs:				
Pupil transportation	\$ 5,449,160	\$ 4,533,274	\$ 4,308,102	\$ 225,172
Operation and maintenance of school plant	7,265,590	8,490,864	7,452,811	1,038,053
School food services	3,998,096	4,101,357	3,064,105	1,037,252
Total operating costs	<u>\$ 16,712,846</u>	<u>\$ 17,125,495</u>	<u>\$ 14,825,018</u>	<u>\$ 2,300,477</u>
Total School Operating Fund	<u>\$ 90,078,314</u>	<u>\$ 91,750,200</u>	<u>\$ 86,074,667</u>	<u>\$ 5,675,533</u>

Other Statistical Information

Table 1

County of Washington, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government		Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
	Administration	Judicial Administration								
2020-21	\$ 4,964,274	\$ 2,143,930	\$ 14,654,648	\$ 4,674,732	\$ 10,715,602	\$ 27,706,636	\$ 2,227,415	\$ 6,541,971	\$ 965,966	\$ 74,595,174
2019-20	4,151,979	1,308,309	14,115,117	4,514,320	9,555,389	27,254,510	2,237,034	1,489,230	625,379	65,251,267
2018-19	3,484,548	1,520,934	12,337,009	3,649,087	8,481,758	28,729,896	2,041,937	1,513,061	751,524	62,509,754
2017-18	3,689,352	1,604,907	13,065,517	3,595,141	8,951,575	29,877,348	2,195,660	1,815,211	772,034	65,566,745
2016-17	4,036,671	1,646,936	12,289,555	3,460,678	8,895,767	30,413,235	2,190,464	4,127,452	795,330	67,856,088
2015-16	3,656,368	1,593,653	11,422,288	3,378,345	8,583,706	29,232,848	2,166,884	3,495,175	1,456,592	64,985,859
2014-15	3,508,913	1,602,299	11,090,052	3,729,458	7,800,245	28,369,156	2,233,396	2,325,083	1,077,287	61,735,889
2013-14	3,801,462	1,590,653	10,667,821	3,504,762	8,434,168	28,605,420	2,261,825	2,544,189	1,185,934	62,596,234
2012-13	3,485,456	1,588,063	10,875,250	4,091,448	7,797,920	28,248,261	2,625,595	2,704,569	1,180,439	62,597,001
2011-12	3,392,022	1,442,053	10,373,244	4,710,465	7,571,268	22,448,687	2,153,236	3,599,243	1,223,756	56,913,974

Table 2

County of Washington, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on disposal of capital assets	Total
2020-21	\$ 2,988,182	\$ 23,057,731	\$ 622,059	\$	40,552,439	\$ 11,797,008	\$ 267,683	\$ 1,147,852	\$ 4,093,099	\$ 323,351	\$ 84,849,404
2019-20	2,495,335	11,833,894	90,694		39,425,070	10,723,489	450,980	1,313,517	4,178,080	-	70,511,059
2018-19	2,455,107	11,061,620	100,686		38,688,720	10,048,347	546,431	1,346,362	4,218,527	-	68,465,800
2017-18	2,245,836	10,776,143	137,679		38,072,161	10,014,078	216,464	1,317,667	4,337,419	-	67,117,447
2016-17	1,937,707	11,472,283	486,654		37,193,772	10,019,462	130,177	1,347,159	4,375,293	-	66,962,507
2015-16	1,742,312	11,012,920	192,216		36,955,004	9,569,743	136,324	954,452	4,372,419	-	64,935,390
2014-15	1,864,511	9,378,338	233,206		35,963,625	9,294,629	119,508	937,614	4,393,869	-	62,185,300
2013-14	1,875,166	9,503,961	687,141		34,581,104	9,229,842	123,575	956,021	4,413,735	-	61,370,545
2012-13	1,807,743	9,560,611	-		34,703,127	9,212,536	151,203	1,392,331	4,530,687	-	61,358,238
2011-12	1,830,599	11,403,196	-		32,986,799	9,109,624	193,751	1,582,918	4,645,697	-	61,752,584

Table 3

County of Washington, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2020-21	\$ 4,359,704	\$ 2,147,936	\$ 16,248,444	\$ 4,211,381	\$ 10,671,136	\$ 88,643,133	\$ 2,056,988	\$ 6,542,215	\$ 1,106,026	\$ 3,253,631	\$ 139,240,594
2019-20	3,826,547	1,949,788	13,960,192	3,378,946	9,559,783	81,510,703	2,092,063	1,488,157	546,919	3,148,940	121,462,038
2018-19	3,364,364	1,756,598	13,674,623	3,539,434	8,832,336	81,895,688	2,140,850	1,546,997	436,931	3,271,046	120,458,867
2017-18	3,474,046	1,703,350	13,015,910	3,316,763	9,098,096	81,151,695	2,170,289	1,833,451	376,911	3,216,948	119,357,459
2016-17	3,473,710	1,668,714	12,284,821	2,975,593	8,951,391	80,094,615	2,079,364	4,140,390	527,288	3,079,559	119,275,445
2015-16	3,295,436	1,643,657	11,472,090	3,142,723	8,661,176	77,053,746	2,110,093	3,505,726	454,331	3,346,936	114,685,914
2014-15	3,221,950	1,624,187	11,496,109	3,472,833	7,963,697	75,359,860	2,114,710	2,277,067	474,926	3,132,595	111,137,934
2013-14	3,646,300	1,576,652	10,879,901	3,147,631	8,313,672	76,185,425	2,276,600	2,645,385	397,681	3,003,020	112,072,267
2012-13	3,608,619	1,543,209	10,788,060	3,288,417	7,714,318	77,804,981	2,153,788	2,579,586	276,258	2,870,052	112,627,288
2011-12	3,236,958	1,433,084	10,380,260	3,750,554	7,578,463	71,395,719	2,029,542	3,595,679	522,018	2,002,655	105,924,932

(1) Includes General fund of the Primary Government and its Discretely Presented Component Unit School Board. (Excludes County Capital Improvements Fund and School Capital Projects Fund)

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board.

Table 4

County of Washington, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property			Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2020-21	\$ 40,914,567	\$ 11,797,008	\$ 258,803	\$ 1,231,424	\$ 273,594	\$ 3,136,242	\$ 2,141,901	\$ 1,003,279	\$ 85,833,929	\$ 146,590,747		
2019-20	39,079,567	10,723,489	232,449	1,163,812	458,180	3,306,332	2,232,690	759,356	67,615,709	125,571,584		
2018-19	38,910,431	10,048,347	205,690	1,379,152	557,739	3,522,428	2,567,520	1,235,189	65,179,178	123,605,674		
2017-18	38,080,529	10,014,078	215,341	1,404,827	230,152	3,149,711	2,663,381	516,870	63,235,119	119,510,008		
2016-17	36,984,433	10,019,462	239,854	1,137,417	142,342	2,990,892	2,767,322	300,352	63,024,271	117,606,345		
2015-16	36,911,855	9,569,743	185,303	954,757	151,722	3,223,703	2,317,970	374,475	60,015,399	113,704,927		
2014-15	35,818,485	9,294,629	187,014	1,021,836	129,317	3,198,816	2,281,105	768,230	58,310,428	111,009,860		
2013-14	35,051,160	9,229,842	115,185	1,105,942	139,081	3,296,870	2,065,364	712,881	58,642,337	110,358,662		
2012-13	33,590,230	9,212,536	110,451	1,075,125	171,524	3,211,190	2,353,100	440,890	59,589,903	109,754,949		
2011-12	32,681,231	9,109,624	119,384	897,988	213,505	3,639,101	2,528,526	478,582	60,445,175	110,113,116		

(1) Includes General fund of the Primary Government and its Discretely Presented Component Unit School Board. (Excludes County Capital Improvements Fund and School Capital Projects Fund)

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

County of Washington, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1,3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2,3)	Percent of Delinquent Taxes to Tax Levy
2020-21	\$ 42,020,075	\$ 40,793,843	97.08%	\$ 1,629,662	42,423,505	100.96%	\$ 5,002,236	11.90%
2019-20	41,346,051	39,656,332	95.91%	1,301,441	40,957,773	99.06%	5,202,313	12.58%
2018-19	40,775,956	39,260,144	96.28%	1,340,087	40,600,231	99.57%	4,997,804	12.26%
2017-18	40,282,119	38,776,872	96.26%	1,157,509	39,934,381	99.14%	4,144,224	10.29%
2016-17	39,044,004	37,687,741	96.53%	1,228,661	38,916,402	99.67%	4,174,045	10.69%
2015-16	38,927,722	37,392,739	96.06%	1,329,749	38,722,488	99.47%	3,845,600	9.88%
2014-15	37,902,384	36,675,879	96.76%	1,054,734	37,730,613	99.55%	3,856,871	10.18%
2013-14	34,784,577	33,893,005	97.44%	948,362	34,841,367	100.16%	3,563,916	10.25%
2012-13	33,132,974	31,903,695	96.29%	1,014,696	32,918,391	99.35%	3,643,003	11.00%
2011-12	30,637,829	29,876,309	97.51%	2,227,356	32,103,665	104.78%	3,074,774	10.04%

(1) Exclusive of penalties and interest.

(2) Includes current year taxes receivable only.

(3) Exclusive of rollback taxes and revenue sharing.

Table 6

County of Washington, Virginia
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property and Mobile Homes (3)	Machinery and Tools	Public Utility (2)(4)		Total
				Real Estate and	Personal Property	
2020-21	\$ 4,528,822,488	\$ 660,946,617	\$ 199,754,342	\$ 278,118,046	\$	5,667,641,493
2019-20	4,161,733,124	657,131,399	195,996,786	272,217,355		5,287,078,664
2018-19	4,089,614,123	620,551,921	187,150,779	301,328,958		5,198,645,781
2017-18	4,101,812,545	604,977,439	195,128,680	238,971,622		5,140,890,286
2016-17	4,117,406,258	593,997,271	189,916,150	199,721,217		5,101,040,896
2015-16	3,928,394,099	574,783,612	186,627,925	299,745,060		4,989,550,696
2014-15	3,887,864,596	570,992,102	180,011,133	186,055,671		4,824,923,502
2013-14	3,856,764,808	553,941,886	179,966,820	190,675,256		4,781,348,770
2012-13	3,643,100,137	542,187,701	176,763,685	155,434,116		4,517,485,639
2011-12	3,644,529,884	513,404,833	162,194,740	177,754,621		4,497,884,078

(1) Assessed at 100% of fair market value.

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

(3) Includes Volunteer and Air Tax assessments.

(4) The County started half-year collections in fiscal year 2016.

Table 7

County of Washington, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools
2020-21	\$ 0.60 \$	1.70 \$	1.55
2019-20	0.63	1.70	1.55
2018-19	0.63	1.70	1.55
2017-18	0.63	1.70	1.55
2016-17	0.63	1.70	1.55
2015-16	0.63	1.70	1.55
2014-15	0.63	1.70	1.55
2013-14	0.63	1.70	1.55
2012-13	0.63	1.55	1.55
2011-12	0.63	1.55	1.55

(1) Per \$100 of assessed value.
(2) Rate for 2020-2021 is for 2021 taxes

Table 8

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

Fiscal Year	Population (1) thousands)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020-21	54,876	\$ 5,667,641	\$ 7,036,565	\$ 7,036,565	0.12%	128
2019-20	54,876	5,287,079	8,768,194	8,768,194	0.17%	160
2018-19	54,876	5,198,646	10,668,827	10,668,827	0.21%	194
2017-18	54,876	5,140,890	12,551,815	12,551,815	0.24%	229
2016-17	54,876	5,101,041	14,406,774	14,406,774	0.28%	263
2015-16	54,876	4,989,551	16,104,443	16,104,443	0.32%	293
2014-15	54,876	4,824,924	16,117,239	16,117,239	0.33%	294
2013-14	54,876	4,781,349	17,525,265	17,525,265	0.37%	319
2012-13	54,876	4,517,486	18,840,729	18,840,729	0.42%	343
2011-12	54,876	4,497,884	20,136,009	20,136,009	0.45%	367

(1) Bureau of the Census.

(2) Assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes lease revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

County of Washington, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2020-21	\$ 2,308,637	\$ 944,994	\$ 3,253,631	\$ 139,240,594	2.34%
2019-20	2,484,818	664,122	3,148,940	121,462,038	2.59%
2018-19	2,449,453	821,593	3,271,046	120,458,867	2.72%
2017-18	2,407,802	809,146	3,216,948	119,357,459	2.70%
2016-17	2,230,600	848,959	3,079,559	119,275,445	2.58%
2015-16	2,142,313	1,204,623	3,346,936	114,685,914	2.92%
2014-15	1,913,959	1,218,636	3,132,595	111,137,934	2.82%
2013-14	1,814,351	1,188,669	3,003,020	112,072,267	2.68%
2012-13	1,645,280	1,224,772	2,870,052	112,627,288	2.55%
2011-12	1,330,821	671,834	2,002,655	105,924,932	1.89%

(1) Includes General fund of the Primary Government and the Discretely Presented Component Unit - School Board.

COMPLIANCE SECTION

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Members of
The Board of Supervisors
County of Washington, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Washington, Virginia's basic financial statements, and have issued our report thereon dated November 26, 2021. Our report includes a reference to other auditors who audited the financial statements of the Virginia Highlands Airport Authority, as described in our report on the County of Washington, Virginia's financial statements. This report does not include results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Washington, Virginia'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 of Washington, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Washington, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Washington, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Faneer, Cox Associates

Blacksburg, Virginia
November 26, 2021

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of
The Board of Supervisors
County of Washington, Virginia**

Report on Compliance for Each Major Federal Program

We have audited the County of Washington, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Washington, Virginia's major federal programs for the year ended June 30, 2021. County of Washington, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Washington, Virginia's basic financial statements include the operations of the Virginia Highlands Airport Authority, which expended \$9,930,502 in federal awards which is not included in the County of Washington, Virginia's schedule of expenditures of federal awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of the Virginia Highlands Airport Authority because the component unit engaged other auditors to perform an audit of compliance.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Washington, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Polina, Fawcett, Cox Associates

Blacksburg, Virginia
November 26, 2021

County of Washington, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number		Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:					
Pass Through Payments:					
Department of Education:					
Temporary Assistance for Needy Families	93.558	APE40274	\$ 127,538		
Department of Social Services:					
Temporary Assistance for Needy Families	93.558	0400120, 0400121	399,906	\$	527,444
Mary Lee Allen Promoting Safe and Stable Families	93.556	0950119, 0950120			32,627
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120, 0500121			936
Low-Income Home Energy Assistance	93.568	0600420, 0600421			64,999
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120, 0760121			82,485
Chafee Education and Training Voucher Program	93.599	9160120			157
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120, 0900121			198
Foster Care - Title IV-E	93.658	1100120, 1100121			643,713
Adoption Assistance	93.659	1120120, 1120121			522,902
Social Services Block Grant	93.667	1000120, 1000121			456,765
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119, 9150120			8,857
Children's Health Insurance Program	93.767	0540120, 0540121			6,780
Medicaid Cluster:					
Medical Assistance Program	93.778	1200120, 1200121			509,919
Total Department of Health and Human Services				\$	2,857,782
Department of Agriculture:					
Pass Through Payments:					
Department of Education:					
Child and Adult Care Food Program	10.558	APE70028	\$ 51		
COVID-19 Child and Adult Care Food Program	10.558	APE70035	1,028	\$	1,079
Child Nutrition Cluster:					
Department of Agriculture:					
Food Distribution (Note 3)	10.555	Not available	\$ 253,031		
Department of Education:					
National School Lunch Program	10.555	APE40254	31,957		
COVID-19 National School Lunch Program	10.555	APE40264	24,951	\$	309,939
Department of Agriculture:					
Summer Food Service Program for Children - Commodities	10.559	Not available	\$ 2,932		
Department of Education:					
COVID-19 Summer Food Service Program for Children	10.559	APE60175, APE60176	333,064		
Summer Food Service Program for Children	10.559	APE60302, APE60303	1,936,020	2,272,016	
COVID-19 School Breakfast Program	10.553	APE40263	15,821		
Total Child Nutrition Cluster					2,597,776
Department of Education:					
Forest Service Schools and Roads Cluster:					
Schools and Roads--Grants to States	10.665	APE43841			19,333
Department of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010120, 00010121, 0040120, 0040121			672,081
Total Department of Agriculture				\$	3,290,269
Department of Justice:					
Pass Through Payments:					
Department of Criminal Justice Service:					
Violence Against Women Formula Grants	16.588	CJS48035		\$	27,811
Crime Victim Assistance	16.575	CJS5601701, CJS7601601			60,288
Direct Payments:					
Equitable Sharing Program	16.922	Not applicable			131,081
Total Department of Justice				\$	219,180
Department of Transportation:					
Pass Through Payments:					
Department of Motor Vehicles:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	Not available		\$	10,745
Alcohol Open Container Requirements	20.607	Not available			14,339
Total Department of Transportation				\$	25,084
Department of Homeland Security:					
Pass Through Payments:					
Department of Emergency Management:					
Emergency Management Performance Grants	97.042	116308		\$	9,015
Emergency Management Performance Grants	98.042	117463			9,015
Total Department of Homeland Security				\$	18,030
Department of Education:					
Pass Through Payments:					
Department of Education:					
Title I - Grants to Local Educational Agencies	84.010	APE42901		\$	1,959,357
Special Education Cluster:					
Special Education - Grants to States	84.027	APE43071	\$ 1,450,996		
Special Education - Preschool Grants	84.173	APE62521	37,595		
Total Special Education Cluster					1,488,591
Supporting Effective Instruction State Grants	84.367	APE61480			307,067
Student Support and Academic Enrichment Program	84.424	APE60281			147,567
Adult Education Basic Grants to States	84.002	APE42801, APE61111			377,117
Career and Technical Education - Basic Grants to States	84.048	APE61095, APE60031			144,427
Elementary and Secondary School Emergency Relief Fund (ESSER Fund)	84.425D	APE60042, APE60177			1,387,018
Total Department of Education				\$	5,811,144
Department of Housing and Urban Development:					
Pass Through Payments:					
Department of Housing and Community Development:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD50790		\$	296,613

County of Washington, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Treasury:				
Pass Through Payments:				
Department of Accounts:				
COVID-19 Coronavirus Relief Funds	21.019	SLT0022	\$ 9,777,674	\$ 1,411,683
Department of Education:				
COVID-19 Coronavirus Relief Funds	21.019	APE0056	1,183,105	-
Total Department of Treasury			10,960,779	1,411,683
Total Expenditures of Federal Awards			<u>\$ 23,478,881</u>	<u>\$ 1,411,683</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Washington, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Washington, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Washington, Virginia.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2021, the County had no food commodities in inventory.

Note 4 -- Loans and Loan Guarantees:

The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.

Note 5 -- Relationship to the Financial Statements Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 14,078,537
Less: Payment in lieu of taxes	(64,456)
Less: QSCB interest	(406,256)
Add: Equitable Sharing Program	131,081
Total primary government	<u>\$ 13,738,906</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 9,739,975</u>
Total expenditures of federal awards per basic financial statements	<u>\$ 23,478,881</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u>\$ 23,478,881</u>

COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Funds
84.425D	COVID-19 - Elementary & Secondary School Emergency Relief Funds (ESSER Funds)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

COUNTY OF WASHINGTON, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

None