

COUNTY OF WASHINGTON, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

County of Washington, Virginia
Financial Report
For the Year Ended June 30, 2023

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INTRODUCTORY SECTION

COUNTY OF WASHINGTON, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

Jenny Nichols, Vice Chair	Lee Brannon, Chair	Elizabeth P. Lowe
Megan Hamilton		J. Sanders Henderson, III
Billy W. Brooks	Melissa Caudill, Clerk	Debbie Anderson

SOCIAL SERVICES BOARD

Don Mullins, Vice-Chair	Debbie Anderson, Chair	Hannah Ford
Sharon Reed		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	Brandon Snodgrass

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements***Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the 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 and for the year ended June 30, 2023, 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.

We did not audit the financial statements of the Virginia Highlands Airport Authority which represent 42 percent, 141 percent, and 3 percent of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Virginia Highlands Airport Authority, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Washington, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 27 to the financial statements, in 2023, the County of Washington, Virginia adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 31 to the financial statements, in 2023, the County restated beginning balances to transfer the School Capital Projects Fund from the County to the Component Unit School Board. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Washington, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Washington, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 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 accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund financial statements and schedules 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023, on our consideration of 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 County of Washington, Virginia's internal control over financial reporting and compliance.

Polinson, Fawcett, Cox Associates

Blacksburg, Virginia
December 4, 2023

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, 2023. 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 \$70,637,422 (net position). Of this amount, \$47,928,626 was considered unrestricted.
- The change in net position of the County's governmental activities was \$18,963,063 for the current fiscal year. In the prior fiscal year, the change in net position of the County's governmental activities was \$8,650,918.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$59,206,545. Of the amount \$34,924,315 was considered unassigned, \$11,049,755 was considered assigned, \$5,044,229 was considered committed, \$8,051,467 was considered restricted and \$136,779 was considered nonspendable.
- During the year, the County had revenues in excess of expenditures in the General Fund of \$13,961,942. In the prior fiscal year, the revenues were in excess of the expenditures for the General Fund by \$3,379,462.

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, ARPA Fund, and Capital Improvement Fund. The General Fund, ARPA Fund, and Capital Improvement Fund 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 \$70,637,422 at the close of the most recent fiscal year.

A significant portion of the County's net position \$20,772,723 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 \$1,936,073, are subject to restrictions on how they may be used. The remaining balance of net position \$47,928,626 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 2023 and 2022.

Statement of Net Position

	Governmental Activities	Governmental Activities
	2023	2022
Current and other assets	\$ 88,047,368	\$ 89,930,545
Capital and other assets	44,249,991	33,362,622
Total assets	<u>\$ 132,297,359</u>	<u>\$ 123,293,167</u>
Deferred outflows of resources	<u>\$ 3,696,042</u>	<u>\$ 4,407,178</u>
Current and other liabilities	\$ 7,763,830	\$ 13,872,412
Long-term liabilities	40,393,011	39,596,708
Total liabilities	<u>\$ 48,156,841</u>	<u>\$ 53,469,120</u>
Deferred inflows of resources	<u>\$ 17,199,138</u>	<u>\$ 21,921,722</u>
Net position:		
Net investment in capital assets	\$ 20,772,723	\$ 17,649,945
Restricted	1,936,073	1,813,759
Unrestricted	47,928,626	32,845,799
Total net position	<u>\$ 70,637,422</u>	<u>\$ 52,309,503</u>

Statement of Activities

	Governmental Activities 2023	Governmental Activities 2022
Program revenues		
Charges for services	\$ 3,937,448	\$ 3,078,475
Operating grants and contributions	24,536,304	16,126,913
Capital grants and contributions	149,204	259,224
General revenues		
Property taxes	43,245,916	41,831,688
Other taxes	13,546,551	12,480,639
Revenue from use of money and property	2,445,688	267,732
Miscellaneous	1,681,305	3,569,906
Gain on disposal of capital assets	-	49,500
Grants and contributions not restricted to specific programs	4,725,806	4,120,270
Total revenues	94,268,222	81,784,347
Expenses		
General government	4,855,747	5,599,547
Judicial administration	2,127,879	2,042,480
Public safety	14,958,963	14,792,403
Public works	5,002,470	3,722,983
Health and welfare	13,589,288	11,892,612
Education	28,375,905	29,791,135
Parks, recreation and cultural	2,466,192	2,497,995
Community development	2,704,597	1,542,439
Interest on debt	1,224,118	1,251,835
Total expenses	75,305,159	73,133,429
Change in net position	\$ 18,963,063	\$ 8,650,918

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 \$59,206,545; .23% or \$136,779 constitutes nonspendable fund balance, 13.60% or \$8,051,467 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 8.52% or \$5,044,229 has been committed by action of the Board of Supervisors and 18.66% or \$11,049,755 has been assigned by the Board of Supervisors. The remaining balance, \$34,924,315 or 58.99% 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 \$51,468,030 of this amount \$34,924,315 was considered unassigned.

Total general fund revenues increased \$6,646,508 and expenditures decreased \$3,874,614 over prior year amounts. For fiscal year ended June 30, 2023, revenues exceeded expenditures by \$13,961,942 for the general fund, as compared to the fiscal year ended June 30, 2022, revenues exceeded expenditures by \$3,379,462 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 \$79,349,333 for fiscal year 2023. The actual revenues were \$85,532,571 which is a favorable variance of \$6,183,238. The favorable variance is attributed largely to revenues exceeding the budget for general property taxes, other local taxes revenue from use of money, and charges for services. The budgeted expenditures were \$76,136,140 for the County. The actual expenditures were \$70,679,126 which is a favorable variance of \$5,457,014 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, 2023 amounts to \$44,249,991 (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 2023 were for the addition to the Washington County Courthouse, purchase of building for future Washington County Animal Shelter, lights at Leo Sholes Memorial Park and vehicles for Sheriff’s Office.

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	\$	1,487,771
Net OPEB liabilities		2,453,775
Net pension liability		4,083,066
General obligation bonds		22,567,819
Lease revenue notes		9,029,443
Lease payables		524,022
Note payable		16,602
Landfill post-closure costs		144,444
Literary loans		86,069
Total	\$	<u>40,393,011</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 2023 unemployment rate for the County of Washington, Virginia was 3.0%, which remained stable from June 2022. The County’s unemployment rate is slightly above the state’s average unemployment rate of 2.7% and below the national average rate of 3.6%.

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, 2023

	Primary Government Governmental Activities	Component Units School Board	Other
ASSETS			
Cash and cash equivalents	\$ 45,145,357	\$ 14,360,478	\$ 4,090,115
Cash in custody of others	-	1,888,204	30,000
Investments	6,545,551	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	18,052,852	-	-
Accounts receivable	3,347,223	718,311	156,259
Notes receivable	-	-	7,902,051
Leases receivable	-	-	1,478,802
Rent receivable	-	-	22,752
Grants receivable	-	-	216,101
Due from primary government	-	4,040,188	-
Due from other governmental units	4,534,881	4,881,658	32,977
Inventories	1,353,162	-	45,258
Prepaid items	136,779	1,156,784	33,363
Net pension asset	-	-	55,143
Net OPEB asset	42,245	-	-
Restricted assets:			
Investments (in custody of others)	8,889,318	-	-
Capital assets:			
Capital assets, not being depreciated/amortized	14,203,459	5,613,039	57,859,008
Capital assets, net of accumulated depreciation/amortization	30,046,532	13,278,463	9,993,659
Total assets	\$ 132,297,359	\$ 45,937,125	\$ 81,915,488
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	\$ 1,130,280	\$ -	\$ 1,406,778
Pension related items	2,260,996	11,200,094	55,520
OPEB related items	304,766	3,541,082	4,350
Total deferred outflows of resources	\$ 3,696,042	\$ 14,741,176	\$ 1,466,648
LIABILITIES			
Accounts payable	\$ 2,348,367	\$ 855,044	\$ 299,529
Accrued liabilities	-	1,162,151	-
Accrued wages	72,031	9,199,281	28,606
Accrued interest payable	234,107	-	41,242
Assets held for others	30,000	-	-
Due to component unit	4,040,188	-	-
Unearned revenue	1,039,137	-	115,609
Long-term liabilities:			
Due within one year	3,831,942	2,140,666	1,109,280
Due in more than one year	36,561,069	65,856,808	10,507,825
Total liabilities	\$ 48,156,841	\$ 79,213,950	\$ 12,102,091
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 14,539,816	\$ -	\$ -
Pension related items	2,145,914	12,440,957	79,072
OPEB related items	513,408	2,003,675	4,349
Lease related items	-	-	1,434,983
Total deferred inflows of resources	\$ 17,199,138	\$ 14,444,632	\$ 1,518,404
NET POSITION			
Net investment in capital assets	\$ 20,772,723	\$ 18,558,066	\$ 67,382,766
Restricted	1,936,073	6,536,893	-
Unrestricted	47,928,626	(58,075,240)	2,378,875
Total net position	\$ 70,637,422	\$ (32,980,281)	\$ 69,761,641

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, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Unit	
			Grants and Contributions	Capital Grants and Contributions		School Board	Other Component Units
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 4,855,747	\$ 734,341	\$ 668,608	\$ -	\$ (3,452,798)	\$ -	\$ -
Judicial administration	2,127,879	13,312	1,282,093	-	(832,474)	-	-
Public safety	14,958,963	1,445,947	8,315,796	33,404	(5,163,816)	-	-
Public works	5,002,470	1,639,339	2,327,168	-	(1,035,963)	-	-
Health and welfare	13,589,288	-	10,318,195	-	(3,271,093)	-	-
Education	28,375,905	-	-	-	(28,375,905)	-	-
Parks, recreation, and cultural	2,466,192	24,028	206,597	115,800	(2,119,767)	-	-
Community development	2,704,597	80,481	1,010,000	-	(1,614,116)	-	-
Interest on long-term debt	1,224,118	-	407,847	-	(816,271)	-	-
Total government activities	\$ 75,305,159	\$ 3,937,448	\$ 24,536,304	\$ 149,204	\$ (46,682,203)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 94,460,250	\$ 4,222,412	\$ 73,734,730	\$ 2,669,081	\$ -	\$ (13,834,027)	\$ -
Other Component Units	4,397,291	2,512,109	536,538	2,398,075	-	-	1,049,431
Total component units	\$ 98,857,541	\$ 6,734,521	\$ 74,271,268	\$ 5,067,156	\$ -	\$ (13,834,027)	\$ 1,049,431
General revenues:							
General property taxes					\$ 43,245,916	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					10,204,389	-	-
Consumers' utility taxes					1,168,643	-	-
Utility license taxes					134,472	-	-
Motor vehicle licenses					1,100,133	-	-
Bank stock taxes					64,151	-	-
Taxes on recordation and wills					548,202	-	-
Hotel and motel room taxes					326,561	-	-
Unrestricted revenues from use of money					2,445,688	94,688	393,662
Miscellaneous					1,681,305	1,407,313	22,040
					-	27,932,527	593,392
					4,725,806	-	-
Grants and contributions not restricted to specific programs							
Total general revenues					\$ 65,645,266	\$ 29,434,528	\$ 1,009,094
Change in net position					\$ 18,963,063	\$ 15,600,501	\$ 2,058,525
Net position - beginning, as restated					\$ 51,674,359	\$ (48,580,782)	\$ 67,703,116
Net position - ending					\$ 70,637,422	\$ (32,980,281)	\$ 69,761,641

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

County of Washington, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>ARPA</u>	<u>County Capital Improvements</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 44,196,813	\$ 887,451	\$ 61,093	\$ 45,145,357
Investments	6,545,551	-	-	6,545,551
Receivables (net of allowance for uncollectibles):				
Taxes receivable	18,052,852	-	-	18,052,852
Other receivables	3,231,507	-	115,716	3,347,223
Due from other governmental units	4,534,881	-	-	4,534,881
Prepaid items	105,983	30,796	-	136,779
Restricted assets:				
Investments	-	-	8,889,318	8,889,318
Total assets	<u>\$ 76,667,587</u>	<u>\$ 918,247</u>	<u>\$ 9,066,127</u>	<u>\$ 86,651,961</u>
LIABILITIES				
Accounts payable	\$ 971,297	\$ 6,000	\$ 1,371,070	\$ 2,348,367
Accrued wages	72,031	-	-	72,031
Amount held for others	30,000	-	-	30,000
Due to component unit	4,040,188	-	-	4,040,188
Unearned revenue	170,348	868,789	-	1,039,137
Total liabilities	<u>\$ 5,283,864</u>	<u>\$ 874,789</u>	<u>\$ 1,371,070</u>	<u>\$ 7,529,723</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 18,456,925	\$ -	\$ -	\$ 18,456,925
Unavailable revenue - opioid settlement	1,458,768	-	-	1,458,768
Total deferred inflows of resources	<u>\$ 19,915,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,915,693</u>
FUND BALANCES				
Nonspendable	\$ 105,983	\$ 30,796	\$ -	\$ 136,779
Restricted	422,398	12,662	7,616,407	8,051,467
Committed	5,044,229	-	-	5,044,229
Assigned	10,971,105	-	78,650	11,049,755
Unassigned	34,924,315	-	-	34,924,315
Total fund balances	<u>\$ 51,468,030</u>	<u>\$ 43,458</u>	<u>\$ 7,695,057</u>	<u>\$ 59,206,545</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 76,667,587</u>	<u>\$ 918,247</u>	<u>\$ 9,066,127</u>	<u>\$ 86,651,961</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	59,206,545
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated/amortized	\$	14,203,459
Capital assets being depreciated/amortized		50,427,435
Accumulated depreciation/amortization		<u>(20,380,903)</u>
		44,249,991
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes	\$	3,917,109
Unavailable revenue - long-term receivable from opioid settlement		1,458,768
Donated assets held for resale		1,353,162
Net OPEB asset		<u>42,245</u>
		6,771,284
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	\$	1,130,280
Pension related items		2,260,996
OPEB related items		<u>304,766</u>
		3,696,042
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 notes	\$	(19,744,909)
General obligation bond premium		(2,822,910)
Literary loans		(86,069)
Note payable - finance purchase		(16,602)
Lease revenue notes		(8,619,346)
Lease revenue notes premium		(410,097)
Lease liabilities		(524,022)
Landfill post-closure liability		(144,444)
Net OPEB liabilities		(2,453,775)
Net pension liability		(4,083,066)
Compensated absences		(1,487,771)
Accrued interest payable		<u>(234,107)</u>
		(40,627,118)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds		
Pension related items	\$	(2,145,914)
OPEB related items		<u>(513,408)</u>
		(2,659,322)
Net position of governmental activities	\$	<u><u>70,637,422</u></u>

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, 2023

	<u>General</u>	<u>ARPA</u>	<u>County Capital Improvements</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 42,831,238	\$ -	\$ -	\$ 42,831,238
Other local taxes	13,546,551	-	-	13,546,551
Permits, privilege fees, and regulatory licenses	400,271	-	-	400,271
Fines and forfeitures	1,130,195	-	-	1,130,195
Revenue from the use of money and property	1,600,864	296,477	548,347	2,445,688
Charges for services	2,406,982	-	-	2,406,982
Miscellaneous	1,346,585	-	1,435	1,348,020
Recovered costs	1,115,616	-	782,309	1,897,925
Intergovernmental:				
Commonwealth	16,161,503	-	115,800	16,277,303
Federal	4,992,766	8,141,245	-	13,134,011
Total revenues	\$ 85,532,571	\$ 8,437,722	\$ 1,447,891	\$ 95,418,184
EXPENDITURES				
Current:				
General government administration	\$ 4,059,325	\$ 415,296	\$ -	\$ 4,474,621
Judicial administration	2,351,967	-	-	2,351,967
Public safety	11,875,097	4,703,619	-	16,578,716
Public works	2,519,331	2,220,651	11,930,267	16,670,249
Health and welfare	13,615,375	-	-	13,615,375
Education	28,039,941	-	-	28,039,941
Parks, recreation, and cultural	2,321,702	-	359,204	2,680,906
Community development	1,709,715	1,010,000	-	2,719,715
Nondepartmental	776,279	84,216	-	860,495
Debt service:				
Principal retirement	1,895,709	219,131	13,358	2,128,198
Interest and other fiscal charges	1,514,685	3,940	3,142	1,521,767
Total expenditures	\$ 70,679,126	\$ 8,656,853	\$ 12,305,971	\$ 91,641,950
Excess (deficiency) of revenues over (under) expenditures	\$ 14,853,445	\$ (219,131)	\$ (10,858,080)	\$ 3,776,234
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 931,509	\$ 931,509
Transfers out	(931,509)	-	-	(931,509)
Issuance of lease and subscription liabilities	40,006	219,131	33,669	292,806
Total other financing sources (uses)	\$ (891,503)	\$ 219,131	\$ 965,178	\$ 292,806
Net change in fund balances	\$ 13,961,942	\$ -	\$ (9,892,902)	\$ 4,069,040
Fund balances - beginning, as restated	37,506,088	43,458	17,587,959	55,137,505
Fund balances - ending	\$ 51,468,030	\$ 43,458	\$ 7,695,057	\$ 59,206,545

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, 2023

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

Net change in fund balances - total governmental funds	\$	4,069,040	
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/amortization expense. This is the detail of items supporting this adjustment:			
Capital outlays	\$	12,991,939	
Depreciation/amortization expense		<u>(2,099,305)</u>	10,892,634
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			(5,265)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	\$	414,678	
Opioid settlement		<u>333,285</u>	747,963
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:			
Increase in landfill post-closure liability	\$	(9,576)	
Lease liabilities		(73,675)	
Subscription liabilities		(219,131)	
Principal repayments:			
General obligation bonds and notes		901,898	
Literary loans		57,555	
Lease revenue notes		772,064	
Lease liabilities		161,679	
Subscription liabilities		219,131	
Note Payable - Finance Purchase		<u>15,871</u>	1,825,816
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 and lease revenue premium	\$	440,071	
Amortization of deferred amount on refunding		(68,502)	
Change in compensated absences		(12,795)	
Change in OPEB related items		110,411	
Change in pension related items		1,037,610	
Change in accrued interest payable		<u>(73,920)</u>	1,432,875
Change in net position of governmental activities	\$		<u><u>18,963,063</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 Funds
June 30, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 210,528
Accounts receivable	1,417
Total assets	<u>\$ 211,945</u>
NET POSITION	
Restricted for:	
Social services clients	\$ 53,420
School board employee fringe benefits	49,194
Soil erosion deposits	39,291
Commonwealth Attorney collection program	70,040
Total liabilities	<u>\$ 211,945</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, 2023

	Custodial Funds
Additions	
Interest	\$ 2,849
Social services receipts	39,644
Fringe benefits receipts from retirees	211,263
Soil erosion deposit	2,155
Commonwealth Attorney collections	70,874
Total additions	<u>\$ 326,785</u>
Deductions:	
Payments for social services clients	\$ 46,346
Payments for fringe benefits	193,626
Return of soil erosion deposits	9,950
Payments for Commonwealth Attorney Collections	69,605
Total deductions	<u>\$ 319,527</u>
 Net Increase (decrease) in fiduciary net position	 \$ 7,258
 Net Position, beginning	 204,687
Net Position, ending	<u><u>\$ 211,945</u></u>

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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 \$3,730,777 to the Regional Jail, \$157,556 to the Juvenile Commission, and \$237,500 to the Community Services Board. The County does not have any ongoing financial responsibility for these Organizations.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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.

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, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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, Traffic Enforcement, Anthem County Health Fund, Special Grant Fund, and VA Public Assistance.

The ARPA Fund is reported as a major *special revenue fund*. The fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for American Rescue Plan Act Funds.

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.

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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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.

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 \$805,134 at June 30, 2023 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$20,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20-50
Land improvements	10
Structures, lines, and accessories	20-40
Machinery and equipment	3-30
Leased land	7
Leased buildings	10
Leased land improvements	2
Leased equipment	4-5
Subscription asset	3-5

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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balances.” Governmental funds report the following categories of fund balance, based on the nature of any limitation requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually 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;
- 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 Board of Supervisors 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 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 generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets 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 resulted from the difference between 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 pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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 pension, OPEB, leases and future payments for the opioid settlement 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 (asset), 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, 2023

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

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

14. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease liability (lessee) or subscription liability.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

14. Leases and Subscription-Based IT Arrangements (Continued)

The County monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The County will remeasure the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or subscription liability.

15. Inventory/Donated Assets Held for Resale

Inventory/donated assets held for resale includes vehicles and equipment donated to the County. This inventory is valued at fair market value.

16. 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/amortization 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

A. Budgetary information (Continued)

2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the 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, the General Capital Projects Fund, and the ARPA Fund. 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.

B. Excess of expenditures over appropriations

For fiscal year 2023, no departments had an excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2023, 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3-Deposits and Investments: (Continued)

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 & 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).

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, 2023 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, 2023 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Value

Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f/S1
Local Government Investment Pool (LGIP)	\$ 600	\$ -
VIP Stable NAV Liq. Pool	4,419,196	-
VIP 1-3 Yr High Quality Bond Fund	-	2,126,355
SNAP	8,889,318	-

Concentration of Credit Risk

At June 30, 2023, 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)	\$ 600	\$ 600	\$ -
Virginia Investment Pool (VIP)	6,545,551	4,419,196	2,126,355
SNAP	8,889,318	8,889,318	-

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, 2023

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, 2023:

<u>Investments</u>	<u>6/30/2023</u>
Investments measured at the net asset value (NAV):	
VACO/VML VIP Stable Nav Liquidity Pool	\$ 4,419,196
VACO/VML VIP 1-3 Year High Quality Bond Fund	2,126,355
Total Investments measured at NAV	<u>\$ 6,545,551</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit- School Board
<u>Local Government:</u>		
Southwest Virginia Regional Jail	\$ 877,921	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,810,912	-
State sales tax	-	1,504,656
Categorical aid-shared expenses	389,745	-
Categorical aid-other	135,562	-
Noncategorical aid	124,343	-
Categorical aid-VPA funds	260,626	-
Categorical aid-CSA funds	585,900	-
<u>Federal Government:</u>		
Categorical aid-VPA funds	349,872	-
Categorical aid-other	-	3,377,002
Totals	<u>\$ 4,534,881</u>	<u>\$ 4,881,658</u>

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	<u>\$ 4,040,188</u>	<u>\$ -</u>
<u>Component Unit - School Board:</u>		
School Fund	<u>\$ -</u>	<u>\$ 4,040,188</u>

Note 7-Interfund Transfers and Balances:

Interfund transfers and remaining balances for the year ended June 30, 2023, consisted of the following:

Fund	Transfers In	Transfers Out
<u>Primary Government:</u>		
General Fund	\$ -	\$ 931,509
County Capital Improvement Fund	931,509	-
Total	<u>\$ 931,509</u>	<u>\$ 931,509</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Interfund Transfers and Balances: (Continued)

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

Note 8-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2023:

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2023
Direct Borrowings and Placements:				
General Obligation bonds and notes	\$ 20,646,807	\$ -	\$ (901,898)	\$ 19,744,909
General Obligation bond premium	3,190,210	-	(367,300)	2,822,910
Literary loans	143,624	-	(57,555)	86,069
Note payable - finance purchase	32,473	-	(15,871)	16,602
Total Direct Borrowings and Placements	<u>\$ 24,013,114</u>	<u>\$ -</u>	<u>\$ (1,342,624)</u>	<u>\$ 22,670,490</u>
Lease revenue notes	9,391,410	-	(772,064)	8,619,346
Lease revenue premium	482,868	-	(72,771)	410,097
Lease liabilities	612,026	73,675	(161,679)	524,022
Subscription liabilities	-	219,131	(219,131)	-
Landfill post-closure liability	134,868	9,576	-	144,444
Net OPEB liabilities	2,305,382	599,934	(451,541)	2,453,775
Net pension liability	1,182,064	5,280,461	(2,379,459)	4,083,066
Compensated absences	1,474,976	1,119,027	(1,106,232)	1,487,771
Total	<u>\$ 39,596,708</u>	<u>\$ 7,301,804</u>	<u>\$ (6,505,501)</u>	<u>\$ 40,393,011</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		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,326,042	\$ 1,156,287	\$ 796,099	\$ 288,506	\$ 226,574	\$ 10,376
2025	1,248,505	1,120,255	824,141	261,877	142,650	4,761
2026	1,240,319	1,086,020	860,697	230,718	140,880	1,937
2027	1,265,913	1,051,338	885,232	198,484	10,103	292
2028	716,801	582,838	733,281	167,473	1,877	123
2029-2033	2,490,000	2,516,569	2,135,731	516,282	1,938	62
2034-2038	3,150,000	1,855,413	1,650,884	245,111	-	-
2039-2043	3,825,000	1,183,750	733,281	23,103	-	-
2044-2048	4,585,000	424,565	-	-	-	-
Totals	<u>\$19,847,580</u>	<u>\$10,977,035</u>	<u>\$ 8,619,346</u>	<u>\$ 1,931,554</u>	<u>\$ 524,022</u>	<u>\$ 17,551</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023 follows:

	Primary Government	Component Unit- IDA	Total
Lease revenue notes	\$ 7,925,846	\$ 1,964,154	\$ 9,890,000
Premium	410,097	101,628	511,725
Total	<u>\$ 8,335,943</u>	<u>\$ 2,065,782</u>	<u>\$ 10,401,725</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue/ Implementation Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
Bonds and Notes:						
GO Bond	3.10-5.35%	12/23/2003	2024	\$ 972,237	\$ 56,922	\$ 56,922
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a	3,122	3,122
GO Bond	5.05%	11/1/2007	2027	1,565,886	439,052	84,479
GO Bond	5.05%	11/1/2007	2027	1,204,508	337,729	64,983
GO Bond	5.05%	11/1/2007	2027	1,243,435	348,643	67,083
GO Bond	5.05%	11/1/2007	2027	989,925	277,563	53,406
Premium on \$5,003,754 bonds	n/a	n/a	n/a	n/a	60,740	12,148
QSC Bond	5.31%	7/1/2010	2027	8,145,000	2,310,000	580,000
Note Payable - Finance Purchase	4.60%	11/26/2021	2024	48,676	16,602	16,602
VRA Note	2.49%	5/26/2021	2048	15,975,000	15,975,000	345,000
Premium on \$15,975,000 bonds	n/a	n/a	n/a	n/a	2,759,048	283,341
Literary Loans:						
State Literary Fund Loan	3.00%	3/15/2004	2024	\$ 302,206	\$ 15,116	\$ 15,116
State Literary Fund Loan	3.00%	3/15/2004	2024	279,506	13,981	13,981
State Literary Fund Loan	3.00%	5/1/2005	2025	439,616	43,976	21,980
State Literary Fund Loan	3.00%	5/1/2005	2025	129,816	12,996	6,490
Total Direct Borrowings and Placements					\$22,670,490	\$ 1,624,653
Lease Revenue Notes						
Lease Revenue Note	2.00%-4.00%	6/16/2016	2041	\$ 3,969,636	\$ 2,654,476	\$ 210,694
Lease Revenue Note	2.00%-4.00%	6/16/2016	2041	7,883,070	5,271,370	418,405
Premium on \$7,883,070 bonds	n/a	n/a	n/a	n/a	410,097	68,788
Lease Revenue Note	2.49%	9/24/2015	2026	1,612,500	693,500	167,000
Total Lease Revenue Notes					\$ 9,029,443	\$ 864,887
Lease Liabilities						
Mud Hollow Convenience Station	1.02%	7/1/2021	2026	\$ 12,225	\$ 7,020	\$ 1,728
Xerox Altalink-Library	0.91%	7/1/2021	2026	53,899	28,132	10,812
Sharp Copier-DSS	2.11%	7/1/2021	2023	31,383	1,359	1,359
Community Service Building-DSS	2.01%	7/1/2021	2026	1,136,990	364,766	119,155
Parking Lot	3.85%	7/1/2021	2024	64,820	67,576	67,576
Hayters Gap convenience Station	3.22%	7/1/2022	2028	12,755	10,755	1,653
4 Lexmark XC4342 System	2.82%	6/6/2023	2027	27,251	26,651	6,528
Parking Lot KVAT	2.45%	8/10/2022	2024	33,669	17,763	17,763
Total Lease Liabilities					\$ 524,022	\$ 226,574
Other Obligations						
Landfill Post-closure liability	n/a	n/a	n/a	n/a	\$ 144,444	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,453,775	-
Net pension liability	n/a	n/a	n/a	n/a	4,083,066	-
Compensated Absences	n/a	n/a	n/a	n/a	1,487,771	1,115,828
Total Other Obligations					\$ 8,169,056	\$ 1,115,828
Total Long-term Obligations					\$40,393,011	\$ 3,831,942

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023:

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2023
Compensated absences	\$ 3,068,179	\$ 2,087,176	\$ (2,301,134)	\$ 2,854,221
Net OPEB liabilities	16,100,289	4,269,509	(2,834,018)	17,535,780
Net pension liability - VRS ⁽¹⁾	32,249,625	31,253,218	(23,504,538)	39,998,305
Net pension liability - supplemental retirement program	7,622,356	1,647,338	(1,660,526)	7,609,168
Total	<u>\$ 59,040,449</u>	<u>\$ 39,257,241</u>	<u>\$ (30,300,216)</u>	<u>\$ 67,997,474</u>

⁽¹⁾ Beginning balance includes School Board (nonprofessional's) net pension asset balance of \$297,161, which was not included in prior year ending balance reported. The School Board (nonprofessional) reported a net pension asset at the start of the year and a net pension liability at the end of the year.

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	\$ 2,854,221	\$ 2,140,666
Net OPEB liabilities	n/a	n/a	n/a	n/a	17,535,780	-
Net pension liability - VRS	n/a	n/a	n/a	n/a	39,998,305	-
Net pension liability - supplemental retirement program	n/a	n/a	n/a	n/a	7,609,168	-
Total Other Obligations					<u>\$ 67,997,474</u>	<u>\$ 2,140,666</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, 2023

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.

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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

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, 2021 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	233	133
Inactive members:		
Vested inactive members	53	17
Non-vested inactive members	66	29
Inactive members active elsewhere in VRS	116	13
Total inactive members	235	59
Active members	269	80
Total covered employees	737	272

(1) Includes Component Unit Washington Park Authority

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, 2023 was 12.13% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$1,579,128 and \$1,396,027 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit Washington County Park Authority's (WCPA) contractually required contribution rate for the year ended June 30, 2023 was 12.13% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

Contributions (Continued)

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 \$5,549 and \$4,812 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 7.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$195,242 and \$185,351 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPLA) 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 (assets) were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021, 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, 2022.

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023, the alternate rate was the employer contribution rate used in FY2012 for 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, 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, 2022 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 (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 56,508,504	\$ 55,326,440	\$ 1,182,064
Changes for the year:			
Service cost	\$ 1,395,740	\$ -	\$ 1,395,740
Interest	3,801,944	-	3,801,944
Differences between expected and actual experience	(395,609)	-	(395,609)
Impact in change of proportion	(2,269)	(2,222)	(47)
Contributions - employer	-	1,391,545	(1,391,545)
Contributions - employee	-	590,988	(590,988)
Net investment income	-	(48,279)	48,279
Benefit payments, including refunds of employee contributions	(3,153,733)	(3,153,733)	-
Administrative expenses	-	(34,498)	34,498
Other changes	-	1,270	(1,270)
Net changes	\$ 1,646,073	\$ (1,254,929)	\$ 2,901,002
Balances at June 30, 2022	\$ 58,154,577	\$ 54,071,511	\$ 4,083,066

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (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, 2021	\$ 212,249	\$ 207,809	\$ 4,440
Changes for the year:			
Service cost	\$ 5,299	\$ -	\$ 5,299
Interest	14,434	-	14,434
Differences between expected and actual experience	(1,502)	-	(1,502)
Impact in change of proportion	2,269	2,222	47
Contributions - employer	-	5,283	(5,283)
Contributions - employee	-	2,244	(2,244)
Net investment income	-	(183)	183
Benefit payments, including refunds of employee contributions	(11,973)	(11,973)	-
Administrative expenses	-	(131)	131
Other changes	-	5	(5)
Net changes	\$ 8,527	\$ (2,533)	\$ 11,060
Balances at June 30, 2022	\$ 220,776	\$ 205,276	\$ 15,500

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2021	\$ 15,376,698	\$ 15,673,859	\$ (297,161)
Changes for the year:			
Service cost	\$ 221,788	\$ -	\$ 221,788
Interest	1,017,071	-	1,017,071
Differences between expected and actual experience	(300,724)	-	(300,724)
Contributions - employer	-	185,390	(185,390)
Contributions - employee	-	126,652	(126,652)
Net investment income	-	(4,590)	4,590
Benefit payments, including refunds of employee contributions	(1,061,529)	(1,061,529)	-
Administrative expenses	-	(9,935)	9,935
Other changes	-	350	(350)
Net changes	\$ (123,394)	\$ (763,662)	\$ 640,268
Balances at June 30, 2022	\$ 15,253,304	\$ 14,910,197	\$ 343,107

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

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

The following presents the net pension liability (asset) 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 (asset) 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 (Asset)	\$	11,443,796	\$ 4,083,066	\$ (1,946,114)
Component Unit Washington County Park Authority				
Net Pension Liability (Asset)	\$	43,445	\$ 15,500	\$ (7,388)
Component Unit School Board (nonprofessional)				
Net Pension Liability (Asset)	\$	1,954,305	\$ 343,107	\$ (1,004,193)

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

For the year ended June 30, 2023, the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) recognized pension expense of \$537,036, \$2,287, and \$(15,900), respectively. At June 30, 2023, 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	\$ -	\$ 541,357	\$ -	\$ 1,996	\$ -	\$ 149,182
Net difference between projected and actual earnings on pension plan investments	-	1,598,480	-	7,909	-	472,711
Change in assumptions	681,868	-	2,561	-	25,063	-
Change in proportionate share	-	6,077	6,077	-	-	-
Employer contributions subsequent to the measurement date	1,579,128	-	5,549	-	195,242	-
Total	\$ 2,260,996	\$ 2,145,914	\$ 14,187	\$ 9,905	\$ 220,305	\$ 621,893

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

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

\$1,579,128, \$5,549, and \$195,242 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, 2024. 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)
2024	\$ (351,783)	\$ (1,478)	(302,977)
2025	(780,328)	1,386	(188,014)
2026	(1,080,338)	(4,016)	(313,231)
2027	748,403	2,841	207,392

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$6,399,312 and \$6,187,637 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

At June 30, 2023, the school division reported a liability of \$39,655,198 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.41652% as compared to 0.41925% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$1,157,559. 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included in the pension expense calculation.

At June 30, 2023, 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	\$ -	\$ 2,734,383
Net difference between projected and actual earnings on pension plan investments	-	5,170,207
Change of assumptions	3,738,686	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	825	1,259,111
Employer contributions subsequent to the measurement date	<u>6,399,312</u>	<u>-</u>
Total	<u>\$ 10,138,823</u>	<u>\$ 9,163,701</u>

\$6,399,312 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, 2024.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)

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>
2024	\$ (1,992,264)
2025	(2,151,581)
2026	(3,560,034)
2027	2,279,689

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally, 110% of rates for males

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability (Asset)	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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.

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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 (Asset)	\$ 70,827,219	\$ 39,655,198	\$ 14,274,318

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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;
- 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Plan Description: (Continued)

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, 2023

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, 2023
Measurement Date	June 30, 2023
Mortality Table	Pub-2010 Public Retirement Plans Teachers Amount-Weighted mortality table projected generationally with Scale MP-2021
Discount Rate	4.00% for July 1, 2023 4.00% for July 1, 2022
Expected Long Term Rate of Return	4.00% for July 1, 2023 4.00% for July 1, 2022
Municipal Bond Rate	3.86% for July 1, 2023 3.69% for July 1, 2022
Inflation	2.50% per year
Salary Increase	4.00% 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.

Plan Membership

As of June 30, 2023, membership in the Supplemental Retirement Program was comprised as follows:

Active participants	815
Active in contract period	15
Participants receiving benefits	<u>79</u>
Total	909

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023 is as follows:

Total pension liability (TPL)	\$ 17,713,286
Plan fiduciary net position	10,104,118
Net pension liability (NPL)	<u>\$ 7,609,168</u>
Plan fiduciary net position as a percentage of the total pension liability	57.04%
Covered employee payroll	\$ 39,846,110
Net pension liability as a percentage of covered payroll	19.10%

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 4.00%, 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 (3.00%) or one percentage point higher (5.00%) than the current rate:

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

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 19,067,201	\$ 17,713,286	\$ 16,477,266
Plan Fiduciary Net Position	10,104,118	10,104,118	10,104,118
Net Pension Liability	<u>\$ 8,963,083</u>	<u>\$ 7,609,168</u>	<u>\$ 6,373,148</u>

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 assets 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Summary of Deferred Outflows and Inflows of Resources (Continued)

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	\$ 634,778	\$ 424,086
Change in assumptions	100,493	2,231,277
Net difference between projected and actual earnings on pension plan investments	105,695	-
Total	<u>\$ 840,966</u>	<u>\$ 2,655,363</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,	
2024	\$ (365,971)
2025	(359,093)
2026	(301,937)
2027	(288,244)
2028	(273,923)
Thereafter	(225,229)

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Components of Pension Expense

	Pension Expense
Service Cost	\$ 619,502
Interest Cost	690,950
Projected Earnings on Plan Assets	(384,460)
Recognition of Outflow (Inflow) of Resources due to differences between expected and actual experience in the measurement of total pension liability	101,712
Recognition of Outflow (Inflow) of Resources due to assumption change	(406,800)
Recognition of Outflow (Inflow) of Resources due to differences between projected and actual earnings on plan investments	(86,045)
Administrative Expense	45,000
Pension Expense	<u>\$ 579,859</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	\$ 2,260,996	\$ 2,145,914	\$ 4,083,066	\$ 537,036	\$ 14,187	\$ 9,905	\$ 15,500	\$ 2,287

*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	\$ 220,305	\$ 621,893	\$ 343,107	\$ (15,900)
School Board Professional	10,138,823	9,163,701	39,655,198	1,157,559
School Board Supplemental:				
Retirement Plan (Note 10)	840,966	2,655,363	7,609,168	579,859
Totals	<u>\$ 11,200,094</u>	<u>\$ 12,440,957</u>	<u>\$ 47,607,473</u>	<u>\$ 1,721,518</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	278
Total retirees with coverage	<u>7</u>
Total	<u>285</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, 2023 was \$65,414.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 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
Inflation	2.50%
Discount Rate	3.65% for accounting and funding disclosures as of June 30, 2023 3.54% for accounting and funding disclosures as of June 30, 2022
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 4.30% in 2023, increases to 6.40% in 2024, then decreases to an ultimate 3.90% in 2073
Salary Increases	5.35% to 3.50% depending on years of service for general employees; 4.75% to 3.50% depending on years of service for public safety employees
Retirement Age	The average age at retirement is 62

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions (Continued)

Mortality Rates (General Employees)

- **Pre-Retirement:**
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service related.
- **Post-Retirement:**
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Post-Disablement:**
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Beneficiaries and survivors:**
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Mortality Rates (Public Safety Employees)

- **Pre-Retirement:**
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 35% of deaths are assumed to be service-related.
- **Post-Retirement:**
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Post-Disablement:**
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Beneficiaries and survivors:**
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2023 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2016 to June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

	Primary Government Total OPEB Liability
Balances at June 30, 2022	\$ 1,646,754
Changes for the year:	
Service cost	104,849
Interest	60,859
Changes in assumptions	(27,572)
Effect of economic/demographic gains or losses	31,227
Benefit payments	(65,414)
Net changes	\$ 103,949
Balances at June 30, 2023	\$ 1,750,703

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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 1,929,812	\$ 1,750,703	\$ 1,593,002

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 or one percentage point higher than the current healthcare cost trend rates:

Rate		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 1,545,789	\$ 1,750,703	\$ 1,992,614

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

For the year ended June 30, 2023, the County recognized OPEB expense in the amount of \$36,192. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 51,860	\$ 23,593
Changes in assumptions	40,669	311,876
Total	<u>\$ 92,529</u>	<u>\$ 335,469</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

2024	\$ (122,911)
2025	(63,107)
2026	(48,151)
2027	(9,101)
2028	330

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.

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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	915
Total retirees with coverage	31
Total spouses of retirees	<u>6</u>
Total	<u>952</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, 2023 was \$447,230.

Total OPEB Liability

The Schools' net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 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
Inflation	2.50%
Discount Rate	3.65% for accounting and funding disclosures as of June 30, 2023 3.54% for accounting and funding disclosures as of June 30, 2022
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 4.80% in 2023, increases to 6.50% in 2024, then decreases to an ultimate 3.90% in 2074
Salary Increases	5.35% to 3.50% depending on years of service for general employees; 5.95% to 3.50% depending on years of service for teachers
Retirement Age	The average age at retirement is 62

Mortality Rates - General Employees

- Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service related.
- Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Mortality Rates - General Employees (Continued)

- **Post-Disablement:**
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Beneficiaries and survivors:**
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Mortality Rates - Teachers

- **Pre-Retirement:**
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service related.
- **Post-Retirement:**
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Post-Disablement:**
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Beneficiaries and survivors:**
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2023 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2016 to June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.

Discount Rate

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balances at June 30, 2022	\$ 8,236,302
Changes for the year:	
Service cost	520,228
Interest	302,134
Effect of plan changes	571,186
Changes in assumptions	257,510
Effect of economic/demographic gains or losses	345,099
Benefit payments	(447,230)
Net changes	\$ 1,548,927
Balances at June 30, 2023	\$ 9,785,229

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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 10,468,920	\$ 9,785,229	\$ 9,135,050

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 or one percentage point higher than the current healthcare cost trend rates:

Rate		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 8,824,667	\$ 9,785,229	\$ 10,904,278

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

For the year ended June 30, 2023, the Schools will recognize OPEB expense in the amount of \$1,632,710. At June 30, 2023, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 692,289	\$ -
Changes in assumptions	1,620,129	894,720
Total	<u>\$ 2,312,418</u>	<u>\$ 894,720</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

2024	\$ 239,162
2025	277,606
2026	295,591
2027	295,591
2028	209,309
Thereafter	100,439

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:

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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.

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, seatbelt 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 \$8,984 as of June 30, 2023.

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% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$75,194 and \$68,583 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (non-professional) were \$16,480 and \$14,959 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (professional) were \$217,137 and \$208,185 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

At June 30, 2023, the County reported a liability of \$703,072 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit-School Board (nonprofessional) reported a liability of \$153,281 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit-School Board (professional) reported a liability of \$2,134,020 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2022, the County's proportion was 0.05840% as compared to 0.05660% at June 30, 2021.

At June 30, 2022, the Component Unit-School Board (nonprofessional) proportion was 0.01270% as compared to 0.01370% at June 30, 2021.

At June 30, 2022, the Component Unit-School Board (professional) proportion was 0.17720% as compared to 0.17840% at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$23,776. 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, 2023, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of (\$17). 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, 2023, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$28,666. 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.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)

At June 30, 2023, 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	\$ 55,674	\$ 28,206	\$ 12,138	\$ 6,149	\$ 168,988	\$ 85,612
Net difference between projected and actual earnings on GLI OPEB plan investments	-	43,932	-	9,578	-	133,345
Change in assumptions	26,223	68,482	5,717	14,930	79,596	207,862
Changes in proportion	30,034	8,413	1,212	16,840	1,182	87,933
Employer contributions subsequent to the measurement date	75,194	-	16,480	-	217,137	-
Total	\$ 187,125	\$ 149,033	\$ 35,547	\$ 47,497	\$ 466,903	\$ 514,752

\$75,194, \$16,480, and \$217,137 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, 2024. 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)
2024	\$ (8,900)	\$ (7,599)	\$ (74,663)
2025	(7,418)	(5,914)	(61,451)
2026	(29,871)	(10,386)	(121,388)
2027	10,131	(1,184)	11,144
2028	(1,044)	(3,347)	(18,628)

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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 Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardious Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

 Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Mortality Rates - Teachers (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions: (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14-Group Life Insurance (GLI) 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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

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 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, 2022, 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, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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	\$ 1,023,052	\$ 703,072	\$ 444,484
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 223,042	\$ 153,281	\$ 96,905
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 3,105,249	\$ 2,134,020	\$ 1,349,134

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Plan Description (Continued)

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.

Employees Covered by Benefit Terms

As of the June 30, 2021 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	29	68
Inactive members:		
Vested inactive members	2	7
Inactive members active elsewhere in VRS	0	14
Total inactive members	31	89
Active members	78	83
Total covered employees	109	172

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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, 2023 was 0.00% of covered employee compensation. The Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2023 was 1.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$0 and \$3,776 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions from the Component Unit - School board (Nonprofessional) to the Health Insurance Credit Program were \$35,401 and \$29,365 for the year ended June 30, 2023 and June 30, 2022, 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, 2022. The total HIC OPEB liability (asset) was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions: (Continued)

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 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, 2023

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, 2021	\$ 204,871	\$ 257,297	\$ (52,426)
Changes for the year:			
Service cost	\$ 3,287	\$ -	\$ 3,287
Interest	13,387	-	13,387
Differences between expected and actual experience	(18,670)	-	(18,670)
Assumption changes	25,390	-	25,390
Contributions - employer		3,776	(3,776)
Net investment income	-	674	(674)
Benefit payments	(19,666)	(19,666)	-
Administrative expenses	-	(428)	428
Other changes	-	9,191	(9,191)
Net changes	\$ 3,728	\$ (6,453)	\$ 10,181
Balances at June 30, 2022	\$ 208,599	\$ 250,844	\$ (42,245)

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2021	\$ 289,778	\$ 241	\$ 289,537
Changes for the year:			
Service cost	\$ 2,498	\$ -	\$ 2,498
Interest	18,729	-	18,729
Differences between expected and actual experience	8,380	-	8,380
Assumption changes	12,391	-	12,391
Contributions - employer	-	29,371	(29,371)
Net investment income	-	(3)	3
Benefit payments	(29,627)	(29,627)	-
Administrative expenses	-	(9)	9
Other changes	-	5,982	(5,982)
Net changes	\$ 12,371	\$ 5,714	\$ 6,657
Balances at June 30, 2022	\$ 302,149	\$ 5,955	\$ 296,194

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

The following presents the County's and Component Unit-School Board's (Nonprofessional) HIC Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, as well as what the County's and Component Unit-School Board's (Nonprofessional) 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)	\$ (22,529)	\$ (42,245)	\$ (59,260)
Component Unit-School Board (Nonprofessional) Net HIC OPEB Liability	\$ 322,047	\$ 296,194	\$ 273,730

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

For the year ended June 30, 2023, the County and Component Unit-School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$(12,002) and \$17,427, respectively. At June 30, 2023, 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	\$ 2,062	\$ 21,925	\$ 28,058	\$ 80,472
Net difference between projected and actual earnings on HIC OPEB plan investments	-	6,981	123	-
Change in assumptions	23,050	-	25,568	-
Employer contributions subsequent to the measurement date	-	-	35,401	-
Total	\$ 25,112	\$ 28,906	\$ 89,150	\$ 80,472

\$35,401 reported as deferred outflows of resources related to the HIC OPEB resulting from the 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit- School Board (Non-professional)
2024	\$ (1,878)	\$ 1,904
2025	(1,827)	(32,126)
2026	(4,542)	3,455
2027	4,453	44

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023

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:

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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$486,108 and \$466,520 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

At June 30, 2023, the school division reported a liability of \$5,167,056 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, 2022 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, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Program was 0.41368% as compared to 0.41589% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$339,552. 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 proportionate share and differences between actual and expected contributions.

At June 30, 2023, 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	\$ -	\$ 210,617
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	5,186
Change in assumptions	150,956	13,195
Change in proportionate share and differences between actual and expected contributions	-	237,236
Employer contributions subsequent to the measurement date	<u>486,108</u>	<u>-</u>
Total	<u>\$ 637,064</u>	<u>\$ 466,234</u>

\$486,108 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, 2024.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)

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>	
2024	\$ (89,158)
2025	(82,342)
2026	(64,855)
2027	(27,478)
2028	(27,787)
Thereafter	(23,658)

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, 2021, 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, 2022.

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

Mortality Rates - Teachers

Pre-Retirement:

 Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

 Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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, 2022, 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	\$ 1,470,891
Plan Fiduciary Net Position	221,845
Teacher Employee Net HIC OPEB Liability (Asset)	<u>\$ 1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%

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, 2023

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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

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, 2022, 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, 2022 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, 2023

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	\$ 5,823,331	\$ 5,167,056	\$ 4,610,748

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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)	\$ 92,529	\$ 335,469	\$ 1,750,703	\$ 36,192	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 13)	-	-	-	-	2,312,418	894,720	9,785,229	1,632,710
VRS OPEB Plans:								
Group Life Insurance Plan (Note 14)								
County	187,125	149,033	703,072	23,776	-	-	-	-
School Board Nonprofessional	-	-	-	-	35,547	47,497	153,281	(17)
School Board Professional	-	-	-	-	466,903	514,752	2,134,020	28,666
Health Insurance Credit Plan (Note 15)	25,112	28,906	(42,245)	(12,002)	89,150	80,472	296,194	17,427
Teacher Health Insurance Credit Plan (Note 16)	-	-	-	-	637,064	466,234	5,167,056	339,552
Totals	\$ 304,766	\$ 513,408	\$ 2,411,530	\$ 47,966	\$ 3,541,082	\$ 2,003,675	\$ 17,535,780	\$ 2,018,338

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 18-Capital Assets:

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 1,745,423	\$ 113,637	\$ -	\$ 1,859,060
Construction in progress	1,516,810	10,827,589	-	12,344,399
Total capital assets not being depreciated/amortized	<u>\$ 3,262,233</u>	<u>\$ 10,941,226</u>	<u>\$ -</u>	<u>\$ 14,203,459</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 36,959,709	\$ 715,975	\$ (211,935)	\$ 37,463,749
Improvements other than buildings	352,590	235,904	-	588,494
Machinery and equipment	10,690,432	806,028	(157,876)	11,338,584
Lease land	16,206	12,755	-	28,961
Lease buildings	596,016	-	-	596,016
Lease improvements other than buildings	64,820	33,669	-	98,489
Lease machinery and equipment	78,763	27,251	(12,003)	94,011
Subscription asset	-	219,131	-	219,131
Total capital assets being depreciated/amortized	<u>\$ 48,758,536</u>	<u>\$ 2,050,713</u>	<u>\$ (381,814)</u>	<u>\$ 50,427,435</u>
Accumulated depreciation/amortization:				
Buildings	\$ (10,984,631)	\$ (719,116)	\$ 211,935	\$ (11,491,812)
Improvements other than buildings	(212,958)	(28,715)	-	(241,673)
Machinery and equipment	(7,311,162)	(1,081,101)	152,611	(8,239,652)
Lease land	(3,716)	(5,537)	-	(9,253)
Lease buildings	(119,138)	(119,137)	-	(238,275)
Lease improvements other than buildings	(1,421)	(48,015)	-	(49,436)
Lease machinery and equipment	(25,121)	(24,570)	12,003	(37,688)
Subscription asset	-	(73,114)	-	(73,114)
Total accumulated depreciation/amortization	<u>\$ (18,658,147)</u>	<u>\$ (2,099,305)</u>	<u>\$ 376,549</u>	<u>\$ (20,380,903)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 30,100,389</u>	<u>\$ (48,592)</u>	<u>\$ (5,265)</u>	<u>\$ 30,046,532</u>
Governmental activities capital assets, net	<u><u>\$ 33,362,622</u></u>	<u><u>\$ 10,892,634</u></u>	<u><u>\$ (5,265)</u></u>	<u><u>\$ 44,249,991</u></u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 18-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 227,135
Judicial administration	2,051
Public safety	730,302
Public works	514,201
Health and welfare	178,015
Education	335,964
Parks, recreation, and cultural	111,637
Total depreciation/amortization expense-primary government	<u>\$ 2,099,305</u>

Capital asset activity for the School Board for the year ended June 30, 2023 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	125,065	2,668,499	-	2,793,564
Total capital assets not being depreciated	<u>\$ 2,944,540</u>	<u>\$ 2,668,499</u>	<u>\$ -</u>	<u>\$ 5,613,039</u>
Capital assets, being depreciated:				
Buildings	\$ 45,125,264	\$ -	\$ -	\$ 45,125,264
Machinery and equipment	25,883,525	1,517,141	(203,650)	27,197,016
Total capital assets being depreciated	<u>\$ 71,008,789</u>	<u>\$ 1,517,141</u>	<u>\$ (203,650)</u>	<u>\$ 72,322,280</u>
Accumulated depreciation:				
Buildings	\$ (38,002,336)	\$ (561,462)	\$ -	\$ (38,563,798)
Machinery and equipment	(19,266,400)	(1,417,269)	203,650	(20,480,019)
Total accumulated depreciation	<u>\$ (57,268,736)</u>	<u>\$ (1,978,731)</u>	<u>\$ 203,650</u>	<u>\$ (59,043,817)</u>
Total capital assets being depreciated, net	<u>\$ 13,740,053</u>	<u>\$ (461,590)</u>	<u>\$ -</u>	<u>\$ 13,278,463</u>
Governmental activities capital assets, net	<u>\$ 16,684,593</u>	<u>\$ 2,206,909</u>	<u>\$ -</u>	<u>\$ 18,891,502</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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.

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 21-Surety Bonds: (Continued)

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

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 \$67,919 liability is the total estimated post-closure care liability at June 30, 2023 and represents what it would cost to perform all post-closure care in 2023. (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.

In addition to the landfill, the County has a transfer station which require certain closure costs once it is no longer in use. For June 30, 2023, the estimated closure costs for the transfer station are \$76,525. (Actual costs for closure may change due to inflation, deflation, changes in technology or changes in regulations.)

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.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 23-Unearned and Deferred/Unavailable Revenue:

Unearned and deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. 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	\$ -	\$ 3,917,109
Tax assessments due after June 30	13,578,675	13,578,675
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>961,141</u>	<u>961,141</u>
Total unavailable/deferred revenue	<u>\$ 14,539,816</u>	<u>\$ 18,456,925</u>
Unearned revenue:		
Unspent ARPA funds received during the previous fiscal years	\$ 933,789	\$ 933,789
Unspent LATCF grant funds received during the current fiscal year	54,036	54,036
Unspent School Resource Officer grant funds from the School Board received during the current fiscal year	<u>51,312</u>	<u>51,312</u>
Total unearned revenue	<u>\$ 1,039,137</u>	<u>\$ 1,039,137</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 2023, a total of \$12,770,596 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 \$1,162,151 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 2023 were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2022-23	\$ 919,800	\$ 13,012,947	\$ (12,770,596)	\$ 1,162,151
2021-22	1,034,617	11,481,089	(11,595,906)	919,800
2020-21	958,647	12,655,167	(12,579,197)	1,034,617

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 2023 is \$19,471.

Note 26-Litigation:

As of June 30, 2023, 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 27-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, SBITAs requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation.

Note 28-Fund Balance:

	General Fund	ARPA	County Capital Improvements	School Fund
Nonspendable:				
Prepaid items	\$ 105,983	\$ 30,796	\$ -	\$ -
Restricted:				
Forfeited Asset Sharing	\$ 317,528	\$ -	\$ -	\$ -
Health Insurance	1,407	-	-	-
Special Grant Projects	6,570	-	-	-
ARPA	-	12,662	-	-
Washington County Park Authority	-	-	-	-
Courthouse Project	-	-	7,616,407	-
Opioid Settlement Funds	96,893	-	-	-
School Construction Funds	-	-	-	2,575,447
School Board - Food Service	-	-	-	916,625
School Board - Activity Funds	-	-	-	1,922,348
School Board - Fiscal Agency	-	-	-	1,122,473
Total	\$ 422,398	\$ 12,662	\$ 7,616,407	\$ 6,536,893
Committed:				
Law Library	\$ 44,229	\$ -	\$ -	\$ -
Capital Improvements	-	-	-	558,374
Cash Flows	5,000,000	-	-	-
Total	\$ 5,044,229	\$ -	\$ -	\$ 558,374
Assigned:				
Economic Incentives	\$ 22,564	\$ -	\$ -	\$ -
Utilities	-	-	-	-
Traffic Enforcement	386,540	-	-	-
School Board - Textbook	-	-	-	1,992,477
School Capital Needs	5,600	-	-	-
Capital Improvements	10,556,401	-	78,650	-
Total	\$ 10,971,105	\$ -	\$ 78,650	\$ 1,992,477

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 29-Restricted Net Position:

	Primary Government Governmental Activities	Component Unit School Board
Restricted:		
Forfeited Asset Sharing	\$ 317,528	\$ -
Health Insurance	1,407	-
Special Grant Projects	6,570	-
ARPA	12,662	-
Opioid Settlement Funds	1,555,661	-
Net OPEB Asset	42,245	-
School Board - Food Service	-	916,273
School Board - Activity Funds	-	1,922,348
School Board - Fiscal Agency	-	1,122,825
School Board - School Construction Funds	-	2,575,447
Total	<u>\$ 1,936,073</u>	<u>\$ 6,536,893</u>

Note 30-Commitments and Contingencies:

The County has obligated funds for the project described below as of June 30, 2023:

Project	Amount of Contract	Amount of Contract Outstanding	Accounts Payable	Retainage Payable
County:				
Washington County Courthouse	\$ 22,824,651	\$ 14,416,749	\$ 654,979	\$ 357,486
Washington County Courthouse	736,000	360,943	18,996	-
Component Unit-School Board:				
Secure Vestibules (Abingdon High/ John Battle High)	2,814,674	1,095,024	76,238	91,427
Restrooms (Patrick Henry High/Holston High)	995,041	327,399	76,294	35,418
Field House (Patrick Henry High)	577,546	533,487	54,059	-

Note 31-Restatement of Beginning Balances:

During a previous year, control and decision-making authority over the School Capital Projects Fund was transitioned to the School Board, but the financial statements were not updated to reflect the change. In addition, the Industrial Development Authority also restated beginning balances, see separately issued report for additional details. The financial statements have been restated as noted below to reflect these changes:

	Net Position			Fund Balance	
	Primary Government Governmental Activities	Component Unit School Board	Other Component Units	Governmental Funds	Component Unit School Board
Beginning balance, as previously reported	\$ 52,309,503	\$ (49,215,926)	\$ 68,354,623	\$ 55,772,649	\$ 5,071,058
Adjustment:					
Transfer School Capital Projects Fund	(635,144)	635,144	-	(635,144)	635,144
Unrecorded land transfer	-	-	(651,507)	-	-
Beginning balance, as restated	<u>\$ 51,674,359</u>	<u>\$ (48,580,782)</u>	<u>\$ 67,703,116</u>	<u>\$ 55,137,505</u>	<u>\$ 5,706,202</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 32-Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 42,013,000	\$ 42,013,000	\$ 42,831,238	\$ 818,238
Other local taxes	11,151,500	11,151,500	13,546,551	2,395,051
Permits, privilege fees, and regulatory licenses	289,750	289,750	400,271	110,521
Fines and forfeitures	1,090,581	1,097,349	1,130,195	32,846
Revenue from the use of money and property	225,000	225,000	1,600,864	1,375,864
Charges for services	1,140,932	1,440,932	2,406,982	966,050
Miscellaneous	743,500	1,199,654	1,346,585	146,931
Recovered costs	229,156	1,133,349	1,115,616	(17,733)
Intergovernmental:				
Commonwealth	13,794,324	15,788,092	16,161,503	373,411
Federal	4,357,720	5,010,707	4,992,766	(17,941)
Total revenues	\$ 75,035,463	\$ 79,349,333	\$ 85,532,571	\$ 6,183,238
EXPENDITURES				
Current:				
General government administration	\$ 4,299,346	\$ 5,335,140	\$ 4,059,325	\$ 1,275,815
Judicial administration	2,370,967	2,984,544	2,351,967	632,577
Public safety	14,609,939	14,205,668	11,875,097	2,330,571
Public works	3,565,355	2,981,104	2,519,331	461,773
Health and welfare	11,711,718	13,599,520	13,615,375	(15,855)
Education	28,220,932	28,224,417	28,039,941	184,476
Parks, recreation, and cultural	2,436,119	2,806,168	2,321,702	484,466
Community development	1,460,775	1,867,971	1,709,715	158,256
Nondepartmental	606,238	808,219	776,279	31,940
Debt service:				
Principal retirement	1,759,517	1,759,517	1,895,709	(136,192)
Interest and other fiscal charges	1,563,872	1,563,872	1,514,685	49,187
Total expenditures	\$ 72,604,778	\$ 76,136,140	\$ 70,679,126	\$ 5,457,014
Excess (deficiency) of revenues over (under) expenditures	\$ 2,430,685	\$ 3,213,193	\$ 14,853,445	\$ 11,640,252
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (3,330,685)	\$ (17,195,736)	\$ (931,509)	\$ 16,264,227
Issuance of lease liability	-	-	40,006	40,006
Total other financing sources (uses)	\$ (3,330,685)	\$ (17,195,736)	\$ (891,503)	\$ 16,304,233
Net change in fund balances	\$ (900,000)	\$ (13,982,543)	\$ 13,961,942	\$ 27,944,485
Fund balances - beginning, as restated	900,000	13,982,543	37,506,088	23,523,545
Fund balances - ending	\$ -	\$ -	\$ 51,468,030	\$ 51,468,030

County of Washington, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Special Revenue Fund - ARPA Fund
For the Year Ended June 30, 2023

For the Year Ended June 30, 2022

	ARPA Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 296,477	\$ 296,477
Intergovernmental revenues:				
Federal	-	9,282,418	8,141,245	(1,141,173)
Total revenues	\$ -	\$ 9,282,418	\$ 8,437,722	\$ (844,696)
EXPENDITURES				
Current:				
General government administration	\$ -	\$ 457,084	\$ 415,296	\$ 41,788
Public safety	-	5,176,913	4,703,619	473,294
Public works	-	2,444,101	2,220,651	223,450
Community development	-	1,111,630	1,010,000	101,630
Nondepartmental	-	92,690	84,216	8,474
Debt service:				
Principal retirement	-	-	219,131	(219,131)
Interest and other fiscal charges	-	-	3,940	(3,940)
Total expenditures	\$ -	\$ 9,282,418	\$ 8,656,853	\$ 625,565
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (219,131)	\$ 219,131
OTHER FINANCING SOURCES (USES)				
Issuance of subscription liability	\$ -	\$ -	\$ 219,131	\$ (219,131)
Total other financing sources (uses)	\$ -	\$ -	\$ 219,131	\$ (219,131)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	43,458	(43,458)
Fund balances - ending	\$ -	\$ -	\$ 43,458	\$ (43,458)

County of Washington, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 Pension Plans
 For the Measurement Dates June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 1,395,740	\$ 1,362,227	\$ 1,309,381	\$ 1,158,196	\$ 1,130,197	\$ 1,232,016	\$ 1,216,787	\$ 1,197,031	\$ 1,190,097
Interest	3,801,944	3,505,963	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	(395,609)	(763,264)	(583,334)	1,360,797	(866,196)	(1,148,228)	(543,493)	47,701	-
Impact of change in proportion	(2,269)	(126,271)	130,976	959	471	(2,775)	(2,340)	-	-
Changes of assumptions	-	2,032,100	-	1,459,983	-	(112,337)	-	-	-
Benefit payments	(3,153,733)	(3,137,445)	(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	\$ 1,646,073	\$ 2,873,310	\$ 1,217,505	\$ 4,612,560	\$ 878,011	\$ 848,185	\$ 1,243,880	\$ 2,046,664	\$ 1,980,124
Total pension liability - beginning	56,508,504	53,635,194	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)	\$ 58,154,577	\$ 56,508,504	\$ 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	\$ (2,222)	\$ (105,172)	\$ 112,942	\$ 873	\$ 416	\$ (2,264)	\$ (1,963)	\$ -	\$ -
Contributions - employer	1,391,545	1,286,596	1,057,628	999,999	1,106,411	1,074,445	1,325,357	1,286,475	1,374,053
Contributions - employee	590,988	545,289	554,327	518,760	516,069	513,810	507,065	496,874	504,115
Net investment income	(48,279)	12,093,802	860,754	2,866,355	3,031,464	4,553,902	641,519	1,653,959	4,958,189
Benefit payments	(3,153,733)	(3,137,445)	(3,082,517)	(2,622,030)	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)	(1,996,668)
Administrator charges	(34,498)	(30,502)	(29,888)	(28,766)	(26,416)	(26,409)	(23,371)	(22,642)	(26,594)
Other	1,270	1,136	(1,008)	(1,804)	(2,696)	(4,048)	(275)	(352)	262
Net change in plan fiduciary net position	\$ (1,254,929)	\$ 10,653,704	\$ (527,762)	\$ 1,733,387	\$ 2,044,193	\$ 3,842,941	\$ (30,280)	\$ 1,295,226	\$ 4,813,357
Plan fiduciary net position - beginning	55,326,440	44,672,736	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)	\$ 54,071,511	\$ 55,326,440	\$ 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)	\$ 4,083,066	\$ 1,182,064	\$ 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	92.98%	97.91%	83.29%	86.23%	90.93%	88.27%	81.56%	83.89%	84.87%
Covered payroll	\$ 12,647,760	\$ 11,636,080	\$ 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	32.28%	10.16%	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 (Asset) and Related Ratios
Component Unit School Board - Supplemental Retirement Pension Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017
Total pension liability							
Service cost	\$ 619,502	\$ 891,809	\$ 902,534	\$ 952,614	\$ 948,677	\$ 990,851	\$ 1,011,218
Interest	690,950	394,801	393,617	415,555	422,795	397,014	384,337
Differences between expected and actual experience	180,100	194,348	(102,433)	(524,875)	(472,908)	1,180,230	475,415
Changes in assumptions	111,608	(2,579,523)	4,540	(692,150)	-	-	-
Benefit payments, including refunds of employee contributions	(1,086,283)	(1,104,572)	(1,151,999)	(1,244,009)	(1,284,839)	(1,189,082)	(1,244,478)
Net change in total pension liability	\$ 515,877	\$ (2,203,137)	\$ 46,259	\$ (1,092,865)	\$ (386,275)	\$ 1,379,013	\$ 626,492
Total pension liability - beginning	17,197,409	19,400,546	19,354,287	20,447,152	20,833,427	19,454,414	18,827,922
Total pension liability - ending (a)	\$ 17,713,286	\$ 17,197,409	\$ 19,400,546	\$ 19,354,287	\$ 20,447,152	\$ 20,833,427	\$ 19,454,414
Plan fiduciary net position							
Contributions - employer	\$ 1,204,413	\$ 1,145,352	\$ 1,425,162	\$ 1,382,908	\$ 1,438,098	\$ 1,457,080	\$ 1,116,599
Net investment income	456,113	(597,607)	868,783	387,974	418,289	146,385	188,569
Benefit payments, including refunds of employee contributions	(1,086,283)	(1,104,572)	(1,151,999)	(1,244,009)	(1,284,839)	(1,189,082)	(1,244,478)
Administrative expense	(45,178)	(21,739)	(20,110)	(18,826)	(17,957)	(9,954)	(2,208)
Net change in plan fiduciary net position	\$ 529,065	\$ (578,566)	\$ 1,121,836	\$ 508,047	\$ 553,591	\$ 404,429	\$ 58,482
Plan fiduciary net position - beginning	9,575,053	10,153,619	9,031,783	8,523,736	7,970,145	7,565,716	7,507,234
Plan fiduciary net position - ending (b)	\$ 10,104,118	\$ 9,575,053	\$ 10,153,619	\$ 9,031,783	\$ 8,523,736	\$ 7,970,145	\$ 7,565,716
School Board's net pension liability - ending (a) - (b)	\$ 7,609,168	\$ 7,622,356	\$ 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	57.04%	55.68%	52.34%	46.67%	41.69%	38.26%	38.89%
Covered payroll							
School Board's net pension liability as a percentage of covered payroll	\$ 39,846,110	\$ 37,867,549	\$ 37,750,882	\$ 38,188,055	\$ 38,745,934	\$ 38,643,824	\$ 39,204,917
	19.10%	20.13%	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 (Asset) and Related Ratio:
Component Unit Washington County Park Authority
Pension Plans

For the Measurement Dates June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 5,299	\$ 5,117	\$ 1,824	\$ 4,511	\$ 4,425	\$ 4,836	\$ 4,703	\$ 4,564	\$ 4,537
Interest	14,434	13,169	4,797	12,677	12,508	12,349	11,794	11,136	10,624
Differences between expected and actual experience	(1,502)	(2,867)	(813)	5,300	(3,391)	(4,507)	(2,101)	182	-
Impact of change in proportion	2,269	126,271	(130,976)	(960)	(471)	2,775	2,340	-	-
Changes of assumptions	-	7,633	-	5,687	-	(441)	-	-	-
Benefit payments	(11,973)	(11,784)	(4,294)	(10,213)	(10,106)	(8,897)	(9,580)	(8,079)	(7,612)
Net change in total pension liability	\$ 8,527	\$ 137,539	\$ (129,462)	\$ 17,002	\$ 2,965	\$ 6,115	\$ 7,156	\$ 7,803	\$ 7,549
Total pension liability - beginning	212,249	74,710	204,172	187,170	184,205	178,090	170,933	163,130	155,573
Total pension liability - ending (a)	\$ 220,776	\$ 212,249	\$ 74,710	\$ 204,172	\$ 187,170	\$ 184,205	\$ 178,089	\$ 170,933	\$ 163,122
Plan fiduciary net position									
Impact of change in proportion	\$ 2,222	\$ 105,172	\$ (112,942)	\$ (873)	\$ (416)	\$ 2,264	\$ 1,963	\$ -	\$ -
Contributions - employer	5,283	4,833	1,473	3,895	4,332	4,218	5,122	4,905	5,238
Contributions - employee	2,244	2,048	772	2,021	2,021	2,017	1,960	1,894	1,922
Net investment income	(183)	45,425	1,199	11,165	11,869	17,876	2,479	6,306	18,902
Benefit payments	(11,973)	(11,784)	(4,294)	(10,213)	(10,106)	(8,897)	(9,580)	(8,079)	(7,612)
Administrator charges	(131)	(115)	(42)	(112)	(103)	(104)	(90)	(86)	(101)
Other	5	4	-	(8)	(12)	(16)	(1)	(1)	1
Net change in plan fiduciary net position	\$ (2,533)	\$ 145,583	\$ (113,834)	\$ 5,875	\$ 7,585	\$ 17,358	\$ 1,853	\$ 4,939	\$ 18,350
Plan fiduciary net position - beginning	207,809	62,226	176,060	170,185	162,600	145,242	143,389	138,450	120,094
Plan fiduciary net position - ending (b)	\$ 205,276	\$ 207,809	\$ 62,226	\$ 176,060	\$ 170,185	\$ 162,600	\$ 145,242	\$ 143,389	\$ 138,444
Component Unit WCPA's net pension liability - ending (a) - (b)	\$ 15,500	\$ 4,440	\$ 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	92.98%	97.91%	83.29%	86.23%	90.93%	88.27%	81.56%	83.89%	84.87%
Covered payroll	\$ 43,596	\$ 40,213	\$ 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	35.55%	11.04%	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 (Asset) and Related Ratios
Component Unit School Board (nonprofessional)

Pension Plans										
For the Measurement Dates June 30, 2014 through June 30, 2022										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Total pension liability										
Service cost	\$ 221,788	\$ 252,763	\$ 256,716	\$ 252,288	\$ 264,484	\$ 279,258	\$ 293,270	\$ 279,645	\$ 286,590	
Interest	1,017,071	956,244	956,415	960,953	994,338	1,015,129	991,923	969,365	949,439	
Differences between expected and actual experience	(300,724)	(62,121)	(229,482)	(177,385)	(787,021)	(592,020)	8,966	46,177	-	
Changes of assumptions	-	582,019	-	336,199	-	(55,104)	-	-	-	
Benefit payments	(1,061,529)	(1,037,565)	(934,816)	(926,873)	(970,576)	(917,986)	(1,007,279)	(938,586)	(964,155)	
Net change in total pension liability	\$ (123,394)	\$ 691,340	\$ 48,833	\$ 445,182	\$ (498,775)	\$ (270,723)	\$ 286,880	\$ 356,601	\$ 271,874	
Total pension liability - beginning	15,376,698	14,685,358	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)	\$ 15,253,304	\$ 15,376,698	\$ 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	\$ 185,390	\$ 189,541	\$ 208,112	\$ 199,699	\$ 284,527	\$ 304,534	\$ 321,291	\$ 329,457	\$ 353,164	
Contributions - employee	126,652	130,641	131,357	126,383	122,797	142,076	132,681	131,838	130,716	
Net investment income	(4,590)	3,452,550	251,310	847,302	925,330	1,409,419	198,960	542,672	1,687,553	
Benefit payments	(1,061,529)	(1,037,565)	(934,816)	(926,873)	(970,576)	(917,986)	(1,007,279)	(938,586)	(964,155)	
Administrator charges	(9,935)	(9,042)	(8,902)	(8,832)	(8,284)	(8,434)	(7,746)	(7,794)	(9,397)	
Other	350	322	(292)	(531)	(811)	(1,242)	(87)	(112)	89	
Net change in plan fiduciary net position	\$ (763,662)	\$ 2,726,447	\$ (353,231)	\$ 237,148	\$ 352,983	\$ 928,367	\$ (362,180)	\$ 57,475	\$ 1,197,970	
Plan fiduciary net position - beginning	15,673,859	12,947,412	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)	\$ 14,910,197	\$ 15,673,859	\$ 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 (asset) - ending (a) - (b)	\$ 343,107	\$ (297,161)	\$ 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	97.75%	101.93%	88.17%	90.87%	92.05%	86.52%	78.75%	82.76%	84.42%	
Covered payroll	\$ 2,770,245	\$ 2,824,992	\$ 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 (asset) as a percentage of covered payroll	12.39%	-10.52%	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 (Asset) VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
				(5)	
2022	0.41652%	\$ 39,655,198	\$ 38,555,407	102.85%	82.61%
2021	0.41925%	32,546,786	36,780,692	88.49%	85.46%
2020	0.42080%	61,234,540	36,682,301	166.93%	71.47%
2019	0.42676%	56,164,041	35,583,475	157.84%	73.51%
2018	0.43818%	51,529,000	35,260,376	146.14%	74.81%
2017	0.45021%	55,366,000	35,392,792	156.43%	72.92%
2016	0.45537%	63,816,000	34,658,445	184.13%	68.28%
2015	0.46113%	58,039,000	34,284,601	169.29%	70.68%
2014	0.48436%	58,533,000	35,253,945	166.03%	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, 2014 through June 30, 2023

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					
2023	\$ 1,579,128	\$ 1,579,128	\$ -	\$ 13,851,310	11.40%
2022	1,396,027	1,396,027	-	12,647,760	11.04%
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%
Component Unit Washington County Park Authority					
2023	\$ 5,549	\$ 5,549	\$ -	\$ 48,673	11.40%
2022	4,812	4,812	-	43,596	11.04%
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%
Component Unit School Board (nonprofessional)					
2023	\$ 195,242	\$ 195,242	\$ -	\$ 3,051,845	6.40%
2022	185,351	185,351	-	2,770,245	6.69%
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%
Component Unit School Board (professional)					
2023	\$ 6,399,312	\$ 6,399,312	\$ -	\$ 40,178,269	15.93%
2022	6,187,637	6,187,637	-	38,555,407	16.05%
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%
Component Unit School Board - Supplemental Retirement Pension Plan (1)					
2023	\$ 1,204,413	\$ 1,204,413	\$ -	\$ 39,846,110	3.02%
2022	1,145,352	1,145,352	-	37,867,549	3.02%
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%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

(1) 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
Notes to Required Supplementary Information - Pension
Pension Plans
For the Year Ended June 30, 2023

Pension Plans:

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

School Board Supplemental Retirement Program**Component Unit School Board - Supplemental Retirement Program**

Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
Mortality Rates (pre-retirement, post-retirement)	Pub-2010 Public Retirement Plans Teachers Amount-Weighted mortality table
Discount Rate	4.00% for July 1, 2023; 4.00% for July 1, 2022
Expected Long Term Rate of Return	4.00% for July 1, 2023; 4.00% for July 1, 2022
Municipal Bond Rate	3.86% for July 1, 2023; 3.69% for July 1, 2022
Inflation	2.50% per year
Salary Increase	4.00% per year
Ad-hoc COLA	None

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, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 104,849	\$ 122,818	\$ 124,178	\$ 85,763	\$ 129,553	\$ 147,277
Interest	60,859	40,261	39,378	51,637	89,054	82,392
Effect of Plan Changes	-	-	-	-	(411,822)	-
Changes in assumptions	(27,572)	(229,784)	(79,666)	176,241	(551,747)	(89,180)
Effect of economic/demographic gains or losses	31,227	-	50,977	-	-	-
Differences between expected and actual experience	-	-	-	-	(121,903)	-
Benefit payments	(65,414)	(55,029)	(47,788)	(43,241)	(30,916)	(76,284)
Net change in total OPEB liability	\$ 103,949	\$ (121,734)	\$ 87,079	\$ 270,400	\$ (897,781)	\$ 64,205
Total OPEB liability - beginning	1,646,754	1,768,488	1,681,409	1,411,009	2,308,790	2,244,585
Total OPEB liability - ending	\$ 1,750,703	\$ 1,646,754	\$ 1,768,488	\$ 1,681,409	\$ 1,411,009	\$ 2,308,790
Covered employee payroll	\$ 12,997,399	\$ 11,599,216	\$ 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	13.47%	14.20%	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, 2023

Valuation Date: 7/1/2022
Measurement Date: 6/30/2023

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 for general employees; 4.75% to 3.50% depending on years of service for public safety employees
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 4.30% in 2023, increases to 6.40% in 2024, then decreases to an ultimate 3.90% in 2073
Discount Rate	3.65% for accounting and funding disclosures as of June 30, 2023 3.54% for accounting and funding disclosures as of June 30, 2022
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	<p>Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service related.</p> <p>Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Beneficiaries and survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>
Mortality Rates (Public Safety Employees)	<p>Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 35% of deaths are assumed to be service-related.</p> <p>Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Beneficiaries and survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>

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, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 520,228	\$ 512,413	\$ 321,396	\$ 225,688	\$ 273,552	\$ 323,245
Interest	302,134	196,365	141,509	200,595	263,845	226,975
Effect of plan changes	571,186	-	-	-	-	-
Changes in assumptions	257,510	(783,353)	2,019,091	534,741	(1,217,393)	(177,186)
Effect of economic/demographic gains or losses	345,099	-	486,677	-	386,473	-
Benefit payments	(447,230)	(532,565)	(411,599)	(357,425)	(359,368)	(394,844)
Net change in total OPEB liability	\$ 1,548,927	\$ (607,140)	\$ 2,557,074	\$ 603,599	\$ (652,891)	\$ (21,810)
Total OPEB liability - beginning	8,236,302	8,843,442	6,286,368	5,682,769	6,335,660	6,357,470
Total OPEB liability - ending	\$ 9,785,229	\$ 8,236,302	\$ 8,843,442	\$ 6,286,368	\$ 5,682,769	\$ 6,335,660
Covered employee payroll	\$ 40,427,759	\$ 37,638,661	\$ 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	24.20%	21.88%	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, 2023

Valuation Date: 7/1/2022
Measurement Date: 6/30/2023

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 for general employees; 5.95% to 3.50% depending on years of service for teachers
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 4.80% in 2023, increases to 6.50% in 2024, then decreases to an ultimate 3.90% in 2074
Discount Rate	3.65% for accounting and funding disclosures as of June 30, 2023 3.54% for accounting and funding disclosures as of June 30, 2022
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	<p>Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service related.</p> <p>Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Post Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Beneficiaries and survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>
Mortality Rates (Teachers)	<p>Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service related.</p> <p>Post-Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Post Disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Beneficiaries and survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>

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, 2022

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					
2022	0.05840% \$	703,072 \$	12,700,514	5.54%	67.21%
2021	0.05660%	658,628	11,678,733	5.64%	67.45%
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)					
2022	0.01270% \$	153,281 \$	2,770,245	5.53%	67.21%
2021	0.01370%	159,272	2,824,992	5.64%	67.45%
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)					
2022	0.17720% \$	2,134,020 \$	38,552,830	5.54%	67.21%
2021	0.17840%	2,076,943	36,830,900	5.64%	67.45%
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, 2014 through June 30, 2023

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					
2023	\$ 75,194	\$ 75,194	-	\$ 13,924,857	0.54%
2022	68,583	68,583	-	12,700,514	0.54%
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%
Component Unit School Board (nonprofessional)					
2023	\$ 16,480	\$ 16,480	-	\$ 3,051,845	0.54%
2022	14,959	14,959	-	2,770,245	0.54%
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%
Component Unit School Board (professional)					
2023	\$ 217,137	\$ 217,137	-	\$ 40,210,486	0.54%
2022	208,185	208,185	-	38,552,830	0.54%
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%

County of Washington, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 3,287	\$ 3,575	\$ 3,670	\$ 3,246	\$ 3,000	\$ 3,000
Interest	13,387	13,684	13,396	14,259	14,000	14,000
Differences between expected and actual experience	(18,670)	(9,511)	5,857	(9,543)	(3,000)	-
Changes of assumptions	25,390	3,737	-	4,443	-	(4,000)
Benefit payments	(19,666)	(18,679)	(18,647)	(16,628)	(19,000)	(8,000)
Other changes	-	-	-	12	1,000	1,000
Net change in total HIC OPEB liability	\$ 3,728	\$ (7,194)	\$ 4,276	\$ (4,211)	\$ (4,000)	\$ 6,000
Total HIC OPEB Asset - beginning	204,871	212,065	207,789	212,000	216,000	210,000
Total HIC OPEB Asset - ending (a)	208,599	204,871	212,065	207,789	212,000	216,000
Plan fiduciary net position						
Contributions - employer	\$ 3,776	\$ 3,477	\$ 3,106	\$ 3,046	\$ 2,000	\$ 2,000
Net investment income	674	55,207	4,480	14,100	16,000	24,000
Benefit payments	(19,666)	(18,679)	(18,647)	(16,628)	(19,000)	(8,000)
Administrator charges	(428)	(614)	(414)	(304)	-	-
Other	9,191	-	(2)	169	(1,000)	1,000
Net change in plan fiduciary net position	\$ (6,453)	\$ 39,391	\$ (11,477)	\$ 383	\$ (2,000)	\$ 19,000
Plan fiduciary net position - beginning	257,297	217,906	229,383	229,000	231,000	212,000
Plan fiduciary net position - ending (b)	250,844	257,297	217,906	229,383	229,000	231,000
Employer's net HIC OPEB asset - ending (a) - (b)	\$ (42,245)	\$ (52,426)	\$ (5,841)	\$ (21,594)	\$ (17,000)	\$ (15,000)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	120.25%	125.59%	102.75%	110.39%	108.02%	106.94%
Covered payroll	\$ 3,432,554	\$ 3,160,443	\$ 3,105,665	\$ 3,045,660	\$ 3,136,197	\$ 3,039,394
Employer's net HIC OPEB asset as a percentage of covered payroll	-1.23%	-1.66%	-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, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 2,498	\$ 3,808	\$ 7,170	\$ 3,721	\$ 4,000	\$ 4,000
Interest	18,729	28,675	9,758	19,276	20,000	21,000
Benefit changes	-	-	17,086	-	-	-
Differences between expected and actual experience	8,380	(160,146)	86,252	1,031	(15,000)	-
Changes of assumptions	12,391	5,979	52,600	5,630	-	(4,000)
Benefit payments	(29,627)	(26,708)	(26,976)	(25,502)	(26,000)	(25,000)
Other changes	-	-	-	124	1,000	(1,000)
Net change in total HIC OPEB liability	\$ 12,371	\$ (148,392)	\$ 145,890	\$ 4,280	\$ (16,000)	\$ (5,000)
Total HIC OPEB Liability - beginning	289,778	438,170	292,280	288,000	304,000	309,000
Total HIC OPEB Liability - ending (a)	\$ 302,149	\$ 289,778	\$ 438,170	\$ 292,280	\$ 288,000	\$ 304,000
Plan fiduciary net position						
Contributions - employer	\$ 29,371	\$ 29,875	\$ 22,461	\$ 21,443	\$ 21,000	\$ 22,000
Net investment income	(3)	8	(3)	100	1,000	1,000
Benefit payments	(29,627)	(26,708)	(26,976)	(25,502)	(26,000)	(25,000)
Administrator charges	(9)	(1)	1	(1)	-	-
Other	5,982	-	-	544	(1,000)	(1,000)
Net change in plan fiduciary net position	\$ 5,714	\$ 3,174	\$ (4,517)	\$ (3,416)	\$ (5,000)	\$ (3,000)
Plan fiduciary net position - beginning	241	(2,933)	1,584	5,000	10,000	13,000
Plan fiduciary net position - ending (b)	\$ 5,955	\$ 241	\$ (2,933)	\$ 1,584	\$ 5,000	\$ 10,000
Employer's net HIC OPEB liability - ending (a) - (b)	\$ 296,194	\$ 289,537	\$ 441,103	\$ 290,696	\$ 283,000	\$ 294,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	1.97%	0.08%	-0.67%	0.54%	1.74%	3.29%
Covered payroll	\$ 2,770,245	\$ 2,824,992	\$ 2,807,497	\$ 2,723,587	\$ 2,617,104	\$ 2,716,445
Employer's net HIC OPEB liability as a percentage of covered payroll	10.69%	10.25%	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, 2014 through June 30, 2023

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					
2023	\$ -	\$ -	\$ -	\$ 3,814,549	0.00%
2022	3,776	3,776	-	3,432,554	0.11%
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%
Component Unit School Board (nonprofessional)					
2023	\$ 35,401	\$ 35,401	\$ -	\$ 3,051,845	1.16%
2022	29,365	29,365	-	2,770,245	1.06%
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%

County of Washington, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2022

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)
2022	0.41368% \$	5,167,056 \$	38,555,407	13.40%	15.08%
2021	0.41589%	5,338,235	36,780,692	14.51%	13.15%
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, 2014 through June 30, 2023

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)
2023	\$ 486,108	\$ 486,108	\$ -	\$ 40,174,224	1.21%
2022	466,520	466,520	-	38,555,407	1.21%
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%

County of Washington, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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, 2023

	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	\$ -	\$ -	\$ 548,347	\$ 548,347
Miscellaneous	-	1,435	1,435	-
Recovered costs	-	744,093	782,309	38,216
Intergovernmental:				
Commonwealth	-	932,702	115,800	(816,902)
Total revenues	\$ -	\$ 1,678,230	\$ 1,447,891	\$ (230,339)
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 466,202	\$ -	\$ 466,202
Public works	2,336,205	30,047,590	11,930,267	18,117,323
Parks, recreation, and cultural	200,000	793,399	359,204	434,195
Capital projects	794,480	5,286,946	-	5,286,946
Debt service:				
Principal retirement	-	-	13,358	(13,358)
Interest and other fiscal charges	-	-	3,142	(3,142)
Total expenditures	\$ 3,330,685	\$ 36,594,137	\$ 12,305,971	\$ 24,288,166
Excess (deficiency) of revenues over (under) expenditures	\$ (3,330,685)	\$ (34,915,907)	\$ (10,858,080)	\$ 24,057,827
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,330,685	\$ 17,195,736	\$ 931,509	\$ (16,264,227)
Issuance of lease liability	-	-	33,669	33,669
Total other financing sources (uses)	\$ 3,330,685	\$ 17,195,736	\$ 965,178	\$ (16,230,558)
Net change in fund balances	\$ -	\$ (17,720,171)	\$ (9,892,902)	\$ 7,827,269
Fund balances - beginning	-	17,720,171	17,587,959	(132,212)
Fund balances - ending	\$ -	\$ -	\$ 7,695,057	\$ 7,695,057

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, 2023

	Special Welfare	Fringe Benefits	Soil Erosion Deposits	Commonwealth Attorney Collection Program	Total
ASSETS					
Cash and cash equivalents	\$ 53,420	\$ 49,194	\$ 39,291	\$ 68,623	\$ 210,528
Accounts receivable	-	-	-	1,417	1,417
Total assets	<u>\$ 53,420</u>	<u>\$ 49,194</u>	<u>\$ 39,291</u>	<u>\$ 70,040</u>	<u>\$ 211,945</u>
NET POSITION					
Restricted for:					
Social services clients	\$ 53,420	\$ -	\$ -	\$ -	\$ 53,420
School board employee fringe benefits	-	49,194	-	-	49,194
Soil erosion deposits	-	-	39,291	-	39,291
Commonwealth Attorney collection program	-	-	-	70,040	70,040
Total net position	<u>\$ 53,420</u>	<u>\$ 49,194</u>	<u>\$ 39,291</u>	<u>\$ 70,040</u>	<u>\$ 211,945</u>

County of Washington, Virginia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2023

	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>Soil Erosion Deposits</u>	<u>Commonwealth Attorney Collection Program</u>	<u>Total</u>
Additions					
Interest	\$ 1,729	\$ 1,120	\$ -	\$ -	\$ 2,849
Social services receipts	39,644	-	-	-	39,644
Fringe benefits receipts from retirees	-	211,263	-	-	211,263
Soil erosion deposit	-	-	2,155	-	2,155
Commonwealth Attorney collections	-	-	-	70,874	70,874
Total additions	<u>\$ 41,373</u>	<u>\$ 212,383</u>	<u>\$ 2,155</u>	<u>\$ 70,874</u>	<u>\$ 326,785</u>
Deductions:					
Payments for social services clients	\$ 46,346	\$ -	\$ -	\$ -	\$ 46,346
Payments for fringe benefits	-	193,626	-	-	193,626
Return of soil erosion deposits	-	-	9,950	-	9,950
Payments for Commonwealth Attorney Collections	-	-	-	69,605	69,605
Total deductions	<u>\$ 46,346</u>	<u>\$ 193,626</u>	<u>\$ 9,950</u>	<u>\$ 69,605</u>	<u>\$ 319,527</u>
 Net Increase (decrease) in fiduciary net position	 \$ (4,973)	 \$ 18,757	 \$ (7,795)	 \$ 1,269	 \$ 7,258
 Net Position, beginning	 58,393	 30,437	 47,086	 68,771	 204,687
Net Position, ending	<u>\$ 53,420</u>	<u>\$ 49,194</u>	<u>\$ 39,291</u>	<u>\$ 70,040</u>	<u>\$ 211,945</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 Capital Projects Fund - The School Activity Fund accounts for and reports the financial resources to be used for the acquisition and construction of major capital projects of the School Board.

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, 2023

	School Operating Fund	School Capital Projects Fund	School Activity Fund	Total School Fund
ASSETS				
Cash and cash equivalents	\$ 4,406,092	\$ 3,207,916	\$ -	\$ 7,614,008
Cash in custody of others	-	-	1,888,204	1,888,204
Accounts receivable	668,592	-	49,719	718,311
Due from primary government	4,040,188	-	-	4,040,188
Due from other governmental units	4,881,658	-	-	4,881,658
Total assets	<u>\$ 13,996,530</u>	<u>\$ 3,207,916</u>	<u>\$ 1,937,923</u>	<u>\$ 19,142,369</u>
LIABILITIES				
Accounts payable	\$ 765,374	\$ 74,095	\$ 15,575	\$ 855,044
Accrued wages	9,199,281	-	-	9,199,281
Total liabilities	<u>\$ 9,964,655</u>	<u>\$ 74,095</u>	<u>\$ 15,575</u>	<u>\$ 10,054,325</u>
FUND BALANCES				
Restricted	\$ 2,039,098	\$ 2,575,447	\$ 1,922,348	\$ 6,536,893
Committed	-	558,374	-	558,374
Assigned	1,992,477	-	-	1,992,477
Unassigned	300	-	-	300
Total fund balances	<u>\$ 4,031,875</u>	<u>\$ 3,133,821</u>	<u>\$ 1,922,348</u>	<u>\$ 9,088,044</u>
Total liabilities and fund balances	<u>\$ 13,996,530</u>	<u>\$ 3,207,916</u>	<u>\$ 1,937,923</u>	<u>\$ 19,142,369</u>

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

Total fund balances per above \$ 9,088,044

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, not being depreciated	\$ 5,613,039	
Capital assets being depreciated	72,322,280	
Accumulated depreciation	<u>(59,043,817)</u>	18,891,502

Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.

Prepaid items		1,156,784
---------------	--	-----------

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

Pension related items	\$ 11,200,094	
OPEB related items	<u>3,541,082</u>	14,741,176

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.

5,584,319

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	\$ (17,535,780)	
Net pension liability - VRS	(39,998,305)	
Compensated absences	(2,854,221)	
Net pension liability - supplemental retirement	<u>(7,609,168)</u>	(67,997,474)

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

Pension related items	\$ (12,440,957)	
OPEB related items	<u>(2,003,675)</u>	(14,444,632)

Net position of governmental activities

\$ (32,980,281)

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, 2023

	School Operating Fund	School Capital Projects Fund	School Activity Fund*	Total School Fund
REVENUES				
Revenue from the use of money and property	\$ 94,688	\$ -	\$ -	\$ 94,688
Charges for services	1,665,707	-	2,556,705	4,222,412
Miscellaneous	1,407,313	-	-	1,407,313
Recovered costs	41,680	-	-	41,680
Intergovernmental:				
Local government	27,932,527	-	-	27,932,527
Commonwealth	54,959,669	2,669,081	-	57,628,750
Federal	16,824,981	-	-	16,824,981
Total revenues	<u>\$ 102,926,565</u>	<u>\$ 2,669,081</u>	<u>\$ 2,556,705</u>	<u>\$ 108,152,351</u>
EXPENDITURES				
Current:				
Education	\$ 101,519,532	\$ -	\$ 3,080,573	\$ 104,600,105
Capital projects	-	170,404	-	170,404
Total expenditures	<u>\$ 101,519,532</u>	<u>\$ 170,404</u>	<u>\$ 3,080,573</u>	<u>\$ 104,770,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,407,033</u>	<u>\$ 2,498,677</u>	<u>\$ (523,868)</u>	<u>\$ 3,381,842</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 157,398	\$ -	\$ 769,991	\$ 927,389
Transfers out	(769,991)	-	(157,398)	(927,389)
Total other financing sources and uses	<u>\$ (612,593)</u>	<u>\$ -</u>	<u>\$ 612,593</u>	<u>\$ -</u>
Net change in fund balances	\$ 794,440	\$ 2,498,677	\$ 88,725	\$ 3,381,842
Fund balances - beginning, as restated	3,237,435	635,144	1,833,623	5,706,202
Fund balances - ending	<u>\$ 4,031,875</u>	<u>\$ 3,133,821</u>	<u>\$ 1,922,348</u>	<u>\$ 9,088,044</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	\$ 3,381,842
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 detail of items supporting this adjustment:	
Capital Outlays	\$ 4,185,640
Depreciation Expense	<u>(1,978,731)</u>
	2,206,909
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.	226,963
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
State non-employer contribution to the pension plan	\$ 1,842,564
State non-employer contribution to the OPEB plans	<u>107,516</u>
	1,950,080
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	\$ 213,958
Pension related items	6,077,308
OPEB related items	<u>(815,976)</u>
	5,475,290
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.	2,359,417
Change in net position of governmental activities	<u>\$ 15,600,501</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, 2023

	School Operating Fund				School Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 13,000	\$ 13,000	\$ 94,688	\$ 81,688	\$ -	\$ -	\$ -	\$ -
Charges for services	2,510,448	2,510,448	1,665,707	(844,741)	-	-	-	-
Miscellaneous	1,743,781	1,743,781	1,407,313	(336,468)	-	-	-	-
Recovered costs	240,000	240,000	41,680	(198,320)	-	-	-	-
Intergovernmental:								
Local government	28,113,518	28,117,003	27,932,527	(184,476)	-	-	-	-
Commonwealth	53,047,954	53,546,974	54,959,669	1,412,695	3,296,555	2,669,081	2,669,081	-
Federal	13,114,059	16,375,995	16,824,981	448,986	-	-	-	-
Total revenues	<u>\$ 98,782,760</u>	<u>\$ 102,547,201</u>	<u>\$ 102,926,565</u>	<u>\$ 379,364</u>	<u>3,296,555</u>	<u>2,669,081</u>	<u>2,669,081</u>	<u>-</u>
EXPENDITURES								
Current:								
Education	\$ 101,640,866	\$ 106,276,549	\$ 101,519,532	\$ 4,757,017	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	3,796,555	3,304,551	170,404	3,134,147
Total expenditures	<u>\$ 101,640,866</u>	<u>\$ 106,276,549</u>	<u>\$ 101,519,532</u>	<u>\$ 4,757,017</u>	<u>3,796,555</u>	<u>3,304,551</u>	<u>170,404</u>	<u>3,134,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,858,106)</u>	<u>\$ (3,729,348)</u>	<u>\$ 1,407,033</u>	<u>\$ 5,136,381</u>	<u>(500,000)</u>	<u>(635,470)</u>	<u>2,498,677</u>	<u>3,134,147</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ 157,398	\$ 157,398	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(769,991)	(769,991)	-	-	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (612,593)</u>	<u>\$ (612,593)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (2,858,106)</u>	<u>\$ (3,729,348)</u>	<u>\$ 794,440</u>	<u>\$ 4,523,788</u>	<u>(500,000)</u>	<u>(635,470)</u>	<u>2,498,677</u>	<u>3,134,147</u>
Fund balances - beginning, as restated	2,858,106	3,729,348	3,237,435	(491,913)	500,000	635,470	635,144	(326)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,031,875</u>	<u>\$ 4,031,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,133,821</u>	<u>\$ 3,133,821</u>

County of Washington, Virginia
Statement of Net Position
Proprietary Fund - Discretely Presented Component Unit - School Board
June 30, 2023

	Internal Service <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,746,470
	<hr/>
LIABILITIES	
Current liabilities:	
Incurred but unpaid liability	\$ 1,162,151
	<hr/>
NET POSITION	
Unrestricted	\$ 5,584,319
Total net position	\$ 5,584,319
	<hr/> <hr/>

County of Washington, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 14,906,413
OPERATING EXPENSES	
Insurance claims and expenses	\$ 12,770,596
Operating income (loss)	\$ 2,135,817
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 223,600
Change in net position	\$ 2,359,417
Total net position - beginning	3,224,902
Total net position - ending	\$ 5,584,319

County of Washington, Virginia
Statement of Cash Flows
Proprietary Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	Internal Service <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 14,906,413
Payments for premiums	(12,528,245)
Net cash provided by (used for) operating activities	<u>\$ 2,378,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 223,600
Net cash provided by (used for) investing activities	<u>\$ 223,600</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,601,768
Cash and cash equivalents - beginning	4,144,702
Cash and cash equivalents - ending	<u><u>\$ 6,746,470</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 2,135,817
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in amounts incurred but unpaid	\$ 242,351
Net cash provided by (used for) operating activities	<u><u>\$ 2,378,168</u></u>

County of Washington, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2023

	Employee Early Retirement Incentive <u>Plan</u>
ASSETS	
Cash and cash equivalents	\$ 189,781
Receivables:	
Interest and dividends	62,137
Contributions	100,368
Investments, at fair value:	
U.S. government obligations	7,061,315
Equity securities	2,690,517
Total assets	<u>\$ 10,104,118</u>
NET POSITION	
Held in trust for retirement plan	<u><u>\$ 10,104,118</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, 2023

	Employee Early Retirement Incentive <u>Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,204,413
Investment earnings:	
Interest	\$ 184,830
Dividends	42,433
Net increase (decrease) in the fair market value of investments	228,850
Total investment earnings	\$ 456,113
Less investment expense	
Net investment earnings	\$ 456,113
Total additions	\$ 1,660,526
DEDUCTIONS	
Benefits	\$ 1,088,061
Administrative expenses	43,400
Total deductions	\$ 1,131,461
Change in net position	\$ 529,065
Net position - beginning	9,575,053
Net position - ending	\$ 10,104,118

County of Washington, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2023

	Park <u>Authority</u>	Industrial Develop- <u>ment Authority</u>	Virginia Highlands <u>Airport Authority</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 143,357	\$ 2,713,828	\$ 1,232,930	\$ 4,090,115
Cash in custody of others	30,000	-	-	30,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	84,933	71,326	156,259
Notes receivable	-	7,902,051	-	7,902,051
Leases receivable	-	808,638	670,164	1,478,802
Rent receivable	-	22,752	-	22,752
Grants receivable	-	-	216,101	216,101
Due from other governmental units	-	32,977	-	32,977
Inventories	-	-	45,258	45,258
Prepaid items	-	-	33,363	33,363
Net pension asset	-	-	55,143	55,143
Capital assets (net of accumulated depreciation/amortization):				
Capital assets, not being depreciated/amortized	760,276	14,184,677	42,914,055	57,859,008
Capital assets, net of accumulated depreciation/amortization	325,085	1,265,021	8,403,553	9,993,659
Total assets	\$ 1,258,718	\$ 27,014,877	\$ 53,641,893	\$ 81,915,488
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ -	\$ 1,406,778	\$ -	\$ 1,406,778
Pension related items	14,187	-	41,333	55,520
OPEB related items	-	-	4,350	4,350
Total deferred outflows of resources	\$ 14,187	\$ 1,406,778	\$ 45,683	\$ 1,466,648
LIABILITIES				
Accounts payable	\$ 8,260	\$ 24,466	\$ 266,803	\$ 299,529
Accrued wages	9,109	-	19,497	28,606
Accrued interest payable	-	37,317	3,925	41,242
Unearned revenue	-	-	115,609	115,609
Long-term liabilities:				
Due within one year	-	1,037,835	71,445	1,109,280
Due in more than one year	15,500	10,057,390	434,935	10,507,825
Total liabilities	\$ 32,869	\$ 11,157,008	\$ 912,214	\$ 12,102,091
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 9,905	\$ -	\$ 69,167	\$ 79,072
OPEB related items	-	-	4,349	4,349
Lease related items	-	790,138	644,845	1,434,983
Total deferred inflows of resources	\$ 9,905	\$ 790,138	\$ 718,361	\$ 1,518,404
NET POSITION				
Net investment in capital assets	\$ 1,085,361	\$ 15,449,698	\$ 50,847,707	\$ 67,382,766
Unrestricted	144,770	1,024,811	1,209,294	2,378,875
Total Net Position	\$ 1,230,131	\$ 16,474,509	\$ 52,057,001	\$ 69,761,641

County of Washington, Virginia
Combining Statement of Activities
Other Component Units
For the Year Ended June 30, 2023

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		
					Washington County Park Authority	Industrial Development Authority	Virginia Highlands Airport Authority
OTHER COMPONENT UNITS:							
Washington Park Authority	\$ 363,953	\$ 337,411	\$ 25,000	\$ -	\$ (1,542)	\$ -	\$ (1,542)
Industrial Development Authority	1,433,444	-	334,374	1,005,608	-	(93,462)	(93,462)
Virginia Highlands Airport Authority	2,599,894	2,174,698	177,164	1,392,467	-	-	1,144,435
Total other component units	\$ 4,397,291	\$ 2,512,109	\$ 536,538	\$ 2,398,075	\$ (1,542)	\$ (93,462)	\$ 1,144,435
							\$ 1,049,431
General revenues:							
Unrestricted revenues from use of money					\$ 57	\$ 368,387	\$ 25,218
Miscellaneous					1,500	5,677	14,863
Payments from Washington County					-	593,392	-
Total general revenues					\$ 1,557	\$ 967,456	\$ 40,081
Change in net position					\$ 15	\$ 873,994	\$ 1,184,516
Net position - beginning, as restated					1,230,116	15,600,515	50,872,485
Net position - ending					\$ 1,230,131	\$ 16,474,509	\$ 52,057,001
							\$ 69,761,641

Supporting Schedules

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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	\$ 26,480,000	\$ 26,480,000	\$ 27,039,092	\$ 559,092
Real and personal public service corporation taxes	1,800,000	1,800,000	1,220,638	(579,362)
Personal property taxes	9,975,000	9,975,000	10,238,019	263,019
Mobile home taxes	127,000	127,000	108,766	(18,234)
Machinery and tools taxes	2,871,000	2,871,000	3,288,637	417,637
Penalties	370,000	370,000	395,278	25,278
Interest	390,000	390,000	540,808	150,808
Total general property taxes	<u>\$ 42,013,000</u>	<u>\$ 42,013,000</u>	<u>\$ 42,831,238</u>	<u>\$ 818,238</u>
Other local taxes:				
Local sales and use taxes	\$ 8,260,000	\$ 8,260,000	\$ 10,204,389	\$ 1,944,389
Consumers' utility taxes	1,100,000	1,100,000	1,168,643	68,643
Utility license taxes	125,000	125,000	134,472	9,472
Motor vehicle licenses	1,110,000	1,110,000	1,100,133	(9,867)
Bank stock taxes	60,000	60,000	64,151	4,151
Taxes on recordation and wills	351,500	351,500	548,202	196,702
Hotel and motel room taxes	145,000	145,000	326,561	181,561
Total other local taxes	<u>\$ 11,151,500</u>	<u>\$ 11,151,500</u>	<u>\$ 13,546,551</u>	<u>\$ 2,395,051</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and other animal related fees	\$ 34,500	\$ 34,500	\$ 27,980	\$ (6,520)
Zoning, subdivision plat and soil erosion permits	81,500	81,500	43,329	(38,171)
Building permits	126,250	126,250	257,943	131,693
Waste hauling fees	27,500	27,500	33,867	6,367
Other permits and licenses	20,000	20,000	37,152	17,152
Total permits, privilege fees, and regulatory licenses	<u>\$ 289,750</u>	<u>\$ 289,750</u>	<u>\$ 400,271</u>	<u>\$ 110,521</u>
Fines and forfeitures:				
Court fines, forfeitures and interest	\$ 1,090,581	\$ 1,097,349	\$ 1,130,195	\$ 32,846
Revenue from use of money and property:				
Revenue from use of money	\$ 225,000	\$ 225,000	\$ 1,476,634	\$ 1,251,634
Revenue from use of property	-	-	124,230	124,230
Total revenue from use of money and property	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 1,600,864</u>	<u>\$ 1,375,864</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 17,932	\$ 17,932	\$ 15,298	\$ (2,634)
Charges for transportation of prisoners	7,500	7,500	14,531	7,031
Charges for copies	15,000	15,000	8,962	(6,038)
Charges for Commonwealth's Attorney	6,000	6,000	4,350	(1,650)
Commission fees	343,000	343,000	734,341	391,341
Charges for sanitation and waste removal and other related fees	695,000	995,000	1,605,472	610,472
Charges for parks and recreation	50,000	50,000	15,065	(34,935)
Charges for library	6,500	6,500	8,963	2,463
Total charges for services	<u>\$ 1,140,932</u>	<u>\$ 1,440,932</u>	<u>\$ 2,406,982</u>	<u>\$ 966,050</u>

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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)				
Miscellaneous:				
Miscellaneous	\$ 143,500	\$ 302,764	\$ 403,504	\$ 100,740
Revenue Sharing - Bristol	-	-	107,642	107,642
Tennessee Valley Authority-payment in lieu of taxes	600,000	600,000	579,050	(20,950)
Opioid settlement	-	296,890	256,389	(40,501)
Total miscellaneous	\$ 743,500	\$ 1,199,654	\$ 1,346,585	\$ 146,931
Recovered costs:				
Insurance recoveries	\$ 50,000	\$ 78,227	\$ 41,338	\$ (36,889)
Regional jail	-	865,640	877,921	12,281
Facility management CS building	90,000	90,000	68,856	(21,144)
Alcohol, tobacco and firearms funds	-	-	1,405	1,405
Other recovered costs	89,156	99,482	126,096	26,614
Total recovered costs	\$ 229,156	\$ 1,133,349	\$ 1,115,616	\$ (17,733)
Total revenue from local sources	\$ 56,883,419	\$ 58,550,534	\$ 64,378,302	\$ 5,827,768
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 40,000	\$ 40,000	\$ 37,364	\$ (2,636)
Mobile home titling tax	10,000	10,000	118,816	108,816
Motor vehicle rental tax	7,000	7,000	11,472	4,472
Grantors tax	100,000	100,000	167,369	67,369
Communications sales taxes	1,300,000	1,300,000	1,121,493	(178,507)
Regional improvement commission funds - casino	-	-	625,470	625,470
Personal property tax relief funds	2,559,286	2,559,286	2,559,286	-
Total noncategorical aid	\$ 4,016,286	\$ 4,016,286	\$ 4,641,270	\$ 624,984
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 749,500	\$ 765,588	\$ 749,200	\$ (16,388)
Sheriff	2,629,330	2,750,960	2,718,943	(32,017)
Commissioner of revenue	185,100	189,307	188,711	(596)
Treasurer	212,500	215,696	218,079	2,383
Registrar/electoral board	79,250	79,250	84,118	4,868
Clerk of the Circuit Court	484,000	549,997	532,893	(17,104)
Total shared expenses	\$ 4,339,680	\$ 4,550,798	\$ 4,491,944	\$ (58,854)
Other categorical aid:				
Virginia Public Assistance	\$ 2,709,105	\$ 2,858,887	\$ 3,057,713	\$ 198,826
Comprehensive services	1,779,158	2,590,086	2,346,443	(243,643)
Victim witness grant	17,502	17,502	17,502	-
Litter control grant	45,000	45,000	56,599	11,599
EMS grant-Four for life	70,000	70,000	54,276	(15,724)
Fire programs	170,000	170,000	173,475	3,475
Dog and cat sterilization grant	1,500	1,500	1,370	(130)
E-911 wireless grant	190,000	190,000	232,052	42,052
Library state aid	177,132	202,097	202,097	-
Asset forfeiture funds	-	14,835	33,404	18,569
SLC E-rate	-	8,859	8,859	-

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<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 Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
School resource officer	\$ -	\$ 282,806	\$ 166,204	\$ (116,602)
DOJ - internet crimes against children	-	16,031	5,149	(10,882)
Arts grant	-	4,500	4,500	-
Library of VA preservation of records	-	46,082	46,082	-
Police equipment	-	-	19	19
Behavioral health	-	145,000	142,065	(2,935)
VA Opioid Abatement Authority	-	115,973	115,973	-
Other state grants	278,961	441,850	364,507	(77,343)
Total other categorical aid	\$ 5,438,358	\$ 7,221,008	\$ 7,028,289	\$ (192,719)
Total categorical aid	\$ 9,778,038	\$ 11,771,806	\$ 11,520,233	\$ (251,573)
Total revenue from the Commonwealth	\$ 13,794,324	\$ 15,788,092	\$ 16,161,503	\$ 373,411
Revenue from the federal government:				
Non-categorical aid:				
Payments in lieu of taxes	\$ 30,500	\$ 44,421	\$ 84,536	\$ 40,115
Categorical aid:				
Virginia Public Assistance	\$ 3,802,224	\$ 4,012,442	\$ 4,291,494	\$ 279,052
QSCB interest rate subsidy	400,000	400,000	407,847	7,847
Victim witness grant	88,171	88,171	88,171	-
DMV Highway safety	-	42,202	24,503	(17,699)
VDEM grant	9,015	9,015	95	(8,920)
ARPA	-	261,547	49,918	(211,629)
DCJS-VSTOP grant	27,810	27,810	26,969	(841)
Alcohol safety	-	116,990	11,203	(105,787)
Bullet proof vest	-	8,109	8,030	(79)
Total categorical aid	\$ 4,327,220	\$ 4,966,286	\$ 4,908,230	\$ (58,056)
Total revenue from the federal government	\$ 4,357,720	\$ 5,010,707	\$ 4,992,766	\$ (17,941)
Total General Fund	\$ 75,035,463	\$ 79,349,333	\$ 85,532,571	\$ 6,183,238
Special Revenue Fund:				
ARPA Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 296,477	\$ 296,477
Total revenue from use of money and property	\$ -	\$ -	\$ 296,477	\$ 296,477
Total revenue from local sources	\$ -	\$ -	\$ 296,477	\$ 296,477

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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>
Special Revenue Fund: (Continued)				
ARPA Fund: (Continued)				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
American Rescue (ARPA) COVID-19	\$ -	\$ 9,282,418	\$ 8,141,245	\$ (1,141,173)
Total categorical aid	\$ -	\$ 9,282,418	\$ 8,141,245	\$ (1,141,173)
Total revenue from the federal government	\$ -	\$ 9,282,418	\$ 8,141,245	\$ (1,141,173)
Total ARPA Fund	\$ -	\$ 9,282,418	\$ 8,437,722	\$ (844,696)
Capital Projects Funds				
County Capital Improvements Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 548,347	\$ 548,347
Total revenue from use of money and property	\$ -	\$ -	\$ 548,347	\$ 548,347
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 1,435	\$ 1,435	\$ -
Total miscellaneous revenue	\$ -	\$ 1,435	\$ 1,435	\$ -
Recovered costs:				
Other recovered costs	\$ -	\$ 744,093	\$ 782,309	\$ 38,216
Total recovered costs	\$ -	\$ 744,093	\$ 782,309	\$ 38,216
Total revenue from local sources	\$ -	\$ 745,528	\$ 1,332,091	\$ 586,563
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VA wireless E911 grant	\$ -	\$ 466,202	\$ -	\$ (466,202)
Mendota Trail	-	466,500	115,800	(350,700)
Total categorical aid	\$ -	\$ 932,702	\$ 115,800	\$ (816,902)
Total revenue from the Commonwealth	\$ -	\$ 932,702	\$ 115,800	\$ (816,902)
Total County Capital Improvements Fund	\$ -	\$ 1,678,230	\$ 1,447,891	\$ (230,339)
Total Primary Government	\$ 75,035,463	\$ 90,309,981	\$ 95,418,184	\$ 5,108,203
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	\$ 12,500	\$ 12,500	\$ 94,688	\$ 82,188
Revenue from the use of property	500	500	-	(500)
Total revenue from use of money and property	\$ 13,000	\$ 13,000	\$ 94,688	\$ 81,688
Charges for services:				
Charges for education	\$ 830,000	\$ 830,000	\$ 928,056	\$ 98,056
Governor's School	410,664	410,664	548,320	137,656
Transportation of pupils	55,000	55,000	-	(55,000)
Cafeteria sales	1,214,784	1,214,784	189,331	(1,025,453)
Total charges for services	\$ 2,510,448	\$ 2,510,448	\$ 1,665,707	\$ (844,741)

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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 local sources: (Continued)				
Miscellaneous:				
Other miscellaneous	\$ 1,743,781	\$ 1,743,781	\$ 1,407,313	\$ (336,468)
Recovered costs:				
Other recovered costs	\$ 240,000	\$ 240,000	\$ 41,680	\$ (198,320)
Total revenue from local sources	\$ 4,507,229	\$ 4,507,229	\$ 3,209,388	\$ (1,297,841)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Washington, Virginia	\$ 28,113,518	\$ 28,117,003	\$ 27,932,527	\$ (184,476)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 9,631,639	\$ 9,631,639	\$ 9,748,120	\$ 116,481
Basic school aid	22,485,941	22,485,941	21,688,673	(797,268)
GED funding	24,698	24,698	104,373	79,675
Summer remedial	21,193	21,193	8,862	(12,331)
Regular foster care	193,782	193,782	103,148	(90,634)
Adult high school courses	38,909	38,909	38,909	-
Plugged in Virginia	-	-	16,523	16,523
Community schools fund	-	499,020	499,020	-
Gifted and talented	235,909	235,909	238,199	2,290
Remedial education	787,767	787,767	795,416	7,649
National board certified teacher	-	-	5,000	5,000
Compensation supplement	1,424,593	1,424,593	1,439,748	15,155
Preschool initiative	943,111	943,111	887,959	(55,152)
Special education	2,653,975	2,653,975	2,679,742	25,767
Textbook payment	557,672	557,672	563,086	5,414
Vocational education	1,099,504	1,099,504	1,110,179	10,675
Vocational equipment	-	-	31,867	31,867
Vocational educational occupational tech ed	-	-	144,878	144,878
Social security fringe benefits	1,436,516	1,436,516	1,450,464	13,948
Retirement fringe benefits	3,349,063	3,349,063	3,381,579	32,516
Life insurance fringe benefits	101,104	101,104	102,085	981
State lottery payments	1,708,097	1,708,097	1,718,400	10,303
Early reading intervention	214,502	214,502	125,743	(88,759)
Jobs for Virginia graduates-lottery proceeds	-	-	30,000	30,000
At risk payments	2,430,567	2,430,567	2,453,938	23,371
Adult literacy	-	-	83,420	83,420
Homebound	23,922	23,922	55,143	31,221
School food	13,922	13,922	88,344	74,422
Regional programs	342,255	342,255	390,630	48,375
Special education - foster care	-	-	109,685	109,685
Mentor teacher program	6,179	6,179	3,989	(2,190)
Primary class size	1,054,394	1,054,394	1,083,682	29,288
Technology	466,000	466,000	880,000	414,000
SOL algebra readiness	112,649	112,649	115,045	2,396
Special ed jail program	1,493	1,493	47	(1,446)

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<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 the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Security grant	\$ -	\$ -	\$ 145,250	\$ 145,250
English as a second language	47,194	47,194	54,224	7,030
Governors school program	936,000	936,000	1,286,421	350,421
Other state funds	705,404	705,404	1,297,878	592,474
Total categorical aid	\$ 53,047,954	\$ 53,546,974	\$ 54,959,669	\$ 1,412,695
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ 20,000	\$ 20,000	\$ 23,116	\$ 3,116
Adult basic education	450,000	450,000	432,713	(17,287)
Title I	2,015,352	2,015,352	1,995,129	(20,223)
Title VI-B, special education flow-through	1,556,592	1,556,592	1,484,190	(72,402)
Title VI-B, special education preschool	48,352	48,352	50,345	1,993
Title IV Part A LEA	253,225	253,225	107,406	(145,819)
Vocational education	160,000	160,000	148,549	(11,451)
Title II Part A	256,346	256,346	280,662	24,316
School breakfast and lunch program	2,219,518	2,219,518	3,959,856	1,740,338
Education stabilization funds	5,016,349	8,777,305	7,350,708	(1,426,597)
School Safety National Activities	146,000	146,000	89,801	(56,199)
ARPA	-	-	902,506	902,506
Other federal	972,325	473,305	-	(473,305)
Total categorical aid	\$ 13,114,059	\$ 16,375,995	\$ 16,824,981	\$ 448,986
Total revenue from the federal government	\$ 13,114,059	\$ 16,375,995	\$ 16,824,981	\$ 448,986
Total School Operating Fund	\$ 98,782,760	\$ 102,547,201	\$ 102,926,565	\$ 379,364
Capital Projects Fund:				
School Capital Improvements Fund:				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School construction grant	\$ 3,296,555	\$ 2,669,081	\$ 2,669,081	\$ -
Total categorical aid	\$ 3,296,555	\$ 2,669,081	\$ 2,669,081	\$ -
Total revenue from the Commonwealth	\$ 3,296,555	\$ 2,669,081	\$ 2,669,081	\$ -
Total School Capital Improvements Fund	\$ 3,296,555	\$ 2,669,081	\$ 2,669,081	\$ -
Total School Operating Fund	\$ 102,079,315	\$ 105,216,282	\$ 105,595,646	\$ 379,364

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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	\$ 180,751	\$ 188,251	\$ 170,192	\$ 18,059
General and financial administration:				
County administrator	\$ 280,466	\$ 299,406	\$ 293,245	\$ 6,161
Personnel	179,176	179,176	172,226	6,950
Legal services	196,971	196,971	197,236	(265)
Commissioner of revenue	760,660	765,993	739,047	26,946
Treasurer	990,735	1,968,747	999,661	969,086
Central accounting and purchasing	309,597	323,266	313,221	10,045
Information technology	838,515	847,020	698,022	148,998
Assessor	75,000	75,000	25,695	49,305
Auditor	95,000	95,000	87,650	7,350
Total general and financial administration	\$ 3,726,120	\$ 4,750,579	\$ 3,526,003	\$ 1,224,576
Board of elections:				
Registrar	\$ 261,670	\$ 261,670	\$ 250,190	\$ 11,480
Electoral board	130,805	134,640	112,940	21,700
Total board of elections	\$ 392,475	\$ 396,310	\$ 363,130	\$ 33,180
Total general government administration	\$ 4,299,346	\$ 5,335,140	\$ 4,059,325	\$ 1,275,815
Judicial administration:				
Courts:				
Circuit court	\$ 121,157	\$ 121,157	\$ 106,149	\$ 15,008
General district court	35,817	35,817	25,315	10,502
Juvenile and domestic relations court	21,461	21,461	10,857	10,604
Special magistrates	5,378	5,378	5,357	21
Clerk of the circuit court	855,443	1,069,495	942,307	127,188
Law library	12,000	58,519	10,507	48,012
Total courts	\$ 1,051,256	\$ 1,311,827	\$ 1,100,492	\$ 211,335
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,319,711	\$ 1,672,717	\$ 1,251,475	\$ 421,242
Total judicial administration	\$ 2,370,967	\$ 2,984,544	\$ 2,351,967	\$ 632,577
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,761,668	\$ 5,979,339	\$ 5,462,926	\$ 516,413
Litter Control	38,866	38,866	36,690	2,176
Victim witness assistance	125,226	125,226	111,498	13,728
Animal control	29,096	34,996	19,549	15,447
Interstate enforcement	534,695	986,995	595,254	391,741
Court security	105,188	250,188	250,783	(595)
Other Sheriff grants	320,626	906,110	567,902	338,208
Total law enforcement and traffic control	\$ 6,915,365	\$ 8,321,720	\$ 7,044,602	\$ 1,277,118
Fire and rescue services:				
Volunteer fire and rescue departments	\$ 1,350,534	\$ 1,428,832	\$ 1,380,258	\$ 48,574
E-911	700,278	416,409	324,856	91,553
Total fire and rescue services	\$ 2,050,812	\$ 1,845,241	\$ 1,705,114	\$ 140,127

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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)				
Correction and detention:				
Regional jail payments	\$ 3,730,778	\$ 1,365,418	\$ 1,365,417	\$ 1
Juvenile probation and detention	157,556	157,556	157,556	-
Total correction and detention	\$ 3,888,334	\$ 1,522,974	\$ 1,522,973	\$ 1
Inspections:				
Building	\$ 432,447	\$ 432,447	\$ 377,491	\$ 54,956
Total inspections	\$ 432,447	\$ 432,447	\$ 377,491	\$ 54,956
Other protection:				
Medical examiner	\$ 1,000	\$ 1,100	\$ 920	\$ 180
Emergency services	1,321,981	2,082,186	1,223,997	858,189
Total other protection	\$ 1,322,981	\$ 2,083,286	\$ 1,224,917	\$ 858,369
Total public safety	\$ 14,609,939	\$ 14,205,668	\$ 11,875,097	\$ 2,330,571
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,870,763	\$ 1,532,207	\$ 1,488,413	\$ 43,794
Maintenance of general buildings and grounds:				
General properties	\$ 1,694,592	\$ 1,448,897	\$ 1,030,918	\$ 417,979
Total public works	\$ 3,565,355	\$ 2,981,104	\$ 2,519,331	\$ 461,773
Health and welfare:				
Health:				
Supplement of local health department	\$ 501,865	\$ 501,865	\$ 501,865	\$ -
Mental health and mental retardation:				
Community services board	\$ 237,500	\$ 237,500	\$ 237,500	\$ -
Opioid	-	412,863	315,970	96,893
Total mental health and mental retardation	\$ 237,500	\$ 650,363	\$ 553,470	\$ 96,893
Welfare:				
Virginia public assistance	\$ 8,060,276	\$ 8,432,276	\$ 8,056,179	\$ 376,097
Area agency on aging	72,055	72,055	72,055	-
Senior services	112,850	87,850	87,850	-
Community action agency	154,597	158,597	158,597	-
Children's services act	2,572,575	3,696,514	4,185,359	(488,845)
Total welfare	\$ 10,972,353	\$ 12,447,292	\$ 12,560,040	\$ (112,748)
Total health and welfare	\$ 11,711,718	\$ 13,599,520	\$ 13,615,375	\$ (15,855)
Education:				
Other instructional costs:				
Contributions to community college	\$ 107,414	\$ 107,414	\$ 107,414	\$ -
Contribution to County School Board	28,113,518	28,117,003	27,932,527	184,476
Total other instructional costs	\$ 28,220,932	\$ 28,224,417	\$ 28,039,941	\$ 184,476
Total education	\$ 28,220,932	\$ 28,224,417	\$ 28,039,941	\$ 184,476

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks	\$ 134,384	\$ 149,305	\$ 143,152	\$ 6,153
Recreation	321,527	429,600	168,692	260,908
Total parks and recreation	<u>\$ 455,911</u>	<u>\$ 578,905</u>	<u>\$ 311,844</u>	<u>\$ 267,061</u>
Cultural enrichment:				
Cultural enrichment	<u>\$ 108,003</u>	<u>\$ 117,503</u>	<u>\$ 117,503</u>	<u>\$ -</u>
Library:				
Washington County library	\$ 1,496,119	\$ 1,733,674	\$ 1,543,572	\$ 190,102
Branch libraries	376,086	376,086	348,783	27,303
Total library	<u>\$ 1,872,205</u>	<u>\$ 2,109,760</u>	<u>\$ 1,892,355</u>	<u>\$ 217,405</u>
Total parks, recreation, and cultural	<u>\$ 2,436,119</u>	<u>\$ 2,806,168</u>	<u>\$ 2,321,702</u>	<u>\$ 484,466</u>
Community development:				
Planning and community development:				
Regional planning	\$ 52,501	\$ 52,501	\$ 52,501	\$ -
Zoning	105,113	105,113	102,439	2,674
Community development	205,632	205,632	164,520	41,112
Economic development	140,992	140,992	140,992	-
CARES municipal utility relief	-	153,474	49,918	103,556
Contribution to Virginia Highlands Airport	150,000	400,000	400,000	-
Contribution to Washington County Industrial Development Authority	624,026	624,026	618,400	5,626
Total planning and community development	<u>\$ 1,278,264</u>	<u>\$ 1,681,738</u>	<u>\$ 1,528,770</u>	<u>\$ 152,968</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>\$ 164,741</u>	<u>\$ 168,463</u>	<u>\$ 163,175</u>	<u>\$ 5,288</u>
Total community development	<u>\$ 1,460,775</u>	<u>\$ 1,867,971</u>	<u>\$ 1,709,715</u>	<u>\$ 158,256</u>
Nondepartmental:				
Revenue refunds	\$ 80,500	\$ 80,500	\$ 122,695	\$ (42,195)
Other nondepartmental	525,738	727,719	653,584	74,135
Total nondepartmental	<u>\$ 606,238</u>	<u>\$ 808,219</u>	<u>\$ 776,279</u>	<u>\$ 31,940</u>
Debt service:				
Principal retirement	\$ 1,759,517	\$ 1,759,517	\$ 1,895,709	\$ (136,192)
Interest and other fiscal charges	1,563,872	1,563,872	1,514,685	49,187
Total debt service	<u>\$ 3,323,389</u>	<u>\$ 3,323,389</u>	<u>\$ 3,410,394</u>	<u>\$ (87,005)</u>
Total General Fund	<u>\$ 72,604,778</u>	<u>\$ 76,136,140</u>	<u>\$ 70,679,126</u>	<u>\$ 5,457,014</u>
Special Revenue Fund:				
ARPA Fund:				
General government administration	\$ -	\$ 457,084	\$ 415,296	\$ 41,788
Public safety	-	5,176,913	4,703,619	473,294
Public works	-	2,444,101	2,220,651	223,450
Community development	-	1,111,630	1,010,000	101,630
Nondepartmental	-	92,690	84,216	8,474

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<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>
Special Revenue Fund: (Continued)				
ARPA Fund:(Continued)				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 219,131	\$ (219,131)
Interest and other fiscal charges	-	-	3,940	(3,940)
Total debt service	\$ -	\$ -	\$ 223,071	\$ (223,071)
Total ARPA Fund	\$ -	\$ 9,282,418	\$ 8,656,853	\$ 625,565
Capital Projects Fund:				
County Capital Improvements Fund:				
Public safety:				
Other protection:				
Emergency services equipment	\$ -	\$ 466,202	\$ -	\$ 466,202
Total public safety	\$ -	\$ 466,202	\$ -	\$ 466,202
Public works:				
Maintenance of general buildings and grounds:				
Hayters Gap	\$ -	\$ 97,433	\$ 41,869	\$ 55,564
Government Center Building	-	744,093	669,359	74,734
Animal control	-	747,832	651,582	96,250
Mendota	-	32,367	30,389	1,978
Courthouse	2,336,205	28,276,572	10,537,068	17,739,504
Solid waste equipment	-	48,973	-	48,973
Solid waste facilities	-	15,320	-	15,320
General services facilities	-	85,000	-	85,000
Total maintenance of general building and grounds	\$ 2,336,205	\$ 30,047,590	\$ 11,930,267	\$ 18,117,323
Total public works	\$ 2,336,205	\$ 30,047,590	\$ 11,930,267	\$ 18,117,323
Parks, recreation, and cultural:				
Parks and recreation:				
Mendota trail project	\$ -	\$ 483,000	\$ 123,300	\$ 359,700
Leo Sholes project	200,000	310,399	235,904	74,495
Total parks, recreation, and cultural	\$ 200,000	\$ 793,399	\$ 359,204	\$ 434,195
Capital projects:				
Contingencies	\$ 794,480	\$ 5,286,946	\$ -	\$ 5,286,946
Total capital projects	\$ 794,480	\$ 5,286,946	\$ -	\$ 5,286,946
Debt service:				
Principal retirement	\$ -	\$ -	\$ 13,358	\$ (13,358)
Interest and other fiscal charges	-	-	3,142	(3,142)
Total debt service	\$ -	\$ -	\$ 16,500	\$ (16,500)
Total Capital Projects Fund	\$ 3,330,685	\$ 36,594,137	\$ 12,305,971	\$ 24,288,166
Total Primary Government	\$ 75,935,463	\$ 122,012,695	\$ 91,641,950	\$ 30,370,745

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 2
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<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	\$ 3,837,495	\$ 4,023,255	\$ 4,179,562	\$ (156,307)
Instruction	77,397,412	78,759,305	73,905,630	4,853,675
Instructional technology	3,032,800	4,862,254	5,707,888	(845,634)
Total instruction costs	<u>\$ 84,267,707</u>	<u>\$ 87,644,814</u>	<u>\$ 83,793,080</u>	<u>\$ 3,851,734</u>
Operating costs:				
Pupil transportation	\$ 5,827,970	\$ 5,851,821	\$ 5,327,591	\$ 524,230
Operation and maintenance of school plant	7,522,130	7,950,808	7,862,210	88,598
School food services	4,023,059	4,829,106	4,536,651	292,455
Total operating costs	<u>\$ 17,373,159</u>	<u>\$ 18,631,735</u>	<u>\$ 17,726,452</u>	<u>\$ 905,283</u>
Total education	<u>\$ 101,640,866</u>	<u>\$ 106,276,549</u>	<u>\$ 101,519,532</u>	<u>\$ 4,757,017</u>
Total School Fund	<u>\$ 101,640,866</u>	<u>\$ 106,276,549</u>	<u>\$ 101,519,532</u>	<u>\$ 4,757,017</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ 3,796,555	\$ 3,304,551	\$ 170,404	\$ 3,134,147
Total capital projects	<u>\$ 3,796,555</u>	<u>\$ 3,304,551</u>	<u>\$ 170,404</u>	<u>\$ 3,134,147</u>
Total School Capital Projects Fund	<u>\$ 3,796,555</u>	<u>\$ 3,304,551</u>	<u>\$ 170,404</u>	<u>\$ 3,134,147</u>
Total School Operating Fund	<u>\$ 105,437,421</u>	<u>\$ 109,581,100</u>	<u>\$ 101,689,936</u>	<u>\$ 7,891,164</u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2022-23	\$ 4,855,747	\$ 2,127,879	\$ 14,958,963	\$ 5,002,470	\$ 13,589,288	\$ 28,375,905	\$ 2,466,192	\$ 2,704,597	\$ 1,224,118	\$ 75,305,159
2021-22	5,599,547	2,042,480	14,792,403	3,722,983	11,892,612	29,791,135	2,497,995	1,540,439	1,251,835	73,131,429
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

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Gain on disposal of capital assets		
2022-23	\$ 3,937,448	\$ 24,536,304	\$ 149,204	\$ 43,245,916	\$ 13,546,551	\$ 2,445,688	\$ 1,681,305	\$ 4,725,806	\$ -	\$ 94,268,222	
2021-22	3,078,475	16,126,913	259,224	41,831,688	12,480,639	267,732	3,569,906	4,120,270	49,500	81,784,347	
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	

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
2022-23	\$ 4,059,325	\$ 2,351,967	\$ 11,875,097	\$ 2,519,331	\$ 13,615,375	\$ 104,707,519	\$ 2,321,702	\$ 1,709,715	\$ 776,279	\$ 3,410,394	\$ 147,346,704
2021-22	3,868,869	2,263,746	15,698,510	3,826,286	11,866,985	97,318,864	2,299,291	1,549,331	457,180	3,633,812	142,782,874
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

(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
2022-23	\$ 42,831,238	\$ 13,546,551	\$ 400,271	\$ 1,130,195	\$ 1,695,552	\$ 6,629,394	\$ 2,753,898	\$ 1,157,296	\$ 101,080,164	\$ 171,224,559
2021-22	41,974,694	12,480,639	368,294	1,082,236	185,488	5,758,560	2,976,337	1,347,756	82,704,824	148,878,828
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

(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
2022-23	\$ 43,392,646	\$ 40,946,719	94.36%	\$ 1,848,175	42,794,894	98.62%	\$ 5,279,309	12.17%
2021-22	43,827,891	42,048,588	95.94%	1,559,860	43,608,448	99.50%	4,948,673	11.29%
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%

(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	
2022-23	\$ 4,601,342,069	\$ 855,834,923	\$ 208,698,110	\$ 203,950,914	\$	5,869,826,016
2021-22	4,548,805,381	752,509,884	205,764,615	298,072,835		5,805,152,715
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

(1) Assessed at 100% of fair market value, with exception of 2022-23 automobiles, trucks of less than two tons, and motor vehicles with specially designed equipment for use by the handicapped in accordance with Virginia Code 58.1-3503 (A)(3)(4) and (9) and 58.1-3503 (B) which were assessed at 87% 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
2022-23	\$ 0.60	\$ 1.70	1.55
2021-22	0.60	1.70	1.55
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

(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)	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
2022-23	54,876	\$ 5,869,826	\$ 22,653,888	\$ 22,653,888	0.39%	413
2021-22	54,876	5,805,153	21,646,931	21,646,931	0.37%	394
2020-21	54,876	5,667,641	23,011,565	23,011,565	0.41%	419
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

(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, leases liabilities, 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
2022-23	\$ 1,895,709	\$ 1,514,685	\$ 3,410,394	\$ 147,346,704	2.31%
2021-22	2,117,859	1,515,953	3,633,812	142,782,874	2.54%
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%

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

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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, 2023, 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 December 4, 2023. 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 the 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.

Report on 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County 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
December 4, 2023



**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

Opinion on Each Major Federal Program

We have audited the County of Washington, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Washington, Virginia's major federal programs for the year ended June 30, 2023. 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 \$987,540 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, 2023. 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.

In our opinion, County of Washington, Virginia complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Washington, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Washington, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Washington, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Report on Internal Control over Compliance (Continued)

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.

Polinse, Fauer, Cox Associates

Blacksburg, Virginia
December 4, 2023

County of Washington, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Guardianship Assistance	93.090	1110122/1110123	\$ 202
Title IV-E Prevention Program	93.472	1140122/1140123	7,829
Temporary Assistance for Needy Families	93.558	0400122/0400123	468,100
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122/0950221	44,471
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122/0500123	2,004
Low-Income Home Energy Assistance	93.568	0600422/0600423	93,450
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122/0760123	107,180
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	768
Foster Care Title IV-E	93.658	1100122/1100123	831,677
Adoption Assistance	93.659	1120122/1120123	657,834
Social Services Block Grant	93.667	1000122/1000123	714,696
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122/9152121	30,641
Elder Abuse Prevention Interventions Program	93.747	8000221/8000321	9,239
Children's Health Insurance Program	93.767	0540122/0540123	4,085
Medicaid Cluster:			
Medical Assistance Program	93.778	1200122/1200123	450,467
Virginia Department of Education:			
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response:			
Public Health Crisis Response	93.354	APE402970000	178,398
Total Department of Health and Human Services			\$ 3,601,041
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture:			
Food Distribution (Note 3)	10.555	Not available	\$ 346,335
Virginia Department of Education:			
National School Lunch Program	10.555	APE402540000/APE411060000/ APE411080000	2,594,837
School Breakfast Program	10.553	APE402530000/APE411100000	1,012,734
Total Child Nutrition Cluster			\$ 3,953,906
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	DOE86560000	5,950
Forest Service Schools and Roads Cluster:			
Schools and Roads--Grants to States	10.665	APE438410000	23,116
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122/0010123/0040122/ 0040123	866,454
Total Department of Agriculture			\$ 4,849,426
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	15JOVW21GG00568STOP/ 15JOVW22GG00455STOP	\$ 26,969
Crime Victim Assistance	16.575	19V2GX0054	88,171
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	Not applicable	8,030
Equitable Sharing Program	16.922	Not applicable	17,073
Total Department of Justice			\$ 140,243
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2022-52394-22394/ BPT-2023-53340-23340 FOP-2022-52400-22400/154AL- 2022-52387-22387/ ENF_AL-2023-53298-23298	\$ 20,347
Alcohol Open Container Requirements	20.607		15,359
Total Department of Transportation			\$ 46,909
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	00004	\$ 95

County of Washington, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	APE429010000	\$ 1,995,129
Special Education Cluster:			
Special Education - Grants to States	84.027	APE402870000/APE430710000	\$ 1,484,190
Special Education - Preschool Grants	84.173	APE625210000/APE402860000	50,345
Total Special Education Cluster			1,534,535
School Safety National Activities (formerly, Drug-Free Schools and Communities - National Programs)	84.184	APE600500000	89,801
Supporting Effective Instruction State Grants (formerly, Improving Teacher Quality State Grants)	84.367	APE614800000	280,662
Student Support and Academic Enrichment Program	84.424	APE602810000	107,406
Adult Education - Basic Grants to States	84.002	APE428010000/APE611110000	432,713
Career and Technical Education - Basic Grants to States	84.048	APE600310000/APE600311005	148,549
COVID-19 Education Stabilization Fund:			
		APE501850000/APE501950000/	
COVID 19 - Elementary and Secondary School Emergency Relief Fund (ESSER Fund)	84.425D	APE402980000	\$ 2,640,536
COVID 19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	APE501930000	4,531,774
			7,172,310
Total Department of Education			\$ 11,761,105
Department of Treasury:			
Direct Payments:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 8,141,245
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	49,918
Virginia Department of Social Services:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	2,397
Virginia Department of Education:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE600540000/APE452770000	902,506
			9,096,066
Total Department of Treasury			\$ 9,096,066
Total Expenditures of Federal Awards			\$ 29,494,885
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, 2023. 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, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (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.			
(4) The County did not have any subrecipients for the year ended June 30, 2023.			
Note 3 -- Food Donation			
Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2023, 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			\$ 4,992,766
Less: Payment in lieu of taxes			(84,536)
Less: QSCB interest			(407,847)
Add: Equitable Sharing Program			17,073
ARPA Fund			8,141,245
Total primary government			\$ 12,658,701
Component Unit School Board:			
School Operating Fund			\$ 16,824,981
Total expenditures of federal awards per basic financial statements			\$ 29,483,682
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards			\$ 29,494,885

County of Washington, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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 reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
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>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
84.425	COVID 19 - Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$884,510
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Auditee qualified as low-risk auditee?	Yes
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County of Washington, Virginia

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

County of Washington, Virginia

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023**

There were no prior audit findings.