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COUNTY OF SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2021

COUNTY OF SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Prepared by
Angie Stine, Finance Director
Shenandoah County, Virginia

**COUNTY OF SHENANDOAH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION

County of Shenandoah

BOARD OF SUPERVISORS

DISTRICT 1 – JOSH STEPHENS
DISTRICT 2 – STEVE BAKER
DISTRICT 3 – BRADLEY POLLACK
DISTRICT 4 – KARL ROULSTON
DISTRICT 5 – DENNIS MORRIS
DISTRICT 6 – TIM TAYLOR

600 N. Main Street, Ste 102
WOODSTOCK, VA 22664



Tel: 540.459.6165 Fax: 540.459.6168
www.shenandoahcountvva.us

OFFICE OF COUNTY ADMINISTRATION

EVAN L. VASS
COUNTY ADMINISTRATOR

MANDY R. BELYEA
DEPUTY COUNTY ADMINISTRATOR

December 15, 2021

To the Honorable Chairman, Members of the Board of Supervisors, and Citizens of the County of Shenandoah, Virginia:

We are pleased to present the Comprehensive Annual Financial Report for the County of Shenandoah (County) for the fiscal year ended 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

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

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

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component units included in this report are the Shenandoah County School Board and the Shenandoah County Library. Generally accepted accounting principles require that management

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

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

The County of Shenandoah was formed in 1772 from Frederick County, and was originally named Dunmore County in honor of Governor Dunmore. In 1778, the name was changed to Shenandoah after the Shenandoah River, an Indian name meaning "Daughter of the Stars."

Situated in the scenic northern Shenandoah Valley of Virginia, the County is 34 miles long and an average of 16 miles wide and contains a land area of 512 square miles. Within the boundaries of the County of Shenandoah are the incorporated towns of Edinburg, Mt. Jackson, New Market, Strasburg, Toms Brook and Woodstock. The County is a political subdivision of the Commonwealth of Virginia administered by a six- member board elected by magisterial district for four year concurrent terms. The Board of Supervisors elects one of its own to serve as Chairman and appoints a County Administrator to oversee the general administration of the County.

Although a rural county, the County's 2021 population was 44,186 Shenandoah County enjoys a diversified economy, with manufacturing accounting for approximately 23.7% of the jobs in the County, retail accounting for 12.2% and health care accounting for roughly 10.6%. Again, agriculture accounts for less than 1% of the employment in the County due to the fact that most farmers are self-employed, and many have jobs off the farm to supplement their incomes. The County's unemployment is lower than the State average, and from June 2020 to June 2021, Shenandoah County saw its unemployment rate decrease from 6.9 percent to 4.1 percent.

The County is pleased to report the continuation of four significant economic development projects during fiscal year 2021.

During fiscal year 2017, Filibuster Distillery (Filibuster) was selected to receive a \$30,000 Agriculture and Forestry Industries Development (AFID) grant for agreeing to invest \$795,000 in their Maurertown facility. Shenandoah County provided matching grant funds. This investment created eight (8) new jobs through 2020. Filibuster also agreed to 100% source its corn and rye from Virginia Farmers and has been working with a farm out of Shenandoah County to meet these needs.

Shenandoah County was also selected as the new east coast location for Truck Vault who opened their facility in Mount Jackson in the fall of 2018. Their investment totaled \$1.5 million and included the addition of 60 new jobs. This project did not require any local incentives.

In August 2019, Howell Metal received a \$400,000 Commonwealth Opportunity Funds (COF) Grant through the Virginia Economic Development Partnership (VEDP) for an \$8,039,000 expansion resulting in the creation of 102 new jobs. Shenandoah County matched this grant with an additional \$400,000 of local funds paid in four equal installments of \$100,000 per year for four years.

Finally, in 2020 IAC Strasburg announced an expansion of their Strasburg facility resulting in the investment of an additional \$4,600,000 and 47 new jobs. Shenandoah County will provide \$99,999 in total incentives paid in three installments of \$33,333 per year for fiscal years 2021 – 2023.

In addition, the Industrial Development Authority of Shenandoah County (IDA) also sold two acres of property located along Dish Drive in Mount Jackson for the development of a small-scale food distribution

center. As part of the sales agreement, the purchaser agreed to extend water and sewer infrastructure to the opposite side of the street thus extending utilities to the rest of the IDA's properties on that road.

□ Major Initiatives and Goals □

The mission statement of the County of Shenandoah is as follows:

The government of Shenandoah County is to promote an organizational environment that emphasizes the efficient delivery of high quality services to the public, assist the Board of Supervisors in carrying out its strategic objectives, and effectively communicate information about County operations and services to citizens, the Board of Supervisors, the public, the employees, and the media.

During fiscal year 2016, the County contracted with an architectural firm to provide a conceptual design of a new Sheriff's Office facility. Construction commenced on the facility during the winter of 2019 and the Sheriff's Office facility became functional in the fall of 2020 providing the space necessary to support the County's law enforcement services including patrol, crime prevention, civil process, animal control, investigations, and administration. Architectural and engineering services associated with the project included further design to include the 911 Emergency Communications Center. Construction on the Emergency Communications Center continues with an anticipated completion in the summer of 2022.

During fiscal years 2017 and 2018, Shenandoah County contracted with a vendor to assess the existing ultra-high frequency (UHF) conventional analog public safety radio communications system. The goal of the needs assessment was to determine the best approach to improve radio communications within the county and to replace aging equipment which has reached its End-of-Life through the manufacturer. The assessment included a review of how the Shenandoah County Department of Emergency Communications (DEC) interfaces with the radio communications system, as well as recommendations for replacement of the current system. In fiscal year 2019, funds were secured for the radio system replacement and implementation. The project includes the need to upgrade, replace existing towers, and/or add new towers throughout the county. Construction on the various tower sites began during the fiscal year 2020. As of June 30, 2021, the Zepp, Deerhead, Cottontown, Fort Valley and ECC tower sites are 100% complete and functioning for testing purposes. The Lost River tower is 90% complete with a small amount of civil and tower work to complete. Construction has not begun on the Rudes Hill tower site due to its location being in the line of site from nearby historic property. Construction will begin as soon as the FCC approves a Memorandum of Understanding relating to the Section 106 process. Microwave and fiber links are complete on all sites with the exception of Lost River and Rudes Hill. Optimization of all components in the Communication Center continue, along with installation of the NICE (recording) system. Fleet mapping, subscriber installs, radio and pager programming are complete. Plans and logistics for system wide testing have been reviewed and approved and will begin when all tower sites are operational. This testing is anticipated to take approximately eight (8) weeks to complete. Moreover, as of June 30, 2021, approximately 85% of the project has been completed and it is anticipated the project will be complete by the end of Fiscal Year 2022.

During fiscal year 2021, the Department of Solid Waste Management initiated the construction of a new landfill cell. This is phase 4 and was constructed at the County Landfill in Edinburg, Virginia at a cost of \$2.85 million. Phase 4 is a six-acre, lined landfill cell. It is the fourth cell constructed of a seven-cell landfill, totaling 37 acres. The construction of Phase 4 entailed 94,000 cubic yards of excavation, 19,000 cubic yards of clay liner, 10,000 cubic yards of protective cover, 2,700 linear feet of leachate collection piping, 12 acres of geosynthetic layers and improvements to the Phase 3 sump. Phase 4 is expected to be in used for seven to ten years but, is dependent on waste production over time.

□ Financial Information □

The management of the County of Shenandoah is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Shenandoah's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the County also is responsible for ensuring that adequate internal controls are in place to make certain the County operates in compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2021, provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

Budgeting Controls

In addition to internal accounting controls, the County also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the County Board of Supervisors. Budgetary control is maintained at the function level and any unspent capital and unspent grant appropriations, at the fiscal year end, may be re-appropriated as part of the following year's revised budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Relevant financial policies

The County of Shenandoah, Virginia has adopted a comprehensive set of financial policies. The County has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to appropriations and transfers to other funds). Anticipated fiscal year 2021 revenues were less than appropriations and transfers to other funds by \$3,259,108. In such cases, the policy allows for appropriation of fund balance to close the gap. However, due to CARES Act funds received during the current fiscal year and part of the allocation being used to support the efforts of our public safety sector salaries as well as unexpended American Rescue and Recovery Act funds received, there was an increase in fund balance of \$5,247,334 for the year.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates, CPA's, was selected by the County. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The auditors' report on the basic financial statements and combining individual fund statements and schedules is included in the Financial Section of this report. The auditors' report related specifically to the single audit is included in the Compliance Section.

Awards

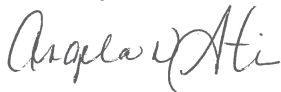
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Shenandoah, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2020. The County must publish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

Acknowledgments

The preparation of this annual financial report could not have been accomplished without the dedicated efforts of Evan Vass, County Administrator, Mandy Belyea, Deputy County Administrator, Cindy George, Treasurer, members of the Finance staff, the School Board and the members of their staff. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

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

Sincerely,



Angela D. Stine
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

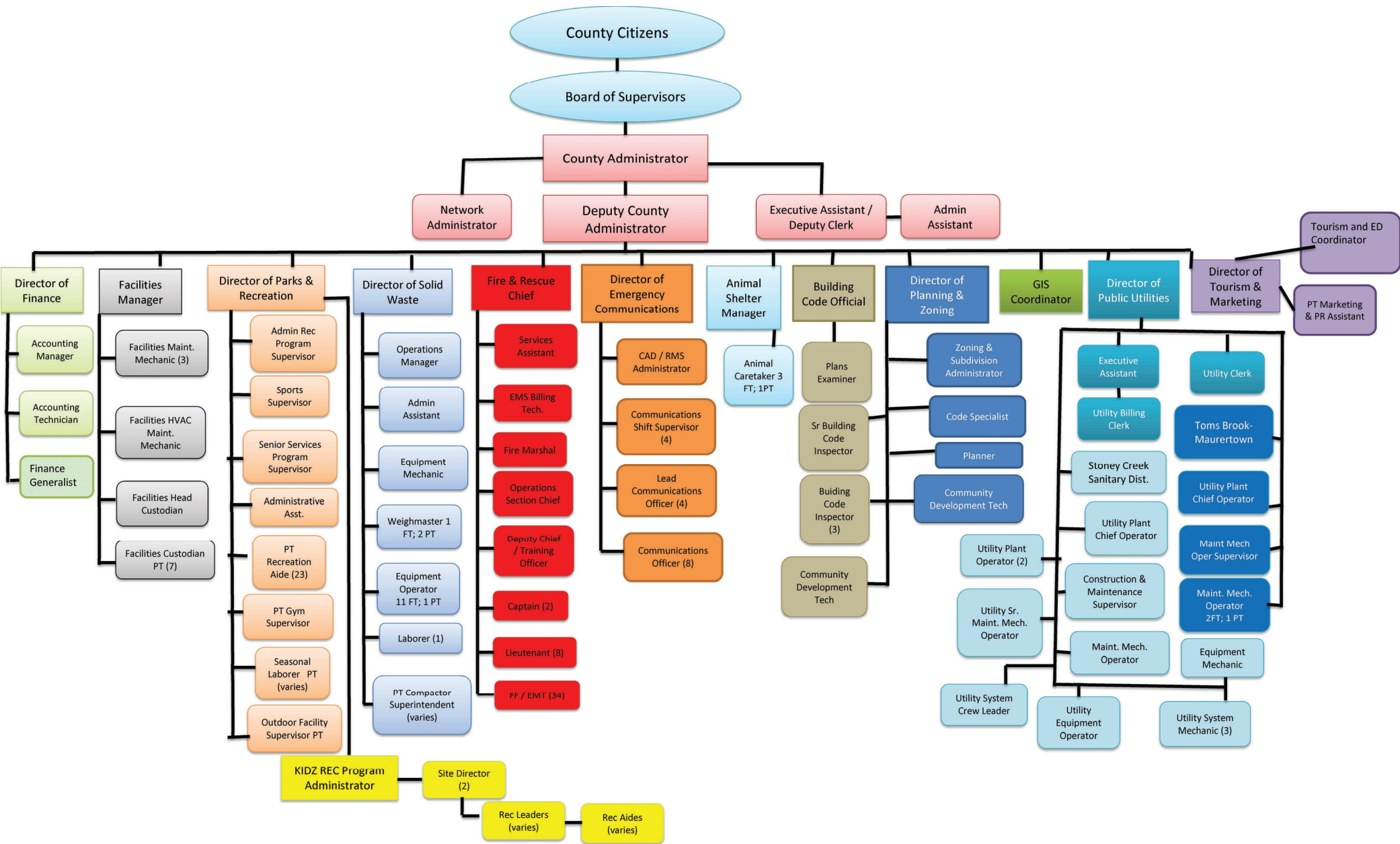
**County of Shenandoah
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO



COUNTY OF SHENANDOAH, VIRGINIA

BOARD OF SUPERVISORS

Josh Stephens, Vice Chairman District 1
Steven Baker, Chairman, District 2

Bradley Pollack, District 3
Karl Roulston, District 4

Dennis Morris, District 5
Tim Taylor, District 6

COUNTY SCHOOL BOARD

Karen S. Whetzel, Chairman, District 1
Cindy Walsh, Vice Chairman, District 3

Marty Helsley, District 2
Michelle Manning, District 4

Shelby Kline, District 5
Andrew Keller, District 6

OTHER OFFICIALS

Judge of the Circuit Court	Kevin Black
Judge of the General District Court	Amy Tisinger
Judge of the Juvenile & Domestic Court.....	Chad Logan
Clerk of the General District Court.....	Tammy Heishman
Clerk of the Juvenile & Domestic Court.....	Nikki Taylor
Clerk of the Circuit Court	Sarona Irvin
Commonwealth's Attorney.....	Amanda McDonald Wiseley
Commissioner of the Revenue	Kathy Black
Treasurer	Cindy George
Sheriff	Timothy Carter
Superintendent of Schools.....	Dr. Mark Johnston
Director of Public Utilities.....	Pat Felling
Director of Social Services.....	Beth Delullo
General Registrar	Lisa McDonald
County Administrator	Evan L. Vass
Deputy County Administrator.....	Mandy Belyea
County Attorney	Jason Ham
Finance Director	Angie Stine
Director of Community Development.....	Lemuel Hancock
Director of Parks and Recreation.....	Jered Hoover
Chief of Fire and Rescue	Tim Williams
Director of Emergency Communications Center	Mellanie Shipe
Facilities Manager.....	Samuel Dellinger
Library Director	Sandy Whitesides

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF SHENANDOAH, VIRGINIA**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84 *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 3 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 12-19, 108, and 109-127, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the County of Shenandoah, 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 Shenandoah 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 Shenandoah, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Shenandoah, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2020.

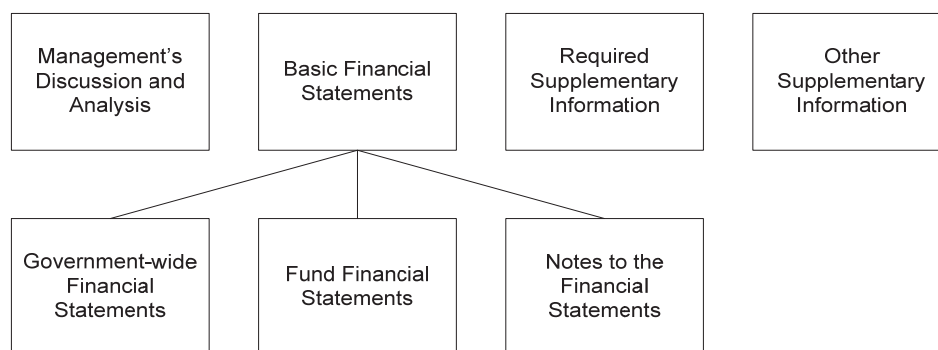
Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$44,051,787 (net position). Of this amount, \$7,555,072 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$33,353,291, an increase of \$788,549 in comparison with the prior year. Approximately \$17,175,329 or 51 percent of the total fund balance is unassigned and available for spending at the County's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund of \$17,175,329 represents 23 percent of total general fund expenditures.
- The County's total long-term obligations increased by \$1,990,043 during the current fiscal year, primarily due to the to the payment of principal on its indebtedness.

Overview of the Financial Statements

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

Components of the Financial Report



Government-wide financial statements - The government-wide financial statements provide financial statement users with a general overview of the County's finances. The statements provide both long-term and short-term information about the County's financial status. Two financial statements are used to present this information: 1) the statement of net position, and 2) the statement of activities. These statements are reported using the economic resources measurement focus and the accrual basis of accounting, which is similar to the accounting used by private-sector companies.

The statement of net position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them 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. Other non-financial factors also need to be considered to determine the overall financial position of the County.

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). The governmental activities of the County include general government, judicial administration, public safety, public works, health and welfare, parks and recreation, cultural, and community development. Business-type activities of the County include the Toms Brook-Maurertown Sanitary District, the Stoney Creek Sanitary District, North Fork Wastewater Treatment Plant fund, and the Landfill fund.

The government-wide financial statements include not only the County of Shenandoah, Virginia (known as the primary government), but also a legally separate school district and a legally separate library for which the County of Shenandoah, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present for the primary government itself.

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 Shenandoah, 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 statements focus on near-term inflows and outflows of expendable resources, as well as on balance of expendable 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 eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, both of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds - The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Toms Brook-Maurertown Sanitary District, Stoney Creek Sanitary District, North Fork Wastewater Treatment Plant, and the Landfill. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Toms Brook-Maurertown Sanitary District, Stoney Creek Sanitary District, North Fork Wastewater, and the Landfill all of which are considered to be major funds of the County.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is 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 position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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 concerning the County's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in the connection with nonmajor governmental funds are also presented as required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,051,787 at the close of the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

Shenandoah County's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents 60 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, 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.

Summary Statement of Net Position

County of Shenandoah, Virginia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 69,051,736	\$ 67,237,971	\$ 3,832,364	\$ 2,914,387	\$ 72,884,100	\$ 70,152,358
Capital assets	52,953,241	51,411,933	15,650,023	13,735,241	68,603,264	65,147,174
Total assets	<u>\$ 122,004,977</u>	<u>118,649,904</u>	<u>\$ 19,482,387</u>	<u>\$ 16,649,628</u>	<u>141,487,364</u>	<u>\$ 135,299,532</u>
Total deferred outflows of resources	\$ 4,878,658	\$ 2,569,724	\$ 540,416	\$ 301,192	\$ 5,419,074	\$ 2,870,916
Current liabilities	\$ 6,211,014	\$ 7,614,914	\$ 235,423	\$ 193,867	\$ 6,446,437	\$ 7,808,781
Long-term liabilities	51,006,871	52,407,006	17,763,142	14,366,965	68,770,013	66,773,971
Total liabilities	<u>\$ 57,217,885</u>	<u>60,021,920</u>	<u>17,998,565</u>	<u>\$ 14,560,832</u>	<u>75,216,450</u>	<u>\$ 74,582,752</u>
Total deferred inflows of resources	\$ 27,262,053	\$ 25,371,021	\$ 376,148	\$ 436,461	\$ 27,638,201	\$ 25,807,482
Net position:						
Net investment in capital assets	\$ 19,597,089	\$ 20,131,947	\$ 11,114,850	\$ 11,313,348	\$ 30,711,939	\$ 31,445,295
Restricted:						
Capital projects	4,777,163	-	-	-	4,777,163	-
Asset forfeiture	1,003,213	1,067,924	-	-	1,003,213	1,067,924
OPEB	3,930	-	470	-	4,400	-
Unrestricted	17,022,302	14,626,816	(9,467,230)	(9,359,821)	7,555,072	5,266,995
Total net position	<u>\$ 42,403,697</u>	<u>35,826,687</u>	<u>1,648,090</u>	<u>\$ 1,953,527</u>	<u>44,051,787</u>	<u>\$ 37,780,214</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position, except for business-type unrestricted net position, both for the County as a whole and for its separate governmental and business-type activities.

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County of Shenandoah, Virginia's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,495,944	\$ 2,696,944	\$ 3,656,450	\$ 3,332,976	\$ 6,152,394	\$ 6,029,920
Operating grants and contributions	18,018,615	10,221,751	-	-	18,018,615	10,221,751
Capital grants and contributions	277,320	-	132,000	50,000	409,320	50,000
General revenues:						
Property taxes	50,916,675	48,673,614	564,707	558,942	51,481,382	49,232,556
Other local taxes	7,911,111	7,658,607	-	-	7,911,111	7,658,607
Other	5,779,220	5,699,570	5,406	57,308	5,784,626	5,756,878
Total revenues	<u>\$ 85,398,885</u>	<u>\$ 74,950,486</u>	<u>\$ 4,358,563</u>	<u>\$ 3,999,226</u>	<u>\$ 89,757,448</u>	<u>\$ 78,949,712</u>
Expenses:						
General						
government administration	\$ 4,206,060	\$ 2,906,778	\$ -	\$ -	\$ 4,206,060	\$ 2,906,778
Judicial						
administration	2,377,823	2,358,719	-	-	2,377,823	2,358,719
Public safety	19,746,148	17,671,034	-	-	19,746,148	17,671,034
Public works	1,471,966	1,401,848	-	-	1,471,966	1,401,848
Health and welfare	12,065,852	10,356,776	-	-	12,065,852	10,356,776
Education	29,106,490	32,287,111	-	-	29,106,490	32,287,111
Parks, recreation and culture	2,068,448	2,407,958	-	-	2,068,448	2,407,958
Community development	4,040,598	1,072,502	-	-	4,040,598	1,072,502
Interest	1,825,032	2,059,559	-	-	1,825,032	2,059,559
Business-type activities	-	-	6,577,458	5,243,532	6,577,458	5,243,532
Total expenses	<u>\$ 76,908,417</u>	<u>\$ 72,522,285</u>	<u>\$ 6,577,458</u>	<u>\$ 5,243,532</u>	<u>\$ 83,485,875</u>	<u>\$ 77,765,817</u>
Increase (decrease) in net position before transfers	\$ 8,490,468	\$ 2,428,201	\$ (2,218,895)	\$ (1,244,306)	\$ 6,271,573	\$ 1,183,895
Transfers	<u>(1,913,458)</u>	<u>(1,637,138)</u>	<u>1,913,458</u>	<u>1,637,138</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	\$ 6,577,010	\$ 791,063	\$ (305,437)	\$ 392,832	\$ 6,271,573	\$ 1,183,895
Net position beginning	<u>35,826,687</u>	<u>35,035,624</u>	<u>1,953,527</u>	<u>1,560,695</u>	<u>37,780,214</u>	<u>36,596,319</u>
Net position ending	<u>\$ 42,403,697</u>	<u>\$ 35,826,687</u>	<u>\$ 1,648,090</u>	<u>\$ 1,953,527</u>	<u>\$ 44,051,787</u>	<u>\$ 37,780,214</u>

Governmental activities – Governmental activities increased the County's net position by \$6,577,010.

Key elements of this increase are as follows:

- General property taxes increased \$2,731,056 in fiscal year 2021 compared to fiscal year 2020. The increase is attributed to more aggressive collection efforts on prior years' real property and personal property accounts, as well as the accessibility to online payment options.
- Other local taxes including sales tax increased \$252,504 in fiscal year 2021 compared to fiscal year 2020, indicating a steady or growing economy, locally.
- Federal and State revenues increased by \$18,035,917 mainly due to the CARES Act and American Rescue Plan Act funds made available as a result of COVID-19.
- For the most part, increases in expenses closely paralleled inflation, growth in the demand for services and expenses directly related to COVID-19 and the safety of county citizens and employees.

Business-type activities – Business-type activities of the two Sanitary Districts decreased the Shenandoah County Government's net position by (\$305,437). This was a decrease of \$698,269 from the previous fiscal year. This decrease is primarily the result of several capital projects and required maintenance within the districts.

Two other enterprise funds are included in the business-type activities. First is the North Fork Wastewater Treatment Plant and the second is the Landfill Enterprise Fund. In fiscal year 2021, the North Fork Wastewater Treatment Plant fund experienced a decrease in net assets of \$6,150 due to the depreciation of its existing machinery and equipment. The Landfill Enterprise Fund was created in fiscal year 2012 in response to the leachate line project. The creation of this fund required significant changes to the financial statements as assets moved from the General Fund to the Landfill Fund. The landfill continues to have a negative impact on the business-type activities and for fiscal year 2021, the impact was \$5,938,245 however, the General Fund assets benefit from this transfer.

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 \$33,353,291 an increase of \$788,549 in comparison with the prior year. Approximately 51% of the total fund balance or \$17,175,329 constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is assigned to indicate that is not available to finance operations as it has been designated by the Board of Supervisors for future capital projects.

The General Fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17,175,329, while the total general fund balance was \$19,679,407. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23 percent of total general fund expenditures, while total fund balance represents 27 percent of that same amount.

The General Fund's fund balance increased \$5,247,334 during the current fiscal year.

Proprietary funds - The Shenandoah County Government's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a \$10,012,666 increase in appropriations and can be briefly summarized as follows:

- \$3,511,315 increase in public safety expenditures due in part to expenditures relating to approved use of CARES Act funding as well as to the receipt and expenditures associated with various grant and other law enforcement programs including U.S. Forest Service Patrol, Federal Asset Sharing, Project Backpack and Triad programs.
- \$2,976,058 increase in Community Development due in part to the receipt and expenditures associated with the Community Development Block Grant and Brownfields grant. The county served as a pass-through agency for these funds.

Fiscal year 2021 actual revenues were approximately \$3,324,706 more than the fiscal year 2021 final budgeted revenues. Fiscal year 2021 actual expenditures were approximately \$8,416,371 less than the fiscal year 2021 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- Personal property taxes were \$2,230,717 more than the final budgeted revenues primarily due to increased personal property tax collections that were higher than anticipated; this was a result of more aggressive tax collections on current and delinquent taxes, as well as increased use of online payment options.
- Intergovernmental revenues from the state were \$455,215 more than the budgeted revenues due to more receipts for welfare assistance and other state categorical aid.
- Education expenditures were \$5,305,877 less than the budgeted expenditures as a result of less transfers to the County School Board throughout the fiscal year due in part to CARES Act funding directly reimbursed to the schools.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$52,953,241 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total change of the County's investment in capital assets for the current fiscal year over the prior year is due to the final phase of construction of the Sheriff's Office, continued progress on the Radio Project and the Emergency Communications Center as well as the construction of the Phase IV landfill cell.

County of Shenandoah, Virginia's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,908,718	\$ 4,908,718	\$ 503,500	\$ 503,500	\$ 5,412,218	\$ 5,412,218
Building and improvements	46,556,089	39,573,488	11,040,940	8,147,415	57,597,029	47,720,903
Utility plant in service	-	-	26,530,465	26,406,933	26,530,465	26,406,933
Equipment	12,584,118	11,712,318	-	-	12,584,118	11,712,318
Construction in progress	9,304,420	15,141,934	47,355	53,624	9,351,775	15,195,558
Subtotal	\$ 73,353,345	\$ 71,336,458	\$ 38,122,260	\$ 35,111,472	\$ 111,475,605	\$ 106,447,930
Accumulated depreciation	(20,400,104)	(19,924,525)	(22,472,237)	(21,376,231)	(42,872,341)	(41,300,756)
Net capital assets	\$ 52,953,241	\$ 51,411,933	\$ 15,650,023	\$ 13,735,241	\$ 68,603,264	\$ 65,147,174

Additional information on the County's capital assets can be found in Note 8.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$42,049,931. The bonded debt outstanding comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's long-term bonded debt decreased by \$2,274,000.

Additional information on the County of Shenandoah, Virginia's long-term debt can be found in Note 11 of this report.

Economic Factors and Next Year's Budgets and Rates

- The 2021 unemployment rate for the County was 4.1percent, which is a decrease from a rate of 6.9 percent in 2020. The County's rate is lower than the state average of 4.5 percent and lower than the national average rate of 6.1 percent.
- Population growth in the County is expected to increase which will likely cause a similar affect on general property and other local tax revenues; moreover, the potential for economic development growth continues to gain strength and will also increase the potential for additional local revenues in the future.
- Earnings on idle cash continue to remain at extremely low levels.

All of these factors were considered in preparing the County's budget for fiscal year 2021.

Requests for Information

This financial report is designed to provide a general overview of the finances of the County of Shenandoah, Virginia. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Shenandoah Department of Finance, 600 N. Main Street; Suite 102, Woodstock, Virginia 22664.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Position
June 30, 2021

Exhibit 1

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Library	Industrial Development Authority
ASSETS						
Cash and cash equivalents	\$ 31,396,037	\$ 3,032,834	\$ 34,428,871	\$ 6,600,337	\$ 292,479	\$ 1,554,848
Cash in custody of others	9,483	-	9,483	-	-	-
Restricted cash	4,777,163	22,525	4,799,688	5,306,803	-	492,651
Receivables (net of allowance for uncollectibles):						
Taxes receivable	26,371,528	329,837	26,701,365	-	-	-
Accounts receivable	1,595,436	446,279	2,041,715	26,978	520	-
Other	316	-	316	-	-	-
Notes receivable	-	-	-	-	-	23,052
Due from component unit	2,299,134	-	2,299,134	-	-	-
Due from other governmental units	2,495,516	-	2,495,516	2,273,403	15,834	-
Inventories	-	-	-	192,668	-	612,202
Prepaid items	103,193	419	103,612	1,755	27,813	-
Capital assets (net of accumulated depreciation):						
Land	4,908,718	503,500	5,412,218	5,725,275	-	-
Buildings and improvements	35,486,391	7,081,286	42,567,677	45,047,602	156,217	-
Wells, lines, reservoirs	-	4,791,363	4,791,363	-	-	-
Machinery and equipment	3,253,712	3,226,519	6,480,231	4,972,355	142,032	-
Construction in progress	9,304,420	47,355	9,351,775	-	65,909	-
Net OPEB Asset	3,930	470	4,400	-	-	-
Other assets	-	-	-	1,164,075	-	-
Total assets	\$ 122,004,977	\$ 19,482,387	\$ 141,487,364	\$ 71,311,251	\$ 700,804	\$ 2,682,753
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 4,411,692	\$ 486,888	\$ 4,898,580	\$ 17,606,388	\$ -	\$ -
OPEB related items	466,966	53,528	520,494	2,618,054	-	-
Total deferred outflows of resources	\$ 4,878,658	\$ 540,416	\$ 5,419,074	\$ 20,224,442	\$ -	\$ -
LIABILITIES						
Accounts payable	\$ 940,108	\$ 178,941	\$ 1,119,049	\$ 4,679,702	\$ 4,129	\$ -
Retainage payable	34,160	5,000	39,160	-	-	-
Accrued interest payable	447,780	28,957	476,737	-	-	-
Due to primary government	-	-	-	2,299,134	-	-
Unearned revenue	4,788,966	-	4,788,966	-	-	-
Deposits payable-restricted assets	-	22,525	22,525	-	-	-
Long-term liabilities:						
Due within one year	5,531,245	679,752	6,210,997	240,905	-	-
Due in more than one year	45,475,626	17,083,390	62,559,016	86,690,048	-	-
Liabilities payable from restricted assets	-	-	-	-	-	376,112
Total liabilities	\$ 57,217,885	\$ 17,998,565	\$ 75,216,450	\$ 93,909,789	\$ 4,129	\$ 376,112
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-property taxes	\$ 26,348,680	\$ 280,136	\$ 26,628,816	\$ -	\$ -	\$ -
Deferred charge refunding	330,311	-	330,311	-	-	-
Pension related items	184,267	51,161	235,428	5,015,101	-	-
OPEB related items	398,795	44,851	443,646	3,239,368	-	-
Total deferred inflows of resources	\$ 27,262,053	\$ 376,148	\$ 27,638,201	\$ 8,254,469	\$ -	\$ -
NET POSITION						
Net investment in capital assets	\$ 19,597,089	\$ 11,114,850	\$ 30,711,939	\$ 55,745,232	\$ 364,158	\$ -
Restricted:						
Capital projects	4,777,163	-	4,777,163	-	-	-
Asset forfeiture	1,003,213	-	1,003,213	-	-	-
OPEB	3,930	470	4,400	-	-	-
Economic development	-	-	-	-	-	94,451
Unrestricted (deficit)	17,022,302	(9,467,230)	7,555,072	(66,373,797)	332,517	2,212,190
Total net position (deficit)	\$ 42,403,697	\$ 1,648,090	\$ 44,051,787	\$ (10,628,565)	\$ 696,675	\$ 2,306,641

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

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COUNTY OF SHENANDOAH, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,206,060	\$ 85,279	\$ 696,624	\$ -
Judicial administration	2,377,823	123,375	796,679	-
Public safety	19,746,148	1,536,105	5,237,408	-
Public works	1,471,966	-	152,928	-
Health and welfare	12,065,852	-	7,880,638	-
Education	29,106,490	-	299,284	-
Parks, recreation, and cultural	2,068,448	751,185	43,661	-
Community development	4,040,598	-	2,911,393	277,320
Interest on long-term debt	1,825,032	-	-	-
Total governmental activities	<u>\$ 76,908,417</u>	<u>\$ 2,495,944</u>	<u>\$ 18,018,615</u>	<u>\$ 277,320</u>
Business-type activities:				
Stoney Creek Sanitary District	\$ 1,752,295	\$ 1,131,535	\$ -	\$ 40,000
Toms Brook Maurertown Sanitary District	801,179	661,051	-	92,000
North Fork Wastewater	199,628	193,478	-	-
Landfill	3,824,356	1,670,386	-	-
Total business-type activities	<u>\$ 6,577,458</u>	<u>\$ 3,656,450</u>	<u>\$ -</u>	<u>\$ 132,000</u>
Total primary government	<u>\$ 83,485,875</u>	<u>\$ 6,152,394</u>	<u>\$ 18,018,615</u>	<u>\$ 409,320</u>
COMPONENT UNITS:				
School Board	\$ 77,932,303	\$ 912,695	\$ 45,731,985	\$ 12,649
Library	924,218	5,721	1,007,803	-
Industrial Development Authority	1,406,558	-	140,833	258,746
Total component units	<u>\$ 80,263,079</u>	<u>\$ 918,416</u>	<u>\$ 46,880,621</u>	<u>\$ 271,395</u>

General revenues:

- General property taxes
- Local sales tax
- Consumer utility taxes
- Motor vehicle licenses
- Tax on recordation and wills
- Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning, as restated
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Library	Industrial Development Authority
\$ (3,424,157)	\$ -	\$ (3,424,157)	\$ -	\$ -	\$ -
(1,457,769)	-	(1,457,769)	-	-	-
(12,972,635)	-	(12,972,635)	-	-	-
(1,319,038)	-	(1,319,038)	-	-	-
(4,185,214)	-	(4,185,214)	-	-	-
(28,807,206)	-	(28,807,206)	-	-	-
(1,273,602)	-	(1,273,602)	-	-	-
(851,885)	-	(851,885)	-	-	-
(1,825,032)	-	(1,825,032)	-	-	-
<u>\$ (56,116,538)</u>	<u>\$ -</u>	<u>\$ (56,116,538)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (580,760)	\$ (580,760)	\$ -	\$ -	\$ -
-	(48,128)	(48,128)	-	-	-
-	(6,150)	(6,150)	-	-	-
-	(2,153,970)	(2,153,970)	-	-	-
<u>\$ -</u>	<u>\$ (2,789,008)</u>	<u>\$ (2,789,008)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (56,116,538)</u>	<u>\$ (2,789,008)</u>	<u>\$ (58,905,546)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (31,274,974)	\$ -	\$ -
-	-	-	-	89,306	-
					(1,006,979)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,274,974)</u>	<u>\$ 89,306</u>	<u>\$ (1,006,979)</u>
\$ 50,916,675	\$ 564,707	\$ 51,481,382	\$ -	\$ -	\$ -
4,591,538	-	4,591,538	-	-	-
1,665,423	-	1,665,423	-	-	-
920,131	-	920,131	-	-	-
664,903	-	664,903	-	-	-
69,116	-	69,116	-	-	-
616,576	2,836	619,412	19,087	752	13,269
980,122	2,570	982,692	1,474,128	305	195,040
4,182,522	-	4,182,522	30,189,253	-	1,200,142
(1,913,458)	1,913,458	-	-	-	-
<u>\$ 62,693,548</u>	<u>\$ 2,483,571</u>	<u>\$ 65,177,119</u>	<u>\$ 31,682,468</u>	<u>\$ 1,057</u>	<u>\$ 1,408,451</u>
\$ 6,577,010	\$ (305,437)	\$ 6,271,573	\$ 407,494	\$ 90,363	\$ 401,472
35,826,687	1,953,527	37,780,214	(11,036,059)	606,312	1,905,169
<u>\$ 42,403,697</u>	<u>\$ 1,648,090</u>	<u>\$ 44,051,787</u>	<u>\$ (10,628,565)</u>	<u>\$ 696,675</u>	<u>\$ 2,306,641</u>

FUND FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3

	Governmental Funds				
	General	Debt Service	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 22,686,837	\$ 194,464	\$ 8,057,271	\$ 457,465	\$ 31,396,037
Cash in custody of others	9,483	-	-	-	9,483
Receivables (net of allowance for uncollectibles):					
Taxes receivable	26,371,528	-	-	-	26,371,528
Accounts receivable	1,595,436	-	-	-	1,595,436
Other	-	-	316	-	316
Due from other funds	-	187,205	-	-	187,205
Due from component unit	2,299,134	-	-	-	2,299,134
Due from other governmental units	2,495,516	-	-	-	2,495,516
Prepaid items	103,193	-	-	-	103,193
Restricted assets:					
Cash and cash equivalents	-	1,625	4,775,538	-	4,777,163
Total assets	<u>\$ 55,561,127</u>	<u>\$ 383,294</u>	<u>\$ 12,833,125</u>	<u>\$ 457,465</u>	<u>\$ 69,235,011</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 940,108	\$ -	\$ -	\$ -	\$ 940,108
Retainage payable	34,160	-	-	-	34,160
Due to other funds	187,205	-	-	-	187,205
Unearned revenue	4,788,966	-	-	-	4,788,966
Total liabilities	<u>\$ 5,950,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,950,439</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>\$ 29,931,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,931,281</u>
FUND BALANCES					
Nonspendable	\$ 103,193	\$ -	\$ -	\$ -	\$ 103,193
Restricted	1,003,213	1,625	4,775,538	-	5,780,376
Assigned	1,397,672	381,669	8,057,587	457,465	10,294,393
Unassigned	17,175,329	-	-	-	17,175,329
Total fund balances	<u>\$ 19,679,407</u>	<u>\$ 383,294</u>	<u>\$ 12,833,125</u>	<u>\$ 457,465</u>	<u>\$ 33,353,291</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 55,561,127</u>	<u>\$ 383,294</u>	<u>\$ 12,833,125</u>	<u>\$ 457,465</u>	<u>\$ 69,235,011</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

Exhibit 4

**Primary
Government**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	33,353,291
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	4,908,718	
Buildings and improvements		35,486,391	
Machinery and equipment		3,253,712	
Construction in progress		<u>9,304,420</u>	52,953,241

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

Unavailable revenue - property taxes	\$	3,582,601	
Net OPEB Asset		<u>3,930</u>	3,586,531

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

Pension related items	\$	4,411,692	
OPEB related items		<u>466,966</u>	4,878,658

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

Accrued interest	\$	(447,780)	
General obligation bonds		(16,909,140)	
Bond premium		(2,042,590)	
Lease revenue bonds		(19,575,000)	
Capital leases payable		(1,093,869)	
Compensated absences		(1,152,939)	
Net pension liability		(7,515,380)	
Net OPEB liabilities		<u>(2,717,953)</u>	(51,454,651)

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

Deferred charge refunding	\$	(330,311)	
Pension related items		(184,267)	
OPEB related items		<u>(398,795)</u>	(913,373)

Net position of governmental activities	\$	<u><u>42,403,697</u></u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

Exhibit 5

	Governmental Funds				
	General	Debt Service	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 50,937,428	\$ -	\$ -	\$ -	50,937,428
Other local taxes	7,911,111	-	-	-	7,911,111
Permits, privilege fees, and regulatory licenses	664,815	-	-	-	664,815
Fines and forfeitures	36,379	-	-	-	36,379
Revenue from the use of money and property	448,041	-	168,535	-	616,576
Charges for services	1,794,750	-	-	-	1,794,750
Miscellaneous	606,095	793,601	-	-	1,399,696
Recovered costs	528,055	-	-	-	528,055
Intergovernmental:					
Commonwealth	12,123,609	-	-	-	12,123,609
Federal	10,354,848	-	-	-	10,354,848
Total revenues	\$ 85,405,131	\$ 793,601	\$ 168,535	\$ -	\$ 86,367,267
EXPENDITURES					
Current:					
General government administration	\$ 3,770,714	\$ -	\$ -	\$ -	3,770,714
Judicial administration	2,159,194	-	-	-	2,159,194
Public safety	18,961,893	-	-	-	18,961,893
Public works	1,449,966	-	-	-	1,449,966
Health and welfare	12,231,084	-	-	-	12,231,084
Education	26,573,821	-	-	-	26,573,821
Parks, recreation, and cultural	2,005,987	-	-	-	2,005,987
Community development	4,414,083	-	-	-	4,414,083
Nondepartmental	56,943	-	-	-	56,943
Capital projects	-	-	5,066,792	-	5,066,792
Debt service:					
Principal retirement	-	4,909,191	-	-	4,909,191
Interest and other fiscal charges	-	2,114,168	-	-	2,114,168
Total expenditures	\$ 71,623,685	\$ 7,023,359	\$ 5,066,792	\$ -	\$ 83,713,836
Excess (deficiency) of revenues over (under) expenditures	\$ 13,781,446	\$ (6,229,758)	\$ (4,898,257)	\$ -	\$ 2,653,431
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 6,564,476	\$ 10,967	\$ 45,211	\$ 6,620,654
Transfers out	(8,534,112)	-	-	-	(8,534,112)
Issuance of general obligation bonds	-	1,475,000	-	-	1,475,000
Payment to refunded bond escrow agent	-	(1,426,424)	-	-	(1,426,424)
Total other financing sources (uses)	\$ (8,534,112)	\$ 6,613,052	\$ 10,967	\$ 45,211	\$ (1,864,882)
Net change in fund balances	\$ 5,247,334	\$ 383,294	\$ (4,887,290)	\$ 45,211	\$ 788,549
Fund balances - beginning	14,432,073	-	17,720,415	412,254	32,564,742
Fund balances - ending	\$ 19,679,407	\$ 383,294	\$ 12,833,125	\$ 457,465	\$ 33,353,291

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

COUNTY OF SHENANDOAH, VIRGINIA
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

Exhibit 6

**Primary
Government**

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

Net change in fund balances - total governmental funds	\$	788,549
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$	5,344,949	
Depreciation expense		(1,270,972)	
Allocation of debt financed school assets based on current year repayments		<u>(2,532,669)</u>	1,541,308

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(20,753)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	\$	(1,475,000)	
Principal repayments		4,909,191	
Payment to refunded bond escrow agent		1,426,424	
Change in accrued interest		<u>80,519</u>	4,941,134

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	\$	5,236	
Amortization of bond premium		190,451	
Amortization of deferred charge on refunding		18,166	
Pension expense		(876,598)	
OPEB expense		<u>(10,483)</u>	(673,228)

Change in net position of governmental activities	\$	<u><u>6,577,010</u></u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit 7

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,533,232	\$ 701,298	\$ 15,768	\$ 782,536	\$ 3,032,834
Restricted cash	6,300	16,225	-	-	22,525
Taxes receivable, net of allowances for uncollectibles	300,370	29,467	-	-	329,837
Accounts receivable, net of allowances for uncollectibles	221,554	56,798	22,864	145,063	446,279
Prepaid items	190	229	-	-	419
Total current assets	\$ 2,061,646	\$ 804,017	\$ 38,632	\$ 927,599	\$ 3,831,894
Noncurrent assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 37,251	\$ 84,047	\$ 4,950	\$ 377,252	\$ 503,500
Building and improvements	-	-	34,026	7,047,260	7,081,286
Wells, lines, reservoirs	2,876,928	1,914,435	-	-	4,791,363
Machinery and equipment	508,689	56,422	148,263	2,513,145	3,226,519
Construction in progress	-	47,355	-	-	47,355
Net OPEB Asset	195	75	-	200	470
Total noncurrent assets	\$ 3,423,063	\$ 2,102,334	\$ 187,239	\$ 9,937,857	\$ 15,650,493
Total assets	\$ 5,484,709	\$ 2,906,351	\$ 225,871	\$ 10,865,456	\$ 19,482,387
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 197,143	\$ 75,700	\$ -	\$ 214,045	\$ 486,888
OPEB related items	21,864	8,331	-	23,333	53,528
Total deferred outflows of resources	\$ 219,007	\$ 84,031	\$ -	\$ 237,378	\$ 540,416
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 14,903	\$ 11,522	\$ 7,952	\$ 144,564	\$ 178,941
Deposits payable-restricted assets	6,300	16,225	-	-	22,525
Accrued interest payable	-	416	-	28,541	28,957
Retainage payable	-	-	-	5,000	5,000
Compensated absences	13,435	1,271	-	18,535	33,241
Note payable	-	-	-	136,275	136,275
Bonds payable	-	27,152	-	277,987	305,139
Capital leases	-	-	-	205,097	205,097
Total current liabilities	\$ 34,638	\$ 56,586	\$ 7,952	\$ 815,999	\$ 915,175
Noncurrent liabilities:					
Compensated absences	\$ 40,305	\$ 3,812	\$ -	\$ 55,605	\$ 99,722
Note payable	-	-	-	358,562	358,562
Bonds payable	-	213,838	-	3,004,224	3,218,062
Capital leases	-	-	-	307,038	307,038
Landfill closure and post-closure care	-	-	-	11,952,732	11,952,732
Net pension liability	337,589	127,284	-	371,162	836,035
Net OPEB liabilities	127,087	48,406	-	135,746	311,239
Total noncurrent liabilities	\$ 504,981	\$ 393,340	\$ -	\$ 16,185,069	\$ 17,083,390
Total liabilities	\$ 539,619	\$ 449,926	\$ 7,952	\$ 17,001,068	\$ 17,998,565
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 251,380	\$ 28,756	\$ -	\$ -	\$ 280,136
Pension related items	24,033	6,894	-	20,234	51,161
OPEB related items	18,189	6,885	-	19,777	44,851
Total deferred inflows of resources	\$ 293,602	\$ 42,535	\$ -	\$ 40,011	\$ 376,148
NET POSITION					
Net investment in capital assets	\$ 3,422,868	\$ 1,861,269	\$ 187,239	\$ 5,643,474	\$ 11,114,850
Restricted for net OPEB asset	195	75	-	200	470
Unrestricted	1,447,432	636,577	30,680	(11,581,919)	(9,467,230)
Total net position	\$ 4,870,495	\$ 2,497,921	\$ 217,919	\$ (5,938,245)	\$ 1,648,090

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit 8

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Mauretown Sanitary District	North Fork Wastewater	Landfill	Total
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 475,264	\$ 240,937	\$ -	\$ -	\$ 716,201
Sewer sales	656,271	391,239	-	-	1,047,510
Septage income	-	28,875	193,478	-	222,353
Waste collection charges	-	-	-	1,670,386	1,670,386
Total operating revenues	\$ 1,131,535	\$ 661,051	\$ 193,478	\$ 1,670,386	\$ 3,656,450
OPERATING EXPENSES					
Treatment and purification	\$ 555,070	\$ 181,630	\$ -	\$ -	\$ 736,700
Maintenance	450,379	185,576	172,923	-	808,878
Administration	272,594	210,573	-	-	483,167
Other	344,330	102,651	17,817	-	464,798
Refuse collection and disposal	-	-	-	1,991,084	1,991,084
Landfill closure and post-closure costs	-	-	-	882,890	882,890
Depreciation and amortization	129,922	109,311	8,888	847,884	1,096,005
Total operating expenses	\$ 1,752,295	\$ 789,741	\$ 199,628	\$ 3,721,858	\$ 6,463,522
Operating income (loss)	\$ (620,760)	\$ (128,690)	\$ (6,150)	\$ (2,051,472)	\$ (2,807,072)
NONOPERATING REVENUES (EXPENSES)					
General property taxes	\$ 507,043	\$ 57,664	\$ -	\$ -	\$ 564,707
Investment earnings	1,164	1,282	-	390	2,836
Other	2,164	406	-	-	2,570
Interest expense	-	(11,438)	-	(71,606)	(83,044)
Bond issue costs	-	-	-	(30,892)	(30,892)
Total nonoperating revenues (expenses)	\$ 510,371	\$ 47,914	\$ -	\$ (102,108)	\$ 456,177
Income before contributions and transfers	\$ (110,389)	\$ (80,776)	\$ (6,150)	\$ (2,153,580)	\$ (2,350,895)
Capital contributions	\$ 40,000	\$ 92,000	\$ -	\$ -	\$ 132,000
Transfers in	1,066	689	-	1,911,703	1,913,458
Change in net position	\$ (69,323)	\$ 11,913	\$ (6,150)	\$ (241,877)	\$ (305,437)
Total net position - beginning	\$ 4,939,818	\$ 2,486,008	\$ 224,069	\$ (5,696,368)	\$ 1,953,527
Total net position - ending	\$ 4,870,495	\$ 2,497,921	\$ 217,919	\$ (5,938,245)	\$ 1,648,090

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit 9

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,133,669	\$ 680,033	\$ 186,263	\$ 1,644,164	\$ 3,644,129
Payments to suppliers	(828,239)	(370,242)	(186,661)	(840,666)	(2,225,808)
Payments to employees	(744,720)	(290,402)	-	(1,085,699)	(2,120,821)
Net cash provided by (used for) operating activities	<u>\$ (439,290)</u>	<u>\$ 19,389</u>	<u>\$ (398)</u>	<u>\$ (282,201)</u>	<u>\$ (702,500)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	\$ 1,066	\$ 689	\$ -	\$ 1,911,703	\$ 1,913,458
General property taxes	506,783	57,768	-	-	564,551
Net cash provided by (used for) noncapital financing activities	<u>\$ 507,849</u>	<u>\$ 58,457</u>	<u>\$ -</u>	<u>\$ 1,911,703</u>	<u>\$ 2,478,009</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase and construction of capital assets	\$ (109,048)	\$ (5,440)	\$ -	\$ (2,891,299)	\$ (3,005,787)
Issuance of revenue bonds	-	-	-	2,075,000	2,075,000
Premium on bond issuance	-	-	-	504,584	504,584
Bond issuance costs	-	-	-	(30,892)	(30,892)
Principal paid on capital debt	-	(25,957)	-	(445,348)	(471,305)
Interest paid on capital debt	-	(11,483)	-	(59,401)	(70,884)
Capital contributions	40,000	92,000	-	-	132,000
Net cash provided by (used for) capital and related financing activities	<u>\$ (69,048)</u>	<u>\$ 49,120</u>	<u>\$ -</u>	<u>\$ (847,356)</u>	<u>\$ (867,284)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	\$ 1,164	\$ 1,282	\$ -	\$ 390	\$ 2,836
Net cash provided by (used for) investing activities	<u>\$ 1,164</u>	<u>\$ 1,282</u>	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ 2,836</u>
Net increase (decrease) in cash and cash equivalents	\$ 675	\$ 128,248	\$ (398)	\$ 782,536	\$ 911,061
Cash and cash equivalents (including restricted cash)- beginning	1,538,857	589,275	16,166	-	2,144,298
Cash and cash equivalents (including restricted cash)- ending	<u>\$ 1,539,532</u>	<u>\$ 717,523</u>	<u>\$ 15,768</u>	<u>\$ 782,536</u>	<u>\$ 3,055,359</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (620,760)	\$ (128,690)	\$ (6,150)	\$ (2,051,472)	\$ (2,807,072)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:					
Depreciation and amortization expense	\$ 129,922	\$ 109,311	\$ 8,888	\$ 847,884	\$ 1,096,005
Other non-operating income	2,164	406	-	-	2,570
Non-cash closure and post closure costs (recovery)	-	-	-	882,890	882,890
(Increase) decrease in accounts receivable	770	19,276	(7,215)	(26,222)	(13,391)
(Increase) decrease in prepaid items	3,867	3,485	-	-	7,352
(Increase) decrease in net OPEB asset	327	127	-	333	787
(Increase) decrease in deferred outflows of resources	(97,406)	(32,595)	-	(109,223)	(239,224)
Increase (decrease) in accounts payable and accrued liabilities	1,306	1,845	4,079	18,667	25,897
Increase (decrease) in due to other funds	-	-	-	-	-
Increase (decrease) in compensated absences	12,871	(7,098)	-	3,477	9,250
Increase (decrease) in deposits payable	(800)	(700)	-	-	(1,500)
Increase (decrease) in net pension liability	149,910	54,743	-	179,092	383,745
Increase (decrease) in deferred inflows of resources	(19,700)	(6,067)	-	(36,054)	(61,821)
Increase (decrease) in net OPEB liabilities	(1,761)	5,346	-	8,427	12,012
Total adjustments	<u>\$ 181,470</u>	<u>\$ 148,079</u>	<u>\$ 5,752</u>	<u>\$ 1,769,271</u>	<u>\$ 2,104,572</u>
Net cash provided by (used for) operating activities	<u>\$ (439,290)</u>	<u>\$ 19,389</u>	<u>\$ (398)</u>	<u>\$ (282,201)</u>	<u>\$ (702,500)</u>
Schedule of non-cash capital and related financing activities:					
Landfill closure and post-closure costs (recovery)	\$ -	\$ -	\$ -	\$ 882,890	\$ -

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

Exhibit 10

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 844,077
Receivables:	
Accounts receivable	<u>125,317</u>
Total assets	<u>\$ 969,394</u>
NET POSITION	
Restricted:	
Individuals, organizations, and governments	<u>\$ 969,394</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds
	<u> </u>
Additions	
Interest earnings	\$ 71
Miscellaneous	1,393
Ambulance recovery collections for other governments	<u>934,104</u>
Total additions	\$ <u>935,568</u>
Deductions	
Beneficiary payments to individuals	\$ 1,749
Payments of ambulance recovery collections to other governments	<u>1,226,691</u>
Total deductions	\$ <u>1,228,440</u>
Net increase (decrease) in fiduciary net position	\$ (292,872)
Net position, beginning as restated	<u>1,262,266</u>
Net position ending	<u><u>\$ 969,394</u></u>

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Financial Reporting Entity

The County of Shenandoah, Virginia (government) is a municipal corporation governed by an elected six-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. The Stoney Creek and Toms Brook-Maurertown Sanitary Districts account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. The Sanitary Districts are governed by the County Board of Supervisors, benefit the primary government even though it does not provide services directly to it, and are reported as blended component units.

Discretely presented component units. The Shenandoah County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Shenandoah County School Board does not prepare separate financial statements.

The Shenandoah County Library operates to provide services to the citizens of the County. The Board of Supervisors appoints the Library Trustees as well as provides significant funding to the Library. Complete financial statements for the Library can be obtained from their offices in Edinburg, Virginia.

The Industrial Development Authority operates to promote economic development to businesses throughout the County. The Board of Supervisors appoints the Board Members as well as provides significant funding to the Authority. Complete financial statements for the Authority can be obtained from their offices in Woodstock, Virginia.

Other Organizations

Included in the County's Financial Report: None

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Financial Reporting Entity (continued)

Other Organizations (continued)

Excluded from the County's Financial Report:

Joint Venture – The County of Rappahannock, the County of Shenandoah, and the County of Warren participate in supporting the Rappahannock-Shenandoah-Warren (RSW) Regional Jail, which serves as the localities' regional adult detention center. The RSW Regional Jail became operational on July 1, 2014. The RSW Regional Jail is governed by a nine-member board, an Authority, consisting of three members each from the three participating counties. The participating localities pay a per diem charge each year based on the participating localities' usage of the jail for the preceding three years. In April 2012, the RSW Regional Jail Authority issued \$45,240,000 in moral obligation bonds with varying annual payments, with a final maturity at April 1, 2043. The bonds were issued at a premium of \$4,992,732. The outstanding principal portion and unamortized premium of the bonds for the RSW Regional Jail at June 30, 2021 total \$43,713,082. While the participating localities have an ongoing financial responsibility to fund the RSW Regional Jail debt should it lack sufficient funds to make scheduled debt service payments, the participating localities do not have an equity interest in the jail. During fiscal year 2021, the County contributed \$3,079,853 for the operations of the jail.

Summary financial information for the RSW Regional Jail at June 30, 2021 is provided below:

	RSW Regional Jail
Total assets and deferred outflows of resources	\$ 74,263,215
Total liabilities and deferred inflows of resources	46,478,597
Total net position	<u>\$ 27,784,618</u>
For the year ended June 30, 2021	
Operating revenue	\$ 15,671,627
Operating expenses	(13,461,519)
Nonoperating income (expense)	<u>(1,076,867)</u>
Change in net position	\$ 1,133,241
Net position at beginning of year	26,651,377
Net position at end of year	<u>\$ 27,784,618</u>

Complete financial statements for the RSW Regional Jail can be obtained from the Jail Superintendent at 6601 Winchester Road, Front Royal, Virginia 22630.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Financial Reporting Entity (continued)

Other Organizations (continued)

Excluded from the County's Financial Report:

Jointly Governed Organizations – The County, in conjunction with other localities has created the Northwestern Regional Juvenile Detention Center and the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$253,662 for operations to the Northwestern Community Services Board and \$645,210 to the Northwestern Regional Juvenile Detention Center. The School Board contributed \$372,990 to the Shenandoah Valley Regional Program for operations. The County does not maintain an ongoing financial interest or responsibility for these organizations.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities for Virginia Public Assistance, American Rescue Plan Act, Forfeited Drug Assets, Sheriff Federal Case, Jail Canteen, Animal Shelter, Law Library, Transient Occupancy, Gypsy Moth, Spay/Neuter, Pump and Haul, KidzRec, Jail Telephone, Purchase Development Rights, Project Lifesaver, Triad, Crime Prevention, DARE, Sludge Disposal and Landfill Recovery Funds.

The *debt service fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. It also is used to report the financial resources being accumulated for future debt service. The County Debt Service Fund is a major fund of the County.

The *capital projects fund* accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County Capital Projects Fund is a major fund of the County.

The government reports the following major proprietary funds:

The *Stoney Creek Sanitary District and Toms Brook-Maurertown Sanitary District funds* account for the activities of the Districts blended component units of the government. The Districts operate the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution systems of the County.

The *North Fork Wastewater fund* accounts for the activity of the leachate services provided at the sewage treatment plant.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

The *Landfill fund* accounts for the activity of the refuse disposal services provided to the residents of the County. It was created on June 30, 2012 to account for this activity and to segregate operations for the 2011 general obligation bond issue.

The government reports the following governmental fund types:

Special revenue fund accounts for and reports the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Landfill Contingency Fund is a nonmajor special revenue fund of the County.

Capital projects fund accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Industrial Park Water and Sewer Fund is a nonmajor capital projects fund of the County.

The government reports the following fiduciary fund types:

Custodial funds account for assets held by the County a custodian for individuals, private organizations, other governmental units or other funds. The special welfare, and ambulance recovery accounts are the County's custodial 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 enterprise funds and various other functions of the government. 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. The principal operating revenues of the Sanitary Districts are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “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 noncurrent 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.”

3. *Property taxes*

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due and collectible semi-annually on June 5th and December 5th. The County bills and collects its own property taxes.

4. *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 \$1,651,504 at June 30, 2021 and is comprised solely of property taxes. This allowance represents 0.6820% of the total levies for the previous six years. The allowance amounted to \$581 for Toms Brook-Maurertown Sanitary District and \$5,472 for Stoney Creek Sanitary District at June 30, 2021.

Accounts receivable are stated at book value. The Sanitary Districts calculate their allowance for uncollectible utility accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$3,413 for Toms Brook-Maurertown Sanitary District, and \$22,613 for the landfill fund at June 30, 2021.

5. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund where it can be easily measured.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. *Restricted assets*

At June 30, 2021, the County’s restricted assets consisted of funds restricted for debt service in the amount of \$1,625, construction of the E-911 radio system in the Capital Projects fund in the amount of \$4,775,538 and Sanitary Districts customer deposits in the amount of \$22,525.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

7. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of five 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Wells, lines and reservoirs	40-50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

8. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

10. Fund equity

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund).
- Restricted fund balance – amounts 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 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.

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

The County establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 12.5% of the actual GAAP basis expenditures and other financing sources and uses.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

10. Fund equity (continued)

The detail of the County's governmental fund balances are detailed below:

	General Fund	Major Debt Service Fund	Major Capital Projects Fund	Other Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 103,193	\$ -	\$ -	\$ -	\$ 103,193
Restricted:					
Debt service proceeds	\$ -	\$ 1,625	\$ -	\$ -	\$ 1,625
Asset forfeiture proceeds-Virginia	82,250	-	-	-	82,250
Asset forfeiture proceeds-Federal	897,879	-	-	-	897,879
Parks and recreation	23,084	-	-	-	23,084
Construction	-	-	4,775,538	-	4,775,538
Total Restricted	\$ 1,003,213	\$ 1,625	\$ 4,775,538	\$ -	\$ 5,780,376
Assigned:					
Debt service	\$ -	\$ 381,669	\$ -	\$ -	\$ 381,669
Capital projects	-	-	8,057,587	100,084	8,157,671
Law library	124,382	-	-	-	124,382
KidzRec	309,440	-	-	-	309,440
Gypsy moth	10,655	-	-	-	10,655
Purchase development rights	2,503	-	-	-	2,503
Project lifesaver	12,690	-	-	-	12,690
Triad	5,691	-	-	-	5,691
Sheriff federal cases	19,014	-	-	-	19,014
Animal shelter	169,345	-	-	-	169,345
Spay and neuter	81,542	-	-	-	81,542
Pump and haul	19,447	-	-	-	19,447
Crime prevention	3,368	-	-	-	3,368
Jail canteen	36,602	-	-	-	36,602
Sludge disposal	360,249	-	-	-	360,249
Landfill recovery	241,249	-	-	-	241,249
Landfill contingency	-	-	-	357,381	357,381
DARE	1,495	-	-	-	1,495
Total Assigned	\$ 1,397,672	\$ 381,669	\$ 8,057,587	\$ 457,465	\$ 10,294,393
Unassigned	\$ 17,175,329	\$ -	\$ -	\$ -	\$ 17,175,329
Total Fund Balances	\$ 19,679,407	\$ 383,294	\$ 12,833,125	\$ 457,465	\$ 33,353,291

11. 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.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

11. Net position (continued)

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

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

12. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. 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.

F. 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB assets/liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related notes.

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

H. Pensions

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

I. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB asset/liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB asset, 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.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Other Postemployment Benefits (OPEB) (continued)

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting

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

1. Prior to March 30, 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.
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. The appropriation for each function can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system's categories. The legal level of budgetary control is at the function level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria 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.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2021. Several supplemental appropriations were necessary during the year.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2021, the following functions had expenditures exceeding appropriations:

<u>Fund</u>	<u>Function</u>	<u>Excess of Expenditures over Appropriations</u>
General Fund	Health and Welfare	\$ <u>1,338,930</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 3—ADOPTION OF ACCOUNTING PRINCIPLE:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This Statement is designed to improve guidance regarding the identification of fiduciary activities for accounting and reporting purposes and how those activities should be reported. Reference Note 26 for the beginning balance restatement required for implementation of this standard.

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s ; or F1 by Fitch Ratings, Inc. (Section 2.2-4502) banker’s acceptance, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The County of Shenandoah, Virginia sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the County of Shenandoah, Virginia shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County of Shenandoah, Virginia may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Repurchase agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
4. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
5. Local Government Investment Pool (LGIP) Fund is comprised of legal investments authorized for public funds and has an average maturity of 30 days.

County's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 36,168,079
Total	\$ 36,168,079

External Investment Pool

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

Interest Rate Risk

All County investments must be in securities maturing within five years. Maturities of the County's investments are as follows:

Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 36,168,079	\$ 36,168,079
Total	\$ 36,168,079	\$ 36,168,079

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 5—INTERFUND OBLIGATIONS:

	Due From Component Unit	Due To Component Unit	Due from Other Funds	Due to Other Funds
Primary Government:				
General Fund	\$ 2,299,134	\$ -	\$ -	\$ 187,205
Debt Service Fund	-	-	187,205	-
Sub-total	<u>\$ 2,299,134</u>	<u>\$ -</u>	<u>\$ 187,205</u>	<u>\$ 187,205</u>
Discretely Presented Component Units:				
School Operating Fund	\$ -	\$ 2,299,134	\$ 87,713	\$ -
School Cafeteria Fund	-	-	-	87,713
Sub-total	<u>\$ -</u>	<u>\$ 2,299,134</u>	<u>\$ 87,713</u>	<u>\$ 87,713</u>
Total reporting entity	<u><u>\$ 2,299,134</u></u>	<u><u>\$ 2,299,134</u></u>	<u><u>\$ 274,918</u></u>	<u><u>\$ 274,918</u></u>

Balances due to/from component units resulted from the time lag between the dates that interfund goods and services were provided.

NOTE 6—INTERFUND TRANSFERS:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 8,534,112
County Debt Service	6,564,476	-
County Capital Projects	10,967	-
Landfill Contingency	45,211	-
District	689	-
Stoney Creek Sanitary District	1,066	-
Landfill	1,911,703	-
Total	<u><u>\$ 8,534,112</u></u>	<u><u>\$ 8,534,112</u></u>

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 7—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 1,062,125
Local sales taxes	864,984	-
Comprehensive services act funds	752,009	-
Public assistance and welfare	122,792	-
Fringe benefits	240,943	-
Other funds	261,023	-
Federal Government:		
Public assistance and welfare	193,270	-
Other funds	60,495	-
School funds	-	1,142,998
Cafeteria funds	-	68,280
Total	\$ <u>2,495,516</u>	\$ <u>2,273,403</u>

NOTE 8—CAPITAL ASSETS:

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,908,718	\$ -	\$ -	\$ 4,908,718
Construction in progress	<u>15,141,934</u>	<u>5,066,792</u>	<u>(10,904,306)</u>	<u>9,304,420</u>
Total capital assets not being depreciated	\$ <u>20,050,652</u>	\$ <u>5,066,792</u>	\$ <u>(10,904,306)</u>	\$ <u>14,213,138</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 39,573,488	\$ 10,982,972	\$ (4,000,371)	\$ 46,556,089
Machinery and equipment	<u>11,712,318</u>	<u>199,491</u>	<u>672,309</u>	<u>12,584,118</u>
Total capital assets being depreciated	\$ <u>51,285,806</u>	\$ <u>11,182,463</u>	\$ <u>(3,328,062)</u>	\$ <u>59,140,207</u>
Accumulated depreciation:				
Buildings and improvements	\$ (11,160,375)	\$ (804,052)	\$ 894,729	\$ (11,069,698)
Machinery and equipment	<u>(8,764,150)</u>	<u>(466,920)</u>	<u>(99,336)</u>	<u>(9,330,406)</u>
Total accumulated depreciation	\$ <u>(19,924,525)</u>	\$ <u>(1,270,972)</u>	\$ <u>795,393</u>	\$ <u>(20,400,104)</u>
Total capital assets being depreciated, net	\$ <u>31,361,281</u>	\$ <u>9,911,491</u>	\$ <u>(2,532,669)</u>	\$ <u>38,740,103</u>
Governmental activities capital assets, net	\$ <u>51,411,933</u>	\$ <u>14,978,283</u>	\$ <u>(13,436,975)</u>	\$ <u>52,953,241</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 503,500	\$ -	\$ -	\$ 503,500
Construction in progress	53,624	2,990,885	(2,997,154)	47,355
Total capital assets not being depreciated	\$ 557,124	\$ 2,990,885	\$ (2,997,154)	\$ 550,855
Capital assets being depreciated:				
Buildings and infrastructure	\$ 8,147,415	\$ 2,893,525	\$ -	\$ 11,040,940
Water distribution system	14,607,175	109,049	-	14,716,224
Machinery and equipment	11,799,759	14,482	-	11,814,241
Total capital assets being depreciated	\$ 34,554,349	\$ 3,017,056	\$ -	\$ 37,571,405
Accumulated depreciation:				
Buildings and improvements	\$ (3,405,783)	\$ (553,871)	\$ -	\$ (3,959,654)
Wells, lines and reservoirs	(9,730,750)	(194,111)	-	(9,924,861)
Machinery and equipment	(8,239,699)	(348,023)	-	(8,587,722)
Total accumulated depreciation	\$ (21,376,232)	\$ (1,096,005)	\$ -	\$ (22,472,237)
Business-type activities, capital assets, net	\$ 13,735,241	\$ 4,911,936	\$ (2,997,154)	\$ 15,650,023

Capital assets of the governmental activities in the amount of \$4,000,371 were transferred to the Component Unit School Board, capital assets in the amount of \$672,309 were transferred from the Component unit School Board to the Primary Government, additionally, a net transfer of \$795,393 was transferred in accumulated depreciation from the governmental activities to the Component Unit School Board, due to debt repayments made by the Primary Government for the year ended June 30, 2021 as required by the Code of Virginia.

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

Governmental Activities:	
General government administration	\$ 525,512
Judicial administration	217,467
Public safety	490,481
Public works	6,515
Health and welfare	6,443
Parks, recreation, and cultural	24,554
Total depreciation expense-governmental activities	\$ 1,270,972
Business-type Activities:	
Stoney Creek Sanitary District	\$ 129,922
Toms Brook-Maurertown Sanitary District	109,311
North Fork Wastewater Fund	8,888
Landfill	847,884
Total depreciation expense business-type activities	\$ 1,096,005

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Capital Leases:

The government has entered into lease agreements as lessee for financing school buses for the school board and equipment for the landfill. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities	Business-type Activities
Equipment	\$ 2,294,749	\$ 1,037,547
Less: Accumulated depreciation	(642,340)	(415,297)
Total	<u>\$ 1,652,409</u>	<u>\$ 622,250</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, are as follows:

Year Ended June 30,	Governmental Activities	Business-type Activities
2022	\$ 399,381	\$ 217,998
2023	399,369	185,242
2024	222,487	66,672
2025	111,244	66,672
Total minimum lease payments	\$ 1,132,481	\$ 536,584
Less: Amount representing interest	(38,612)	(24,449)
Present value of minimum lease payments	<u>\$ 1,093,869</u>	<u>\$ 512,135</u>

Discretely Presented Component Units:

Activity for the School Board for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,725,275	\$ -	\$ -	\$ 5,725,275
Construction in progress	20,751	-	(20,751)	-
Total capital assets not being depreciated	<u>\$ 5,746,026</u>	<u>\$ -</u>	<u>\$ (20,751)</u>	<u>\$ 5,725,275</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 82,846,261	\$ 77,872	\$ 4,000,371	\$ 86,924,504
Machinery and equipment	14,130,763	2,912,317	(1,285,198)	15,757,882
Total capital assets being depreciated	<u>\$ 96,977,024</u>	<u>\$ 2,990,189</u>	<u>\$ 2,715,173</u>	<u>\$ 102,682,386</u>
Accumulated depreciation:				
Buildings and improvements	\$ (39,000,128)	\$ (1,982,045)	\$ (894,729)	\$ (41,876,902)
Machinery and equipment	(10,501,094)	(996,658)	712,225	(10,785,527)
Total accumulated depreciation	<u>\$ (49,501,222)</u>	<u>\$ (2,978,703)</u>	<u>\$ (182,504)</u>	<u>\$ (52,662,429)</u>
Total capital assets being depreciated, net	<u>\$ 47,475,802</u>	<u>\$ 11,486</u>	<u>\$ 2,532,669</u>	<u>\$ 50,019,957</u>
School Board capital assets, net	<u>\$ 53,221,828</u>	<u>\$ 11,486</u>	<u>\$ 2,511,918</u>	<u>\$ 55,745,232</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Capital assets of the governmental activities in the amount of \$4,000,371 were transferred to the Component Unit School Board, capital assets in the amount of \$672,309 were transferred from the Component unit School Board to the Primary Government, additionally, a net transfer of \$795,393 was transferred in accumulated depreciation from the governmental activities to the Component Unit School Board, due to debt repayments made by the Primary Government for the year ended June 30, 2021 as required by the Code of Virginia.

Activity for the Shenandoah County Library for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 38,617	\$ 27,293	\$ -	\$ 65,910
Capital assets being depreciated:				
Buildings and system	\$ 291,416	\$ -	\$ -	\$ 291,416
Machinery and equipment	167,048	121,991	-	289,039
Total capital assets being depreciated	\$ 458,464	\$ 121,991	\$ -	\$ 580,455
Accumulated depreciation:				
Buildings and system	\$ (127,447)	\$ (7,751)	\$ -	\$ (135,198)
Machinery and equipment	(127,343)	(19,666)	-	(147,009)
Total accumulated depreciation	\$ (254,790)	\$ (27,417)	\$ -	\$ (282,207)
Total Library capital assets being depreciated, net	\$ 203,674	\$ 94,574	\$ -	\$ 298,248
Library capital assets, net	\$ 242,291	\$ 121,867	\$ -	\$ 364,158

NOTE 9—UNEARNED REVENUE:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$4,788,966 is comprised of the following:

- A. Unearned Revenue – Former Employee – In conjunction with the plea agreement of the former County landfill director on criminal charges of mail fraud, money laundering and forfeiture of assets, he agreed to provide restitution to the County in the amount of \$400,000 of which \$217,056 was outstanding at June 30, 2021. Payments commenced February 1, 1996, with final payment due February 1, 2001. This agreement is secured by the personal residence of the former director and other assets. Other restitution received by the County from the sale of assets seized by the authorities in September 1994 will not be applied against this restitution amount. The February 1, 1998 and 1997 payments were not made by the former employee. Therefore, the plea agreement was violated. As a result of violating the agreement, the former employee's personal residence was seized and sold on September 23, 1997, for \$192,500. After payment of liens and selling expense, the County received \$106,598 in July 1998.
- B. Asset Forfeiture Proceeds – Assets seized as a result of law enforcement raids awaiting approval from the federal government totaled \$127,510 at June 30, 2021.
- C. Parks and Recreation Trip Deposits– Funds collected for future recreational trips totaled \$208,452 at June 30, 2021.
- D. ARPA Funding–Funds received from American Rescue Plan Act unspent at June 30, 2021 totaled \$4,235,948.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 10—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$26,348,680 and \$29,931,281 respectively, is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2021, but paid in advance by the taxpayers totaled \$4,113,644 in the general fund at June 30, 2021.
- B. Unbilled Property Taxes – Property taxes for the second half of 2021 that had not been billed as of June 30, 2021 amounted to \$22,235,036.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$3,582,601 at June 30, 2021.

NOTE 11—LONG-TERM OBLIGATIONS:

Changes in long-term obligations

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

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021
Governmental Activities:				
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 20,698,019	\$ -	\$ 3,788,879	\$ 16,909,140
Bond Premium	2,440,775	-	398,185	2,042,590
Literary Loan Funds	314,500	-	314,500	-
Lease Revenue Bonds	19,790,000	1,475,000	1,690,000	19,575,000
Total direct borrowings and placements	\$ 43,243,294	\$ 1,475,000	\$ 6,191,564	\$ 38,526,730
Other Liabilities:				
Capital Leases	\$ 1,569,682	\$ -	\$ 475,813	\$ 1,093,869
Compensated Absences	1,158,176	689,669	694,905	1,152,939
Net pension Liability	3,777,762	6,398,523	2,660,905	7,515,380
Net OPEB Liabilities	2,658,092	566,734	506,873	2,717,953
Total Governmental Activities	\$ 52,407,006	\$ 9,129,926	\$ 10,530,060	\$ 51,006,871
Business-type Activities:				
Direct Borrowings and Placements:				
General Obligation/Revenue Bonds	\$ 1,080,637	\$ 2,075,000	\$ 91,149	\$ 3,064,488
Bond Premium	-	504,584	45,871	458,713
Total direct borrowings and placements	\$ 1,080,637	\$ 2,579,584	\$ 137,020	\$ 3,523,201
Other Liabilities:				
Capital Leases	\$ 714,536	\$ -	\$ 202,401	\$ 512,135
Note Payable	626,720	-	131,883	494,837
Compensated Absences	123,713	83,478	74,228	132,963
Net Pension Liability	452,290	708,585	324,840	836,035
Net OPEB Liabilities	299,227	89,861	77,849	311,239
Landfill Closure and Post-Closure Care	11,069,842	882,890	-	11,952,732
Total Business-type Activities	\$ 14,366,965	\$ 4,344,398	\$ 948,221	\$ 17,763,142
Total Long-Term Obligations	\$ 66,773,970	\$ 13,474,324	\$ 11,478,281	\$ 68,770,013

For governmental activities, the liability for compensated absences, net pension liability and the net OPEB liabilities are fully liquidated by the general fund.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

The County's outstanding notes from direct borrowings and direct placements related to governmental and business-type activities of \$39,894,140 and \$3,064,483, respectively, contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Governmental Activities			
	Capital Leases		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 378,685	\$ 21,165	\$ 740,000	\$ 802,329
2023	387,260	12,109	755,000	771,940
2024	217,516	4,971	970,000	741,548
2025	110,408	835	1,010,000	705,291
2026	-	-	1,035,000	668,249
2027	-	-	1,010,000	628,763
2028	-	-	895,000	587,114
2029	-	-	885,000	544,961
2030	-	-	915,000	500,491
2031	-	-	960,000	454,544
2032	-	-	1,010,000	406,813
2033	-	-	1,060,000	358,363
2034	-	-	1,105,000	309,603
2035	-	-	1,155,000	258,953
2036	-	-	1,205,000	209,478
2037	-	-	1,260,000	160,563
2038	-	-	1,305,000	109,659
2039	-	-	1,360,000	56,741
2040	-	-	225,000	26,169
2041	-	-	230,000	18,975
2042	-	-	240,000	11,544
2043	-	-	245,000	3,875
Total	\$ 1,093,869	\$ 39,080	\$ 19,575,000	\$ 8,335,964

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary government – Annual requirements to amortize long-term obligation and related interest are as follows: (continued)

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2022	\$ 3,932,564	\$ 1,007,332
2023	4,072,128	833,193
2024	2,162,468	703,893
2025	2,218,180	622,133
2026	2,032,314	538,513
2027	2,094,789	452,190
2028	262,490	9,947
2029	134,207	2,013
Total	\$ 16,909,140	\$ 4,169,214

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Business-type Activities			
	Toms Brook-Maurertown Sanitary District Bonds		Landfill VRA Loans	
	Principal	Interest	Principal	Interest
2022	\$ 27,152	\$ 10,288	\$ 232,116	\$ 123,559
2023	28,400	9,040	239,097	112,993
2024	29,704	7,736	251,137	101,985
2025	31,069	6,371	263,236	90,404
2026	32,496	4,944	275,398	78,249
2027	33,989	3,451	287,623	65,517
2028	35,550	1,890	299,914	52,208
2029	22,630	337	317,273	38,190
2030	-	-	329,701	23,461
2031	-	-	328,003	8,021
	\$ 240,990	\$ 44,057	\$ 2,823,498	\$ 694,587

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary government – Annual requirements to amortize long-term obligation and related interest are as follows: (continued)

Year Ending June 30,	Business-type Activities			
	Landfill		Landfill	
	Capital	Lease	Note Payable	
	Principal	Interest	Principal	Interest
2022	\$ 205,098	\$ 12,900	\$ 136,276	\$ 13,765
2023	178,249	6,993	140,381	9,660
2024	63,646	3,026	144,610	5,432
2025	65,142	1,530	73,571	683
	<u>\$ 512,135</u>	<u>\$ 24,449</u>	<u>\$ 494,838</u>	<u>\$ 29,540</u>

PRIMARY GOVERNMENT

Details of long-term obligations:

Governmental Activities:

	Total Amount Due	Amount Due Within One Year
Capital leases:		
\$729,723 issued June 1, 2018, due in quarterly installments of \$39,228 beginning September 1, 2018, through June 1, 2023, for the purchase of nine school buses	\$ 304,151	\$ 149,960
\$98,823 issued January 25, 2019, due in annual installments of \$19,983 beginning June 1, 2019, through June 1, 2023, for the purchase computer software	39,662	19,781
\$1,055,703 issued October 29, 2019, due in annual installments of \$55,622 beginning January 1, 2020, through October 29, 2024, for the purchase of thirteen school buses	<u>750,056</u>	<u>208,945</u>
Total capital leases	<u>\$ 1,093,869</u>	<u>\$ 378,686</u>

Direct Borrowings and Placements:

Lease Revenue Bonds:

\$3,255,000 2011B refunding bonds were issued on November 26, 2011, due in varying annual installments beginning June 1, 2012, through June 1, 2022, bearing interest at 2.97%. This issue was partially refunded in 2021	\$ 230,000	\$ 230,000
\$4,495,000 2012C lease revenue bonds were issued on December 6, 2012, due in varying annual installments beginning October 1, 2015 through October 1, 2042, bearing interest at varying rates ranging from 3.125%-4.845%	3,900,000	115,000
\$13,970,000 2018C lease revenue bonds were issued on November 14, 2018, due in varying annual installments beginning April 1, 2019 through April 1, 2039, bearing interest at varying rates ranging from 4.125%-5.125%	13,970,000	350,000
\$1,475,000 2020C refunding bonds were issued on September 25, 2020, due in varying semi-annual installments beginning April 1, 2021 through April 1, 2029, bearing interest at varying rates ranging from .408%-1.538%	<u>1,475,000</u>	<u>45,000</u>
Total lease revenue bonds	<u>\$ 19,575,000</u>	<u>\$ 740,000</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	Total Amount Due	Amount Due Within One Year
Direct Borrowings and Placements: (Continued)		
General Obligation Bonds:		
\$4,000,000 VRA bond for Town of Mt. Jackson WWTP expansion project, issued in 2008, semi-annual payments of \$136,219 maturing January 1, 2029, with interest payable at 3%.	\$ 1,817,595	\$ 219,543
\$15,760,000 VRA bond issued November 19, 2009, due in semi-annual installments totaling \$1,539,334 maturing October 1, 2026, with interest payable at 5.125%	7,430,000	1,135,000
\$25,140,000 Virginia Public School Authority Bonds 2002, issued May 16, 2002, at a premium of \$836,018, annual payments of \$2,019,563 through July 15, 2022, with interest payable semi-annually at rates of 3.6% to 5.6%.	3,835,000	1,870,000
\$4,130,808 Virginia Public School Authority Bonds 2004B, issued November 10, 2004, at a premium of \$303,424, maturing annually through January 15, 2025, with interest payable semi-annually at rates of 4.6% to 5.6%.	931,545	228,021
\$7,435,000 Virginia Public School Authority Bonds 2010, issued July 8, 2010, annual payments of \$480,000 through June 1, 2027, with interest payable semi-annually at rates of 2.7%. Interest is reimbursed by a federal interest subsidy.	2,895,000	480,000
Total general obligation bonds	\$ 16,909,140	\$ 3,932,564
Total Direct Borrowings and Placements	\$ 36,484,140	\$ 4,672,564
Unamortized Bond Premium	\$ 2,042,590	\$ 190,451
Other Liabilities:		
Compensated absences	\$ 1,152,939	\$ 289,544
Net pension liability	\$ 7,515,380	\$ -
Net OPEB liabilities	\$ 2,717,953	\$ -
Total Governmental Activities Long-term Obligation	\$ 51,006,871	\$ 5,531,245

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Business-type Activities:

	Total Amount Due	Amount Due Within One Year
<u>Business-type Activities:</u>		
<u>Stoney Creek Sanitary District:</u>		
Compensated absences	\$ 53,740	\$ 13,435
Net pension liability	\$ 337,589	\$ -
Net OPEB liabilities	\$ 127,087	\$ -
Total Stoney Creek Sanitary District	\$ 518,416	\$ 13,435
<u>Toms Brook-Maurertown Sanitary District:</u>		
General Obligation Revenue Bonds:		
Direct Borrowings and Placements:		
\$634,000 General Obligation Bond Series of 1995, with interest only payable annually in February 1996 and 1997, and thereafter payable in monthly installments of \$3,120, including principal and interest at 4.5% per annum beginning in March 1997, and ending in February 2029.	\$ 240,990	\$ 27,152
Total Direct Borrowings and Placements	\$ 240,990	\$ 27,152
Other Liabilities:		
Compensated absences	\$ 5,083	\$ 1,271
Net pension liability	\$ 127,284	\$ -
Net OPEB liabilities	\$ 48,406	\$ -
Total Toms Brook-Maurertown Sanitary District	\$ 421,763	\$ 28,423
<u>Landfill:</u>		
Lease Revenue Bond:		
Direct Borrowings and Placements:		
\$1,304,415 VRA Bond 2011, payable semi-annually beginning on December 1, 2012 of \$7,106, including principal and interest at 2.93%, and ending in June 2032.	\$ 748,498	\$ 67,116
\$2,075,000 VRA Bond 2020, payable semi-annually beginning on April 1, 2021 of varying amounts, including principal and interest at 5.125%, and ending in April 2031.	2,075,000	165,000
Total Direct Borrowings and Placements	\$ 2,823,498	\$ 232,116
Unamortized Bond Premium	\$ 458,713	\$ 45,871

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Business-type Activities: (continued)

	Total Amount Due	Amount Due Within One Year
Note payable:		
\$691,178 note issued on July 18, 2019, payable semi-annually beginning on January 18, 2020 of \$75,021, including principal and interest at 2.99%, and ending on July 18, 2024.	\$ 494,837	\$ 136,275
Total Note Payable	\$ 494,837	\$ 136,275
Capital leases:		
\$330,260 issued April 27, 2017, due in semi-annual installments of \$32,249 beginning January 1, 2018, through January 1, 2023, at an annual interest rate of 2.36%, for the purchase of two utility truck and roll off equipment	\$ 95,515	\$ 63,222
\$393,147 issued June 7, 2018, due in semi-annual installments of \$42,907 beginning December 18, 2018, through June 8, 2023 at an annual interest rate of 3.244%, for the purchase of an excavator and loader	164,887	81,117
\$314,140 issued December 13, 2019, due in annual installments of \$66,672 beginning July 11, 2020, through July 11 2024 at an annual interest rate of 2.349%, for the purchase of a snowplow and two loaders	251,733	60,758
Total capital leases	\$ 512,135	\$ 205,097
Other Liabilities:		
Landfill closure and post-closure care	\$ 11,952,732	\$ -
Compensated absences	\$ 74,140	\$ 18,535
Net pension liability	\$ 371,162	\$ -
Net OPEB liabilities	\$ 135,746	\$ -
Total landfill	\$ 16,822,963	\$ 637,894
Total Business-type Activities	\$ 17,763,142	\$ 679,752

DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD:

Changes in long-term obligations:

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Amount Due Within One Year
Capital Leases	\$ -	\$ 5,306,805	\$ -	\$ 5,306,805	\$ -
Compensated Absences	1,008,084	560,387	604,850	963,620	240,905
Net Pension Liability	59,163,406	25,604,316	19,289,780	65,477,942	-
Net OPEB Liabilities	16,464,959	3,335,751	4,618,122	15,182,588	-
Total	\$ 76,636,449	\$ 34,807,259	\$ 24,512,752	\$ 86,930,955	\$ 240,905

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2021 (Continued)****NOTE 11—LONG-TERM OBLIGATIONS: (CONTINUED)****DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD: (continued)**

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

Year Ending June 30,	Component Unit School Board	
	Capital Leases	
	Principal	Interest
2022	\$ -	\$ 132,142
2023	5,410	275,909
2024	149,731	140,027
2025	162,491	135,960
2026	175,856	131,550
2027	189,849	126,779
2028	204,495	121,633
2029	203,586	116,199
2030	218,999	110,682
2031	235,093	104,750
2032	251,568	98,388
2033	268,637	91,584
2034	285,742	84,325
2035	304,894	76,598
2036	316,368	68,412
2037	344,510	59,810
2038	367,138	50,497
2039	387,001	40,600
2040	412,821	30,135
2041	414,602	19,142
2042	408,014	8,012
Total	\$ <u>5,306,805</u>	\$ <u>2,023,134</u>

NOTE 12—OTHER LIABILITIES – ENTERPRISE FUNDS:

The other liabilities of the Sanitary Districts at June 30, 2021, consist of the following:

	Stoney Creek	Toms-Brook Maurertown	Total
Security deposits	\$ <u>6,300</u>	\$ <u>16,225</u>	\$ <u>22,525</u>
Total	\$ <u>6,300</u>	\$ <u>16,225</u>	\$ <u>22,525</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 13—DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The County does not match the employee's contributions. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Under the provisions of the Small business Job Protection Act of 1996, all amounts currently or thereafter held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan participants and beneficiaries in annuity contracts, or in trust or in one or more custodial accounts pursuant to one or more separate written instruments.

Investments are managed by the plan's trustee under one of twenty-seven investment options, or a combination thereof. The choice of the investment option is made solely by the participants.

NOTE 14—PENSION PLAN:

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.

Benefits 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

- 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 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 equal 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 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	162	162
Inactive members:		
Vested inactive members	57	35
Non-vested inactive members	79	75
Inactive members active elsewhere in VRS	216	42
Total inactive members	352	152
Active members	308	191
Total covered employees	822	505

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 10.4% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,464,690 and \$1,291,119 for the years ended June 30, 2021 and June 30, 2020 respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 6.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$215,469 and \$209,530 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2021 (Continued)**

NOTE 14—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.0% to 6.75%

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.0% to 6.75%

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 54,483,959	\$ 50,253,907	\$ 4,230,052
Changes for the year:			
Service cost	\$ 1,713,263	\$ -	\$ 1,713,263
Interest	3,592,971	-	3,592,971
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,738,426	-	1,738,426
Contributions - employer	-	1,295,253	(1,295,253)
Contributions - employee	-	704,382	(704,382)
Net investment income	-	957,278	(957,278)
Benefit payments, including refunds	(2,509,516)	(2,509,516)	-
Administrative expenses	-	(32,475)	32,475
Other changes	-	(1,142)	1,142
Net changes	\$ 4,535,144	\$ 413,780	\$ 4,121,364
Balances at June 30, 2020	\$ 59,019,103	\$ 50,667,687	\$ 8,351,416

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 14,523,692	\$ 14,149,861	\$ 373,831
Changes for the year:			
Service cost	\$ 330,718	\$ -	\$ 330,718
Interest	946,946	-	946,946
Changes of assumptions	-	-	-
Differences between expected and actual experience	422,455	-	422,455
Contributions - employer	-	207,606	(207,606)
Contributions - employee	-	170,644	(170,644)
Net investment income	-	266,331	(266,331)
Benefit payments, including refunds	(989,723)	(989,723)	-
Administrative expenses	-	(9,430)	9,430
Other changes	-	(311)	311
Net changes	\$ 710,396	\$ (354,883)	\$ 1,065,279
Balances at June 30, 2020	\$ 15,234,088	\$ 13,794,978	\$ 1,439,110

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

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability	\$ 16,624,685	\$ 8,351,416	\$ 1,578,773
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 2,946,790	\$ 1,439,110	\$ 155,520

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,433,909 and \$633,217, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,214,804	\$ 206,677	\$ 224,494	\$ -
Changes of assumptions	668,291	-	14,800	-
Net difference between projected and actual earnings on pension plan investments	1,522,044	-	409,566	-
Deferred change in proportionate share	28,751	28,751	-	-
Employer contributions subsequent to the measurement date	1,464,690	-	215,469	-
Total	<u>\$ 4,898,580</u>	<u>\$ 235,428</u>	<u>\$ 864,329</u>	<u>\$ -</u>

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

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

\$1,464,690 and \$215,469 reported as deferred outflows of resources related to pensions resulting from the County'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 fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2022	\$ 923,965	\$ 217,303
2023	1,112,630	155,741
2024	678,566	142,253
2025	483,300	133,563
2026	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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 Virginia Retirement System (the system). 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 employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$6,134,530 and \$5,840,296 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2021 (Continued)****NOTE 14—PENSION PLAN: (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, 2021, the school division reported a liability of \$64,038,832 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .44000% as compared to .44671% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$7,361,957. Since there was a change in proportionate share 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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,753,662
Change in assumptions	4,371,453	-
Net difference between projected and actual earnings on pension plan investments	4,870,862	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,365,214	1,261,439
Employer contributions subsequent to the measurement date	6,134,530	-
Total	<u>\$ 16,742,059</u>	<u>\$ 5,015,101</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (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)

\$6,143,530 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2022	\$ 16,831
2023	1,692,231
2024	2,331,104
2025	1,663,829
2026	(111,567)

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.0% to 6.75%

Net Pension Liability

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

		Teacher Employee Retirement Plan
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (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		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability	\$ 93,959,348	\$ 64,038,832	\$ 39,290,782

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 4,898,580	\$ 235,428	\$ 8,351,416	\$ 2,433,909
School Board Nonprofessional	-	-	-	-
School Board Professional	-	-	-	-
Totals	\$ 4,898,580	\$ 235,428	\$ 8,351,416	\$ 2,433,909

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

Primary Government and Component Unit School Board (continued)

Aggregate Pension Information (continued)

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	864,329	-	1,439,110	633,217
School Board Professional	16,742,059	5,015,101	64,038,832	7,361,957
Totals	<u>\$ 17,606,388</u>	<u>\$ 5,015,101</u>	<u>\$ 65,477,942</u>	<u>\$ 7,995,174</u>

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, the County of Shenandoah OPEB Plan. The plan provides post-employment 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.

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

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 5 years of service with the County. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 10 years of services with the School Board.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Plan Membership

At July 1, 2020 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	273	861
Total retirees with coverage	5	34
Total	278	895

Contributions

The County and School Board do 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 County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2021 was \$52,000.

The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$231,000.

Total OPEB Liability

The County's and School Board's total OPEB liabilities were measured as of July 1, 2020. The measurement of the total OPEB liabilities is based on a valuation date of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.5% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 2.45% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2020

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is equal to the Fidelity Index 20-Year Municipal GO AA Index. The final equivalent single discount rate used for this year's valuation is 2.45% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 1,821,000	\$ 7,188,000
Changes for the year:		
Service cost	117,000	547,000
Interest	60,000	239,000
Difference between expected and actual experience	-	(2,374,000)
Changes in assumptions	132,000	306,000
Other changes	(222,000)	-
Benefit payments	(52,000)	(231,000)
Net changes	35,000	(1,513,000)
Balances at June 30, 2021	\$ 1,856,000	\$ 5,675,000

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

The following amounts present the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	1% Decrease (1.45%)	Rate Current Discount Rate (2.45%)	1% Increase (3.45%)
Primary Government			
\$ 2,068,000	\$	1,856,000	\$ 1,667,000
Component Unit School Board			
\$ 6,161,000	\$	5,675,000	\$ 5,222,000

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.00%) or one percentage point higher (6.0%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.0%)	Healthcare Cost Trend (5.0%)	1% Increase (6.0%)
Primary Government		
\$ 1,611,000	\$ 1,856,000	\$ 2,150,000
Rates		
1% Decrease (4.0%)	Healthcare Cost Trend (5.0%)	1% Increase (6.0%)
Component Unit School Board		
\$ 4,994,000	\$ 5,675,000	\$ 6,482,000

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

For the year ended June 30, 2021, the Primary Government recognized OPEB expense in the amount of \$126,000. The School Board recognized OPEB expense in the amount of \$552,000. At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 369,000	\$ 301,000	\$ 2,408,000
Changes in assumptions	173,000	10,000	499,000	364,000
Employer contributions subsequent to the measurement date	52,000	-	231,000	-
Total	\$ 225,000	\$ 379,000	\$ 1,031,000	\$ 2,772,000

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
(continued)***

\$52,000 and \$231,000 reported as deferred outflows of resources related to the Pay as You Go OPEB Plan resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2022	\$ (57,000)	\$ (242,000)
2023	(57,000)	(242,000)
2024	(56,000)	(242,000)
2025	(20,000)	(242,000)
2026	(10,000)	(242,000)
Thereafter	(6,000)	(762,000)

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. County contributions to the Group Life Insurance Plan from the entity were \$79,550 and \$75,236 for the years ended June 30, 2021 and June 30, 2020, respectively. The Component Unit School Board's contributions to the Group Life Insurance Plan for nonprofessional employees were \$19,425 and \$19,547, for the years ended June 30, 2021 and June 30, 2020 respectively. The Component Unit School Board's contributions to the Group Life Insurance Plan for professional employees were \$207,268 and \$200,943 for the years ended June 30, 2021 and June 30, 2020 respectively.

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

At June 30, 2021, the County reported a liability of \$1,173,192 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.07030% as compared to 0.06983% at June 30, 2019.

At June 30, 2021, the School Board reported liability of \$304,729 for nonprofessional employees and \$3,133,574 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2020 and June 30, 2019, the participating employer's proportion for nonprofessional employees was 0.01826% and 0.01876% respectively. At June 30, 2020, the participating employer's proportion for School Board professional employees was 0.18777% as compared to 0.19142% at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$48,846, while the School Board recognized GLI OPEB expense of \$5,126 and \$121,691 for nonprofessional and professional employees, respectively. 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.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 16—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, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Nonprofessional Employees Deferred Outflows of Resources	Employees Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,249	\$ 10,537	\$ 19,546	\$ 2,738
Net difference between projected and actual earnings on GLI OPEB program investments	35,242	-	9,154	-
Change in assumptions	58,673	24,497	15,240	6,363
Changes in proportion	27,130	7,708	-	23,193
Employer contributions subsequent to the measurement date	79,550	-	19,245	-
Total	\$ 275,844	\$ 42,742	\$ 63,185	\$ 32,294

	Component Unit School Board	
	Professional Employees Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,990	\$ 28,146
Net difference between projected and actual earnings on GLI OPEB program investments	94,130	-
Change in assumptions	156,715	65,431
Changes in proportion	85,078	81,930
Employer contributions subsequent to the measurement date	207,268	-
Total	\$ 744,181	\$ 175,507

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 16—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)

\$79,550, \$19,425, and \$207,268 for the County, Component Unit School Board-Nonprofessional and Component Unit School Board-Professional respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government	Component Unit School Board			
	Nonprofessional		Professional	
Year Ended June 30,	Year Ended June 30,		Year Ended June 30,	
2022	\$	21,778	2022	\$ 49,393
2023		31,730	2023	75,976
2024		42,543	2024	102,957
2025		44,363	2025	110,522
2026		12,209	2026	22,823
Thereafter		929	Thereafter	(265)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups as noted below. Salary increase and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Plan represents the Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability (continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,542,251	\$ 1,173,192	\$ 873,481
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability-nonprofessional employees	\$ 400,590	\$ 304,729	\$ 226,881
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability-professional employees	\$ 4,119,324	\$ 3,133,574	\$ 2,333,053

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PLAN:

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Plan (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	24	-
Total inactive members	24	-
Active members	166	191
Total covered employees	190	191

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 contractually required employer contribution rate for the year ended June 30, 2021 was .09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Plan were \$7,131 and \$8,432 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was .74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$26,558 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The County net Health Insurance Credit OPEB liability was measured as of June 30, 2020. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

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

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.0% to 6.75%

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.0% to 6.75%

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COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2021 (Continued)****NOTE 17—HEALTH INSURANCE CREDIT (HIC) 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)	Target Asset Allocation	Long-term Expected Rate of Return	Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

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

Discount Rate

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 230,213	\$ 241,972	\$ (11,759)
Changes for the year:			
Service cost	\$ 6,964	\$ -	\$ 6,964
Interest	15,014	-	15,014
Differences between expected and actual experience	(1,832)	-	(1,832)
Contributions - employer	-	8,434	(8,434)
Net investment income	-	4,811	(4,811)
Benefit payments	(15,570)	(15,570)	-
Other changes	-	(458)	458
Net changes	\$ 4,576	\$ (2,783)	\$ 7,359
Balances at June 30, 2020	\$ 234,789	\$ 239,189	\$ (4,400)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	\$ -	\$ -	\$ -
Other changes	319,890	-	319,890
Net changes	\$ 319,890	\$ -	\$ 319,890
Balances at June 30, 2020	\$ 319,890	\$ -	\$ 319,890

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

NOTE 17—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Sensitivity of the Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the County's and Component Unit School Board's (nonprofessional) Health Insurance Credit Plan net HIC OPEB liability 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 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%)
County's			
Net HIC OPEB Liability (Asset)	\$ 24,597	\$ (4,400)	\$ (28,760)
Component Unit School Board's (nonprofessional)			
Net HIC OPEB Liability (Asset)	\$ 350,774	\$ 319,890	\$ 293,044

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$3,495, and \$319,890 respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County's Health Insurance Credit Plan from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ 7,824	\$ -	\$ -	\$ -
Change in assumptions	4,695	5,046	-	-
Differences between expected and actual experience	-	16,858	-	-
Employer contributions subsequent to the measurement date	7,131	-	26,558	-
Total	\$ 19,650	\$ 21,904	\$ 26,558	\$ -

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2021 (Continued)****NOTE 17—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)**

\$7,131 and \$26,558 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2021	\$ (2,864)	\$ -
2022	(1,052)	-
2023	(981)	-
2024	(1,235)	-
2025	(2,196)	-
Thereafter	(1,057)	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 18—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.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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 Plan (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Plan were \$464,781 and \$463,698 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

**NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

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

At June 30, 2021, the school division reported a liability of \$5,749,395 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was .44073% as compared to .44739% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$470,232. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 76,780
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	25,479	-
Change in assumptions	113,657	31,413
Change in proportion	149,213	151,374
Employer contributions subsequent to the measurement date	<u>464,781</u>	<u>-</u>
Total	<u>\$ 753,130</u>	<u>\$ 259,567</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Teacher Employee Health Insurance Credit OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (continued)

\$464,781 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,

2022	\$	(607)
2023		1,919
2024		1,073
2025		8,721
2026		20,948
Thereafter		(3,272)

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.0% to 6.75%

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2021 (Continued)

**NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

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, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee HIC OPEB Liability (Asset)	\$	1,304,516
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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

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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return (continued)

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

Discount Rate

The discount rate used to measure the total 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 ending June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, all agencies are assumed 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.

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	6,435,849	\$ 5,749,395	\$ 5,165,960

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2021 (Continued)****NOTE 19—AGGREGATE OPEB INFORMATION:**

The following table summarizes the County and School Board OPEB deferred outflows, inflows, liabilities, and expense for all plans:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability/(Asset)	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 15):				
County	\$ 275,844	\$ 42,742	\$ 1,173,192	\$ 48,446
County Health Insurance Credit Program (Note 16)	19,650	21,904	(4,400)	3,495
County Stand-Alone Plan (Note 14)	225,000	379,000	1,856,000	126,000
Totals	<u>\$ 520,494</u>	<u>\$ 443,646</u>	<u>\$ 3,024,792</u>	<u>\$ 177,941</u>
	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 15):				
School Board Nonprofessional	\$ 63,185	\$ 32,294	\$ 304,729	\$ 5,126
School Board Professional	744,181	175,507	3,133,574	121,691
School Board Nonprofessional Health Insurance Credit Program	26,558	-	319,890	319,890
Teacher Health Insurance Credit Program (Note 17)	753,130	259,567	5,749,395	470,232
School Stand-Alone Plan (Note 14)	1,031,000	2,772,000	5,675,000	552,000
Totals	<u>\$ 2,618,054</u>	<u>\$ 3,239,368</u>	<u>\$ 15,182,588</u>	<u>\$ 1,468,939</u>

NOTE 20—CONTINGENT LIABILITIES:

Federal programs in which the county and its component units participate were audited in accordance with the provisions of the Uniform Guidance. 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, if any, would be immaterial.

While \$380,600 of the General Obligation Bond Series of 1995 and 1997 have been recorded in the Toms Brook-Maurertown Sanitary District, from which repayment is anticipated, the General Fund has a contingent liability for the repayment of this amount should the Sanitary District be unable to do so.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 21—RISK MANAGEMENT:

The County is a member the Virginia Municipal Group Self Insurance Association for worker's compensation insurances. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The county pays Virginia Municipal Group contributions and assessments based upon classifications and rates. These amounts are deposited into a designated cash reserve fund of the association out of which expenses, claims and awards are to be paid. In the event of a catastrophic loss which creates an equity deficit and for which all available excess insurance is depleted, the Association may assess all members in proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

NOTE 22—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

State and federal laws and regulations require that the County of Shenandoah place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. During fiscal year 2003, the County opened new landfill cells and significantly completed closure of its old landfill. The estimated liability for landfill closure and post-closure care costs has a balance of \$11,952,732 for the old landfill, and landfill cells 1 and 2. However landfill cell #3 has capacity used to date estimated to be 39%. The estimated total current cost of the landfill closure and post-closure care of \$14,235,567 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain both of the landfills were incurred as of June 30, 2021. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 23—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Stoney Creek Sanitary District	Toms Brook Sanitary District	North Fork Wastewater Fund	Landfill Fund	Total Enterprise Funds
Operating revenue	\$ 1,131,535	\$ 661,051	\$ 193,478	\$ 1,670,386	\$ 3,656,450
Depreciation and amortization	129,922	109,311	8,888	847,884	1,096,005
Operating income (loss)	(620,760)	(128,690)	(6,150)	(2,051,472)	(2,807,072)
Capital contributions	40,000	92,000	-	-	132,000
Property, plant and equipment additions, net of retirements	(109,048)	(5,440)	-	(2,891,299)	(3,005,787)
Net working capital	1,842,552	747,431	30,680	111,600	2,732,263
Total assets	5,484,709	2,906,351	225,871	10,865,456	19,482,387
Long-term liabilities	504,981	393,340	-	16,185,069	17,083,390
Net position	4,870,495	2,497,921	217,919	(5,938,245)	1,648,090

NOTE 24—OTHER ASSETS:

Other assets consist of online textbook subscriptions purchased by the Component Unit School Board that spans several fiscal years. Other assets totaled \$1,164,074, net of amortization expense at June 30, 2021.

NOTE 25—CONSTRUCTION COMMITMENTS:

The County of Shenandoah has an active construction project as of June 30, 2021. The project consists of the construction of a Sheriff's office. At year end the County's commitment with the contractor is as follows:

	Original Contract Amount	Amount Spent to Date	Amount of Contract Remaining at Year End
911 Radio Replacement	\$ 9,174,880	\$ 6,959,261	\$ 2,215,619
Landfill Phase 4	2,692,021	5,000	2,687,021
Total	\$ 11,866,901	\$ 6,964,261	\$ 4,902,640

NOTE 26—RESTATEMENT OF BEGINNING FUND BALANCE AND NET POSITION:

The beginning fund balance and net position of the Discretely Presented Component Unit School Board and net position of the Fiduciary Funds were restated due to the implementation of GASB Statement No. 84 as follows:

	Discretely Presented Component Unit School Board		Fiduciary Funds	
	Fund Balance	Net Position	Special Welfare Fund Net Position	Ambulance Recovery Fund Net Position
Fund Balance/Net position at July 1, 2020 as originally reported	\$ 854,358	\$ (12,389,129)	\$ -	\$ -
Implementation of GASB Statement No. 84, Fiduciary Activities	1,353,070	1,353,070	7,414	1,254,852
Fund Balance/Net position at July 1, 2020 as restated	\$ 2,207,428	\$ (11,036,059)	\$ 7,414	\$ 1,254,852

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 27—LITIGATION:

At June 30, 2021, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

NOTE 28—UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2021 (Continued)

NOTE 28—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

NOTE 29—SUBSEQUENT EVENTS:

On October 22, 2021, the County issued a lease revenue bond in the amount of \$6,000,000 at a fixed rate of 1.315% with a maturity date of August 1, 2031.

ARPA Funding

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

On June 30, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 21, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$4,235,948 from the initial allocation are reported as unearned revenue as of June 30.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 47,601,600	\$ 47,651,600	\$ 50,937,428	\$ 3,285,828
Other local taxes	7,120,000	6,825,000	7,911,111	1,086,111
Permits, privilege fees, and regulatory licenses	514,100	514,100	664,815	150,715
Fines and forfeitures	62,000	62,000	36,379	(25,621)
Revenue from the use of money and property	668,000	674,767	448,041	(226,726)
Charges for services	1,799,200	2,357,900	1,794,750	(563,150)
Miscellaneous	558,949	842,497	606,095	(236,402)
Recovered costs	682,461	694,551	528,055	(166,496)
Intergovernmental:				
Commonwealth	11,085,297	11,668,394	12,123,609	455,215
Federal	3,214,469	10,789,616	10,354,848	(434,768)
Total revenues	\$ 73,306,076	\$ 82,080,425	\$ 85,405,131	\$ 3,324,706
EXPENDITURES				
Current:				
General government administration	\$ 3,149,258	\$ 3,777,063	\$ 3,770,714	\$ 6,349
Judicial administration	2,282,942	2,283,044	2,159,194	123,850
Public safety	18,505,118	22,016,433	18,961,893	3,054,540
Public works	1,429,980	1,574,800	1,449,966	124,834
Health and welfare	9,759,940	10,892,154	12,231,084	(1,338,930)
Education	30,731,507	31,879,698	26,573,821	5,305,877
Parks, recreation, and cultural	2,292,731	2,646,606	2,005,987	640,619
Community development	1,559,764	4,535,822	4,414,083	121,739
Nondepartmental	316,150	434,436	56,943	377,493
Total expenditures	\$ 70,027,390	\$ 80,040,056	\$ 71,623,685	\$ 8,416,371
Excess (deficiency) of revenues over (under) expenditures	\$ 3,278,686	\$ 2,040,369	\$ 13,781,446	\$ 11,741,077
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (7,537,794)	\$ (7,933,069)	\$ (8,534,112)	\$ (601,043)
Issuance of general obligation bonds	1,000,000	1,000,000	-	(1,000,000)
Total other financing sources (uses)	\$ (6,537,794)	\$ (6,933,069)	\$ (8,534,112)	\$ (1,601,043)
Net change in fund balances	\$ (3,259,108)	\$ (4,892,700)	\$ 5,247,334	\$ 10,140,034
Fund balances - beginning	3,259,108	4,892,700	14,432,073	9,539,373
Fund balances - ending	\$ -	\$ -	\$ 19,679,407	\$ 19,679,407

Schedule of Changes in Net Pension Liability and Related Ratios

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,713,263	\$ 1,513,031	\$ 1,527,395	\$ 1,552,258	\$ 1,551,145	\$ 2,097,765	\$ 1,508,647
Interest	3,592,971	3,463,665	3,323,028	3,179,653	3,018,636	2,851,117	2,676,488
Changes in benefit terms	-	-	-	-	535,857	-	-
Changes of assumptions	-	1,712,494	-	(234,494)	-	-	-
Differences between expected and actual experience	1,738,426	(366,432)	(478,973)	(369,474)	(729,854)	(666,172)	-
Benefit payments	(2,509,516)	(2,639,468)	(2,085,220)	(2,074,224)	(2,076,885)	(1,702,272)	(1,678,590)
Net change in total pension liability	\$ 4,535,144	\$ 3,683,290	\$ 2,286,230	\$ 2,053,719	\$ 2,298,899	\$ 2,580,438	\$ 2,506,545
Total pension liability - beginning	54,483,959	50,800,669	48,514,439	46,460,720	44,161,821	41,581,383	39,074,838
Total pension liability - ending (a)	<u>\$ 59,019,103</u>	<u>\$ 54,483,959</u>	<u>\$ 50,800,669</u>	<u>\$ 48,514,439</u>	<u>\$ 46,460,720</u>	<u>\$ 44,161,821</u>	<u>\$ 41,581,383</u>
Plan fiduciary net position							
Contributions - employer	\$ 1,295,253	\$ 1,238,866	\$ 1,220,983	\$ 1,191,677	\$ 1,419,174	\$ 1,314,841	\$ 1,629,069
Contributions - employee	704,382	665,080	627,075	612,314	617,782	601,964	660,270
Net investment income	957,278	3,183,353	3,310,920	4,905,320	697,945	1,739,727	5,094,975
Benefit payments	(2,509,516)	(2,639,468)	(2,085,220)	(2,074,224)	(2,076,885)	(1,702,272)	(1,678,590)
Administrator charges	(32,475)	(31,516)	(28,169)	(28,037)	(24,366)	(23,243)	(26,677)
Other	(1,142)	(2,006)	(2,969)	(4,378)	(294)	(366)	268
Net change in plan fiduciary net position	\$ 413,780	\$ 2,414,309	\$ 3,042,620	\$ 4,602,672	\$ 633,356	\$ 1,930,651	\$ 5,679,315
Plan fiduciary net position - beginning	50,253,907	47,839,598	44,796,978	40,194,306	39,560,950	37,630,301	31,950,986
Plan fiduciary net position - ending (b)	<u>\$ 50,667,687</u>	<u>\$ 50,253,907</u>	<u>\$ 47,839,598</u>	<u>\$ 44,796,978</u>	<u>\$ 40,194,306</u>	<u>\$ 39,560,952</u>	<u>\$ 37,630,301</u>
County's net pension liability - ending (a) - (b)	\$ 8,351,416	\$ 4,230,052	\$ 2,961,071	\$ 3,717,461	\$ 6,266,414	\$ 4,600,869	\$ 3,951,082
Plan fiduciary net position as a percentage of the total pension liability	85.85%	92.24%	94.17%	92.34%	86.51%	89.58%	90.50%
Covered payroll	\$ 14,459,661	\$ 13,221,665	\$ 12,900,731	\$ 12,460,402	\$ 12,364,231	\$ 11,980,248	\$ 13,032,381
County's net pension liability as a percentage of covered payroll	57.76%	31.99%	22.95%	29.83%	50.68%	38.40%	30.32%

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.

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 330,718	\$ 313,409	\$ 361,956	\$ 359,495	\$ 427,181	\$ 447,419	\$ 457,061
Interest	946,946	935,964	924,180	942,619	896,199	850,571	804,295
Changes of assumptions	-	343,688	-	(187,557)	-	-	-
Differences between expected and actual experience	422,455	8,719	(213,776)	(558,069)	33,565	(9,646)	-
Benefit payments	(989,723)	(897,992)	(910,061)	(729,744)	(657,857)	(615,175)	(585,358)
Net change in total pension liability	\$ 710,396	\$ 703,788	\$ 162,299	\$ (173,256)	\$ 699,088	\$ 673,169	\$ 675,998
Total pension liability - beginning	<u>14,523,692</u>	<u>13,819,904</u>	<u>13,657,605</u>	<u>13,830,861</u>	<u>13,131,773</u>	<u>12,458,604</u>	<u>11,782,606</u>
Total pension liability - ending (a)	<u>\$ 15,234,088</u>	<u>\$ 14,523,692</u>	<u>\$ 13,819,904</u>	<u>\$ 13,657,605</u>	<u>\$ 13,830,861</u>	<u>\$ 13,131,773</u>	<u>\$ 12,458,604</u>
Plan fiduciary net position							
Contributions - employer	\$ 207,606	\$ 208,097	\$ 205,999	\$ 235,452	\$ 328,594	\$ 376,586	\$ 425,500
Contributions - employee	170,644	168,578	156,422	175,693	194,128	207,759	201,912
Net investment income	266,331	902,461	977,080	1,474,249	211,944	534,599	1,583,539
Benefit payments	(989,723)	(897,992)	(910,061)	(729,744)	(657,857)	(615,175)	(585,358)
Administrative expense	(9,430)	(9,297)	(8,738)	(8,654)	(7,534)	(7,246)	(8,448)
Other	(311)	(565)	(855)	(1,306)	(89)	(112)	83
Net change in plan fiduciary net position	\$ (354,883)	\$ 371,282	\$ 419,847	\$ 1,145,690	\$ 69,186	\$ 496,411	\$ 1,617,228
Plan fiduciary net position - beginning	<u>14,149,861</u>	<u>13,778,579</u>	<u>13,358,732</u>	<u>12,213,042</u>	<u>12,143,856</u>	<u>11,647,445</u>	<u>10,030,217</u>
Plan fiduciary net position - ending (b)	<u>\$ 13,794,978</u>	<u>\$ 14,149,861</u>	<u>\$ 13,778,579</u>	<u>\$ 13,358,732</u>	<u>\$ 12,213,042</u>	<u>\$ 12,143,856</u>	<u>\$ 11,647,445</u>
School Division's net pension liability - ending (a) - (b)	\$ 1,439,110	\$ 373,831	\$ 41,325	\$ 298,873	\$ 1,617,819	\$ 987,917	\$ 811,159
Plan fiduciary net position as a percentage of the total pension liability	90.55%	97.43%	99.70%	97.81%	88.30%	92.48%	93.49%
Covered payroll	\$ 3,758,974	\$ 3,336,274	\$ 3,568,341	\$ 3,668,393	\$ 3,734,178	\$ 4,162,752	\$ 4,045,497
School Division's net pension liability as a percentage of covered payroll	38.28%	11.21%	1.16%	8.15%	43.32%	23.73%	20.05%

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.

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

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.440000%	0.446710%	0.430540%	0.433720%	0.444314%	0.43849%	0.42994%
Employer's Proportionate Share of the Net Pension Liability	\$ 64,038,832	\$ 58,789,575	\$ 50,631,000	\$ 53,339,000	\$ 62,103,000	\$ 55,190,000	\$ 51,957,000
Employer's Covered Payroll	\$ 38,638,034	\$ 37,525,255	\$ 34,908,815	\$ 34,345,532	\$ 33,789,530	\$ 32,605,067	\$ 31,484,690
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	166%	157%	145%	155%	184%	169%	165%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions

Pension Plans

Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 1,464,690	\$ 1,464,690	\$ -	\$ 14,728,542	9.94%
2020	1,291,119	1,291,119	-	14,459,661	9.37%
2019	1,238,870	1,238,870	-	13,221,665	9.37%
2018	1,220,980	1,220,980	-	12,900,731	9.46%
2017	1,191,675	1,191,675	-	12,460,402	9.56%
2016	1,433,014	1,433,014	-	12,364,231	11.59%
2015	1,321,421	1,321,421	-	11,980,248	11.03%
2014	1,616,015	1,616,015	-	13,032,381	12.40%
2013	1,337,231	1,337,231	-	11,814,373	11.32%
2012	990,583	990,583	-	10,885,524	9.10%
Component Unit School Board (nonprofessional)					
2021	\$ 215,469	\$ 215,469	\$ -	\$ 3,588,896	6.00%
2020	209,530	209,530	-	3,758,974	5.57%
2019	209,518	209,518	-	3,336,274	6.28%
2018	221,810	221,810	-	3,568,341	6.22%
2017	240,836	240,836	-	3,668,393	6.57%
2016	335,329	335,329	-	3,734,178	8.98%
2015	373,815	373,815	-	4,162,752	8.98%
2014	425,991	425,991	-	4,045,497	10.53%
2013	410,155	410,155	-	3,896,702	10.53%
2012	328,286	328,286	-	3,688,609	8.90%
Component Unit School Board (professional)					
2021	\$ 6,134,530	\$ 6,134,530	\$ -	\$ 38,411,652	15.97%
2020	5,840,296	5,840,296	-	38,638,034	15.12%
2019	5,792,551	5,792,551	-	37,525,255	15.44%
2018	5,595,934	5,595,934	-	34,908,815	16.32%
2017	4,933,757	4,933,757	-	34,345,532	14.66%
2016	4,715,959	4,715,959	-	33,789,530	14.06%
2015	4,430,421	4,430,421	-	32,605,067	14.50%
2014	3,664,224	3,664,224	-	31,484,690	11.66%
2013	3,663,267	3,663,267	-	31,419,940	11.66%
2012	1,837,320	1,837,320	-	29,815,486	6.33%

Current Year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.0% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.0% to 6.75%

Component Unit School Board - Professional Employees

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

Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 117,000	\$ 105,000	\$ 111,000	\$ 108,000
Interest	60,000	61,000	68,000	64,000
Changes in assumptions	132,000	88,000	-	-
Differences between expected and actual experience	-	(4,000)	(337,000)	-
Other changes	(222,000)	-	(19,000)	-
Benefit payments	(52,000)	(36,000)	(39,000)	(60,000)
Net change in total OPEB liability	\$ 35,000	\$ 214,000	\$ (216,000)	\$ 112,000
Total OPEB liability - beginning	1,821,000	1,607,000	1,823,000	1,711,000
Total OPEB liability - ending	<u>\$ 1,856,000</u>	<u>\$ 1,821,000</u>	<u>\$ 1,607,000</u>	<u>\$ 1,823,000</u>
Covered-employee payroll	\$ 13,368,000	\$ 13,001,000	\$ 13,001,000	\$ 11,212,000
County's total OPEB liability (asset) as a percentage of covered-employee payroll	13.88%	14.01%	12.36%	16.26%

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

Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 547,000	\$ 518,000	\$ 451,000	\$ 440,000
Interest	239,000	259,000	242,000	230,000
Changes in assumptions	306,000	288,000	(535,000)	-
Differences between expected and actual experience	(2,374,000)	(370,000)	442,000	-
Benefit payments	(231,000)	(269,000)	(377,000)	(283,000)
Net change in total OPEB liability	\$ (1,513,000)	\$ 426,000	\$ 223,000	\$ 387,000
Total OPEB liability - beginning	7,188,000	6,762,000	6,539,000	6,152,000
Total OPEB liability - ending	<u>\$ 5,675,000</u>	<u>\$ 7,188,000</u>	<u>\$ 6,762,000</u>	<u>\$ 6,539,000</u>
 Covered-employee payroll	 \$ 37,888,000	 \$ 38,776,000	 \$ 38,776,000	 \$ 33,263,000
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 14.98%	 18.54%	 17.44%	 19.66%

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

Notes to Required Supplementary Information - OPEB
For the Year Ended June 30, 2021

PRIMARY GOVERNMENT

Valuation Date: 7/1/2020
Measurement Date: 7/1/2020

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 % of salary
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	5% for fiscal year 2021 and thereafter
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

COMPONENT UNIT SCHOOL BOARD

Valuation Date: 7/1/2020
Measurement Date: 7/1/2020

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 % of salary
Discount Rate	2.45%
Inflation	2.50%
Healthcare Trend Rate	5% for fiscal year 2021 and thereafter
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.07030% \$	1,173,192	\$ 14,468,455	8.11%	52.64%
2019	0.06983%	1,136,319	13,688,932	8.30%	52.00%
2018	0.06788%	1,030,000	12,907,494	7.98%	51.22%
2017	0.06765%	1,018,000	12,477,922	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.

Schedule of School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates Ended June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Component Unit School Board (nonprofessional)					
2020	0.01826% \$	304,729 \$	3,758,974	8.11%	52.64%
2019	0.01876%	305,275	3,677,842	8.30%	52.00%
2018	0.01876%	285,000	3,568,341	7.99%	52.21%
2017	0.02000%	300,000	3,668,393	8.18%	48.86%
Component Unit School Board (professional)					
2020	0.18777% \$	3,133,574 \$	38,642,859	8.11%	52.64%
2019	0.19142%	3,114,913	37,525,255	8.30%	52.00%
2018	0.18357%	2,787,000	34,908,815	7.98%	52.21%
2017	0.18620%	2,802,000	34,345,532	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.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 79,550	\$ 79,550	\$ -	\$ 14,731,520	0.54%
2020	75,236	75,236	-	14,468,455	0.52%
2019	71,182	71,182	-	13,688,932	0.52%
2018	67,119	67,119	-	12,907,494	0.52%
2017	64,885	64,885	-	12,477,922	0.52%
2016	59,348	59,348	-	12,364,231	0.48%
2015	57,505	57,505	-	11,980,248	0.48%
2014	62,555	62,555	-	13,032,381	0.48%
2013	56,709	56,709	-	11,814,373	0.48%
2012	30,504	30,504	-	10,894,455	0.28%
Component Unit School Board (nonprofessional)					
2021	\$ 19,425	\$ 19,425	\$ -	\$ 3,597,292	0.54%
2020	19,547	19,547	-	3,758,974	0.52%
2019	19,125	19,125	-	3,677,842	0.52%
2018	18,555	18,555	-	3,568,341	0.52%
2017	19,180	19,180	-	3,668,393	0.52%
2016	17,924	17,924	-	3,734,178	0.48%
2015	19,981	19,981	-	4,162,752	0.48%
2014	19,418	19,418	-	4,045,497	0.48%
2013	18,704	18,704	-	3,896,702	0.48%
2012	10,328	10,328	-	3,688,609	0.28%
Component Unit School Board (professional)					
2021	\$ 207,268	\$ 207,268	\$ -	\$ 38,411,652	0.54%
2020	200,943	200,943	-	38,642,859	0.52%
2019	195,131	195,131	-	37,525,255	0.52%
2018	181,805	181,805	-	34,908,815	0.52%
2017	178,597	178,597	-	34,345,532	0.52%
2016	162,190	162,190	-	33,789,530	0.48%
2015	156,504	156,504	-	32,605,067	0.48%
2014	151,127	151,127	-	31,484,690	0.48%
2013	150,816	150,816	-	31,419,940	0.48%
2012	83,483	83,483	-	29,815,486	0.28%

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

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 6,964	\$ 6,695	\$ 7,593	\$ 7,593
Interest	15,014	15,372	15,288	15,288
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(1,832)	(12,246)	-	-
Changes of assumptions	-	6,293	(10,066)	(10,066)
Benefit payments	(15,570)	(11,356)	(15,000)	(7,151)
Net change in total HIC OPEB liability	\$ 4,576	\$ 4,758	\$ (2,185)	\$ 5,664
Total HIC OPEB Liability - beginning	230,213	225,455	227,640	221,976
Total HIC OPEB Liability - ending (a)	<u>\$ 234,789</u>	<u>\$ 230,213</u>	<u>\$ 225,455</u>	<u>\$ 227,640</u>
Plan fiduciary net position				
Contributions - employer	\$ 8,434	\$ 7,947	\$ 8,953	\$ 8,841
Net investment income	4,811	14,757	15,768	22,932
Benefit payments	(15,570)	(11,356)	(15,000)	(7,151)
Administrator charges	(456)	(496)	-	(376)
Other	(2)	(17)	(1,000)	1,155
Net change in plan fiduciary net position	\$ (2,783)	\$ 10,835	\$ 8,721	\$ 25,401
Plan fiduciary net position - beginning	241,972	231,137	222,416	197,015
Plan fiduciary net position - ending (b)	<u>\$ 239,189</u>	<u>\$ 241,972</u>	<u>\$ 231,137</u>	<u>\$ 222,416</u>
County's net HIC OPEB (asset) liability - ending (a) - (b)	\$ (4,400)	\$ (11,759)	\$ (5,682)	\$ 5,224
Plan fiduciary net position as a percentage of the total HIC OPEB liability	101.87%	105.11%	102.52%	97.71%
Covered payroll	\$ 7,665,307	\$ 7,223,984	\$ 6,885,719	\$ 6,799,392
County's net HIC OPEB liability as a percentage of covered payroll	-0.06%	-0.16%	-0.08%	0.08%

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.

Schedule of Changes in the Component Unit School Board's (nonprofessional) Net OPEB
 (Asset) Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Date of June 30, 2020

	2020
Total HIC OPEB Liability	
Service cost	\$ -
Interest	-
Changes in benefit terms	319,890
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	-
Net change in total HIC OPEB liability	\$ 319,890
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	\$ 319,890
Plan fiduciary net position	
Contributions - employer	\$ -
Net investment income	-
Benefit payments	-
Administrator charges	-
Other	-
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ -
County's net HIC OPEB (asset) liability - ending (a) - (b)	\$ 319,890
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ -
County's net HIC OPEB liability as a percentage of covered payroll	N/A

2021 was the first year of participation in the plan by the Component Unit School Board.

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

Date	Contractually Required Contribution		Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Employer's Covered Payroll		Contributions as a % of Covered Payroll
	(1)		(2)			(4)	(5)	
Primary Government								
2021	\$	7,131	\$	7,131	\$ -	\$	7,922,934	0.09%
2020		8,432		8,432	-		7,665,307	0.11%
2019		7,946		7,946	-		7,223,984	0.11%
2018		8,951		8,951	-		6,885,719	0.13%
2017		8,839		8,839	-		6,799,392	0.13%
2016		8,891		8,891	-		6,838,899	0.13%
2015		8,567		8,567	-		6,590,251	0.13%
2014		6,364		6,364	-		7,071,347	0.09%
2013		10,631		10,631	-		11,812,527	0.09%
2012		8,708		8,708	-		10,885,524	0.08%
Component Unit School Board (nonprofessional)								
2021	\$	26,558	\$	26,558	\$ -	\$	3,588,896	0.74%

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

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.44073% \$	5,749,395 \$	38,638,034	14.88%	9.95%
2019	0.44739%	5,856,771	37,525,255	15.61%	8.97%
2018	0.43160%	5,480,000	34,904,821	15.70%	8.08%
2017	0.43519%	5,521,000	34,345,532	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.

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 464,781	\$ 464,781	\$ -	\$ 38,411,652	1.21%
2020	463,698	463,698	-	38,638,034	1.20%
2019	450,303	450,303	-	37,525,255	1.20%
2018	429,329	429,329	-	34,908,815	1.23%
2017	381,235	381,235	-	34,345,532	1.11%
2016	358,152	358,152	-	33,789,530	1.06%
2015	345,571	345,571	-	32,605,067	1.06%
2014	349,000	349,000	-	31,484,690	1.11%
2013	348,709	348,709	-	31,419,940	1.11%
2012	178,893	178,893	-	29,815,486	0.60%

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF SHENANDOAH, VIRGINIA

Exhibit 32

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

County Debt Service Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 521,782	\$ 521,782	\$ 793,601	\$ 271,819
Total revenues	\$ 521,782	\$ 521,782	\$ 793,601	\$ 271,819
EXPENDITURES				
Debt service:				
Principal retirement	\$ 4,433,380	\$ 10,433,380	\$ 4,909,191	\$ 5,524,189
Interest and other fiscal charges	1,891,071	2,196,934	2,114,168	82,766
Total expenditures	\$ 6,324,451	\$ 12,630,314	\$ 7,023,359	\$ 5,606,955
Excess (deficiency) of revenues over (under) expenditures	\$ (5,802,669)	\$ (12,108,532)	\$ (6,229,758)	\$ 5,878,774
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,802,669	\$ 6,091,669	\$ 6,564,476	\$ 472,807
Transfers out				-
Issuance of general obligation bonds	-	16,863	1,475,000	1,458,137
Proceeds from credit line	-	6,000,000	-	(6,000,000)
Payment to refunded bond escrow agent	-	-	(1,426,424)	(1,426,424)
Total other financing sources (uses)	\$ 5,802,669	\$ 12,108,532	\$ 6,613,052	\$ (5,495,480)
Net change in fund balances	\$ -	\$ -	\$ 383,294	\$ 383,294
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 383,294	\$ 383,294

COUNTY OF SHENANDOAH, VIRGINIA

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

County Capital Projects Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 168,535	\$ 168,535
Total revenues	\$ -	\$ -	\$ 168,535	\$ 168,535
EXPENDITURES				
Capital projects	\$ -	\$ 11,869,040	\$ 5,066,792	\$ 6,802,248
Total expenditures	\$ -	\$ 11,869,040	\$ 5,066,792	\$ 6,802,248
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (11,869,040)	\$ (4,898,257)	\$ 6,970,783
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 10,967	\$ 10,967
Total other financing sources (uses)	\$ -	\$ -	\$ 10,967	\$ 10,967
Net change in fund balances	\$ -	\$ (11,869,040)	\$ (4,887,290)	\$ 6,981,750
Fund balances - beginning	-	11,869,040	17,720,415	5,851,375
Fund balances - ending	\$ -	\$ -	\$ 12,833,125	\$ 12,833,125

COMBINING FUND STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Exhibit 34

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 357,381	\$ 100,084	\$ 457,465
Total assets	<u>\$ 357,381</u>	<u>\$ 100,084</u>	<u>\$ 457,465</u>
FUND BALANCES			
Assigned:			
Landfill contingency	\$ 357,381	\$ -	\$ 357,381
Capital projects	-	100,084	100,084
Total fund balances	<u>\$ 357,381</u>	<u>\$ 100,084</u>	<u>\$ 457,465</u>
Total liabilities and fund balances	<u>\$ 357,381</u>	<u>\$ 100,084</u>	<u>\$ 457,465</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
Total revenues	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 45,211	\$ -	\$ 45,211
Total other financing sources (uses)	\$ 45,211	\$ -	\$ 45,211
Net change in fund balances	\$ 45,211	\$ -	\$ 45,211
Fund balances - beginning	312,170	100,084	412,254
Fund balances - ending	<u>\$ 357,381</u>	<u>\$ 100,084</u>	<u>\$ 457,465</u>

COUNTY OF SHENANDOAH, VIRGINIA
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

Exhibit 36

	<u>Custodial Funds</u>		
	<u>Special Welfare</u>	<u>Ambulance Recovery</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 7,058	\$ 837,019	\$ 844,077
Receivables:			
Accounts receivable	-	125,317	125,317
Total assets	<u>\$ 7,058</u>	<u>\$ 962,336</u>	<u>\$ 969,394</u>
NET POSITION			
Restricted:			
Individuals, organizations, and governments	\$ 7,058	\$ 962,336	\$ 969,394
Total liabilities	<u>\$ 7,058</u>	<u>\$ 962,336</u>	<u>\$ 969,394</u>

COUNTY OF SHENANDOAH, VIRGINIA
Combining Statement of Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

Exhibit 37

	Special Welfare	Ambulance Recovery	Total
Additions			
Interest earnings	\$ -	\$ 71	\$ 71
Miscellaneous	1,393	-	1,393
Ambulance recovery collections for other governments	-	934,104	934,104
Total additions	\$ 1,393	\$ 934,175	\$ 935,568
Deductions			
Beneficiary payments to individuals	\$ 1,749	\$ -	\$ 1,749
Payments of ambulance recovery collections to other governments	-	1,226,691	1,226,691
Total deductions	\$ 1,749	\$ 1,226,691	\$ 1,228,440
Net increase (decrease) in fiduciary net position	\$ (356)	\$ (292,516)	\$ (292,872)
Net position, beginning, as restated	7,414	1,254,852	1,262,266
Net position ending	<u>\$ 7,058</u>	<u>\$ 962,336</u>	<u>\$ 969,394</u>

**DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD**

COUNTY OF SHENANDOAH, VIRGINIA
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

Exhibit 38

	Student Activities			
	School Operating Fund	School Cafeteria Fund	Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,551,680	\$ 792,379	\$ 1,256,278	\$ 6,600,337
Receivables (net of allowance for uncollectibles):				
Accounts receivable	4,543	1,335	21,100	26,978
Due from other funds	87,713	-	-	87,713
Due from other governmental units	2,205,123	68,280	-	2,273,403
Inventories	-	192,668	-	192,668
Prepaid items	1,755	-	-	1,755
Restricted assets:				
Cash and cash equivalents	5,306,803	-	-	5,306,803
Total assets	<u>\$ 12,157,617</u>	<u>\$ 1,054,662</u>	<u>\$ 1,277,378</u>	<u>\$ 14,489,657</u>
LIABILITIES				
Accounts payable	\$ 1,436,277	\$ 29,871	\$ 18,232	\$ 1,484,380
Accrued payroll	3,115,403	79,919	-	3,195,322
Due to other funds	-	87,713	-	87,713
Due to primary government	2,299,134	-	-	2,299,134
Total liabilities	<u>\$ 6,850,814</u>	<u>\$ 197,503</u>	<u>\$ 18,232</u>	<u>\$ 7,066,549</u>
FUND BALANCES				
Nonspendable:				
Inventory	\$ -	\$ 192,668	\$ -	\$ 192,668
Prepaid items	1,755	-	-	1,755
Capital projects	5,306,803	-	-	5,306,803
Cafeteria	-	664,491	-	664,491
Student activities			1,259,146	1,259,146
Unassigned (deficit)	(1,755)	-	-	(1,755)
Total fund balances	<u>\$ 5,306,803</u>	<u>\$ 857,159</u>	<u>\$ 1,259,146</u>	<u>\$ 7,423,108</u>
Total liabilities and fund balances	<u>\$ 12,157,617</u>	<u>\$ 1,054,662</u>	<u>\$ 1,277,378</u>	<u>\$ 14,489,657</u>

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

Total fund balances per above \$ 7,423,108

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

Land	\$ 5,725,275	
Buildings and improvements	45,047,602	
Machinery and equipment	<u>4,972,355</u>	55,745,232

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

Right to use asset-IT subscriptions	\$ 1,164,075	
Pension related items	17,606,388	
OPEB related items	<u>2,618,054</u>	21,388,517

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

Capital lease obligations	\$ (5,306,803)	
Compensated absences	(963,620)	
Net pension liability	(65,477,942)	
Net OPEB liabilities	<u>(15,182,588)</u>	(86,930,953)

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

Pension related items	\$ (5,015,101)	
OPEB related items	<u>(3,239,368)</u>	(8,254,469)

Net position of governmental activities \$ (10,628,565)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	Student Activities Special Revenue Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 18,000	\$ 1,087	-	\$ 19,087
Charges for services	898,844	13,851	-	912,695
Miscellaneous	326,945	13,079	1,134,104	1,474,128
Recovered costs	68,051	-	-	68,051
Intergovernmental:				
Local government	26,523,272	-	-	26,523,272
Commonwealth	39,914,188	34,324	-	39,948,512
Federal	5,557,553	1,371,882	-	6,929,435
Total revenues	\$ 73,306,853	\$ 1,434,223	1,134,104	\$ 75,875,180
EXPENDITURES				
Current:				
Education	\$ 73,306,853	\$ 1,431,422	1,228,028	\$ 75,966,303
Total expenditures	\$ 73,306,853	\$ 1,431,422	1,228,028	\$ 75,966,303
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 2,801	(93,924)	\$ (91,123)
OTHER FINANCING SOURCES (USES)				
Proceeds of capital leases	\$ 5,306,803	-	-	\$ 5,306,803
Total other financing sources (uses)	\$ 5,306,803	-	-	\$ 5,306,803
Net change in fund balances	\$ 5,306,803	\$ 2,801	(93,924)	\$ 5,215,680
Fund balances - beginning, as restated	-	854,358	1,353,070	2,207,428
Fund balances - ending	\$ 5,306,803	\$ 857,159	1,259,146	\$ 7,423,108

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

Net change in fund balances - total governmental funds \$ 5,215,680

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$ 2,969,438	
Depreciation expense	(2,978,703)	
Allocation of debt financed school assets based on current year repayments	2,532,669	2,523,404

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(5,306,803)

Change in compensated absences	\$ 44,465	
Change in subscription based informational technology arrangement	124,900	
Pension expense	(1,644,534)	
OPEB expense	(549,618)	(2,024,787)

Change in net position of governmental activities \$ 407,494

COUNTY OF SHENANDOAH, VIRGINIA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2021

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 25,000	\$ 25,000	\$ 18,000	\$ (7,000)
Charges for services	2,124,474	1,135,255	898,844	(236,411)
Miscellaneous	167,893	622,911	326,945	(295,966)
Recovered costs	58,900	58,900	68,051	9,151
Intergovernmental:				
Local government	30,680,958	31,529,865	26,523,272	(5,006,593)
Commonwealth	40,813,330	41,347,531	39,914,188	(1,433,343)
Federal	2,871,419	2,871,419	5,557,553	2,686,134
Total revenues	<u>\$ 76,741,974</u>	<u>\$ 77,590,881</u>	<u>\$ 73,306,853</u>	<u>\$ (4,284,028)</u>
EXPENDITURES				
Current:				
Education	\$ 76,741,974	\$ 77,590,881	\$ 73,306,853	\$ 4,284,028
Total expenditures	<u>\$ 76,741,974</u>	<u>\$ 77,590,881</u>	<u>\$ 73,306,853</u>	<u>\$ 4,284,028</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Issuance of capital leases	\$ -	\$ -	\$ 5,306,803	\$ 5,306,803
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,306,803</u>	<u>\$ 5,306,803</u>
Net change in fund balances	\$ -	\$ -	\$ 5,306,803	\$ 5,306,803
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,306,803</u>	<u>\$ 5,306,803</u>

School Cafeteria Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ 21,600	\$ 21,600	\$ 1,087	\$	(20,513)
649,659	649,659	13,851		(635,808)
88,212	88,212	13,079		(75,133)
-	-	-		-
-	-	-		-
55,000	55,000	34,324		(20,676)
1,498,074	1,498,074	1,371,882		(126,192)
<u>\$ 2,312,545</u>	<u>\$ 2,312,545</u>	<u>\$ 1,434,223</u>	<u>\$</u>	<u>(878,322)</u>
\$ 2,512,545	\$ 2,512,545	\$ 1,431,422	\$	1,081,123
<u>\$ 2,512,545</u>	<u>\$ 2,512,545</u>	<u>\$ 1,431,422</u>	<u>\$</u>	<u>1,081,123</u>
<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ 2,801</u>	<u>\$</u>	<u>202,801</u>
\$ -	\$ -	\$ -	\$	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>
\$ (200,000)	\$ (200,000)	\$ 2,801	\$	202,801
200,000	200,000	854,358		654,358
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 857,159</u>	<u>\$</u>	<u>857,159</u>

SUPPORTING SCHEDULES

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 1 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 28,650,000	\$ 28,700,000	\$ 29,734,879	\$ 1,034,879
Real and personal public service corporation taxes	1,900,000	1,900,000	1,963,390	63,390
Personal property taxes	12,931,600	12,931,600	15,162,317	2,230,717
Mobile home taxes	-	-	33,309	33,309
Machinery and tools taxes	3,050,000	3,050,000	2,991,150	(58,850)
Merchants capital	335,000	335,000	339,081	4,081
Penalties	385,000	385,000	415,277	30,277
Interest	350,000	350,000	298,025	(51,975)
Total general property taxes	\$ 47,601,600	\$ 47,651,600	\$ 50,937,428	\$ 3,285,828
Other local taxes:				
Local sales and use taxes	\$ 3,400,000	\$ 3,500,000	\$ 4,591,538	\$ 1,091,538
Consumers' utility taxes	1,900,000	1,900,000	1,665,423	(234,577)
Cigarette taxes	250,000	-	-	-
Utility license taxes	35,000	35,000	3,080	(31,920)
Motor vehicle licenses	920,000	920,000	920,131	131
Taxes on recordation and wills	405,000	405,000	664,903	259,903
Transient occupancy tax	210,000	65,000	66,036	1,036
Total other local taxes	\$ 7,120,000	\$ 6,825,000	\$ 7,911,111	\$ 1,086,111
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 22,000	\$ 22,000	\$ 20,575	\$ (1,425)
Land use application fees	-	-	3,550	3,550
Transfer fees	-	-	2,534	2,534
Permits and other licenses	492,100	492,100	638,156	146,056
Total permits, privilege fees, and regulatory licenses	\$ 514,100	\$ 514,100	\$ 664,815	\$ 150,715
Fines and forfeitures:				
Court fines and forfeitures	\$ 62,000	\$ 62,000	\$ 36,379	\$ (25,621)
Revenue from use of money and property:				
Revenue from use of money	\$ 290,000	\$ 290,000	\$ 61,928	\$ (228,072)
Revenue from use of property	378,000	384,767	386,113	1,346
Total revenue from use of money and property	\$ 668,000	\$ 674,767	\$ 448,041	\$ (226,726)
Charges for services:				
Charges for courthouse security	\$ 85,000	\$ 85,000	\$ 44,169	\$ (40,831)
Law library fees	24,700	24,700	6,859	(17,841)
Charges for Commonwealth's Attorney	5,000	5,000	4,616	(384)
Charges for animal protection	9,500	9,500	6,560	(2,940)
Charges for courthouse construction	30,000	30,000	18,902	(11,098)
Charges for parks and recreation	-	448,000	168,189	(279,811)
Charges for spay and neuter	5,000	5,000	2,720	(2,280)
KidzRec	525,000	635,700	582,996	(52,704)
Charges for courthouse maintenance	20,000	20,000	12,450	(7,550)
Charges for ambulance recoveries	1,000,000	1,000,000	856,640	(143,360)
Charges for services - other	95,000	95,000	90,649	(4,351)
Total charges for services	\$ 1,799,200	\$ 2,357,900	\$ 1,794,750	\$ (563,150)

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 431,879	\$ 641,219	\$ 186,521	\$ (454,698)
Refunds and recoveries	127,070	201,278	419,574	218,296
Total miscellaneous	\$ 558,949	\$ 842,497	\$ 606,095	\$ (236,402)
Recovered costs:				
Other recovered costs	\$ 682,461	\$ 694,551	\$ 528,055	\$ (166,496)
Total recovered costs	\$ 682,461	\$ 694,551	\$ 528,055	\$ (166,496)
Total revenue from local sources	\$ 59,006,310	\$ 59,622,415	\$ 62,926,674	\$ 3,304,259
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 40,000	\$ 40,000	\$ 32,206	\$ (7,794)
Mobile home titling tax	16,000	16,000	28,010	12,010
Games of skill distribution	-	-	82,224	82,224
Motor vehicle rental tax	5,500	5,500	5,351	(149)
Reduction in state aid to local governments	-	-	2,224	2,224
State recordation tax	250,000	250,000	170,362	(79,638)
Personal property tax relief funds	3,647,828	3,647,828	3,647,829	1
Total noncategorical aid	\$ 3,959,328	\$ 3,959,328	\$ 3,968,206	\$ 8,878
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 423,945	\$ 419,408	\$ 385,373	\$ (34,035)
Sheriff	1,907,068	1,930,450	1,900,423	(30,027)
Commissioner of revenue	163,810	163,810	138,517	(25,293)
Treasurer	169,096	183,688	134,827	(48,861)
Registrar/electoral board	47,850	47,850	44,536	(3,314)
Clerk of the Circuit Court	363,564	349,266	359,786	10,520
Total shared expenses	\$ 3,075,333	\$ 3,094,472	\$ 2,963,462	\$ (131,010)
Other categorical aid:				
Litter control grant	\$ 18,000	\$ 18,000	\$ -	\$ (18,000)
Welfare administration and assistance	857,572	857,572	1,110,989	253,417
Forfeited drug assets	-	-	4,304	4,304
DMV grant	20,000	20,000	-	(20,000)
Comprehensive services act	2,671,985	2,671,985	3,606,177	934,192
VJCCCA grant	31,204	31,204	23,754	(7,450)
Victim-witness grant	26,425	26,425	24,504	(1,921)
Wireless E-911 grant	109,000	109,000	152,363	43,363
Fire programs fund	93,000	93,000	95,500	2,500
Extradition of prisoners	4,500	4,500	1,666	(2,834)
Rent health department	7,200	7,200	7,200	-
Other categorical aid	211,750	775,708	165,484	(610,224)
Total other categorical aid	\$ 4,050,636	\$ 4,614,594	\$ 5,191,941	\$ 577,347
Total categorical aid	\$ 7,125,969	\$ 7,709,066	\$ 8,155,403	\$ 446,337
Total revenue from the Commonwealth	\$ 11,085,297	\$ 11,668,394	\$ 12,123,609	\$ 455,215

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Noncategorical aid				
CARES Act	\$ -	\$ 7,575,147	\$ 7,606,886	\$ 31,739
Payments in lieu of taxes	210,000	210,000	214,316	4,316
Total noncategorical aid	\$ 210,000	\$ 7,785,147	\$ 7,821,202	\$ 36,055
Categorical aid:				
DMV ground transportation safety grant	\$ 26,787	\$ 26,787	\$ 18,360	\$ (8,427)
U.S. Forest Service Patrol	5,684	5,684	3,521	(2,163)
Bullet proof vest grant	17,738	17,738	1,651	(16,087)
Welfare administration and assistance	2,651,316	2,651,316	2,037,175	(614,141)
Forfeited drug assets	193,662	193,662	9,250	(184,412)
CDBG	-	-	277,320	277,320
CARES Act election HAVA grant	-	-	60,199	60,199
Project lifesaver	3,500	3,500	360	(3,140)
Homeland security grant	23,509	23,509	48,616	25,107
Triad grant	3,000	3,000	-	(3,000)
Victim witness	79,273	79,273	77,194	(2,079)
Total categorical aid	\$ 3,004,469	\$ 3,004,469	\$ 2,533,646	\$ (470,823)
Total revenue from the federal government	\$ 3,214,469	\$ 10,789,616	\$ 10,354,848	\$ (434,768)
Total General Fund	\$ 73,306,076	\$ 82,080,425	\$ 85,405,131	\$ 3,324,706
Debt Service Funds:				
County Debt Service Fund:				
Revenue from local sources:				
Miscellaneous:				
Interest subsidy	\$ 521,782	\$ 521,782	\$ 793,601	\$ 271,819
Total miscellaneous	\$ 521,782	\$ 521,782	\$ 793,601	\$ 271,819
Total Debt Service Fund	\$ 521,782	\$ 521,782	\$ 793,601	\$ 271,819
Capital Projects Funds:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 168,535	\$ 168,535
Total Capital Projects Fund	\$ -	\$ -	\$ 168,535	\$ 168,535
Total Primary Government	\$ 73,827,858	\$ 82,602,207	\$ 86,367,267	\$ 3,765,060

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 25,000	\$ 25,000	\$ 18,000	\$ (7,000)
Total revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 18,000	\$ (7,000)
Charges for services:				
Tuition and other payments	\$ 1,944,474	\$ 955,255	\$ 660,559	\$ (294,696)
Other charges for services	180,000	180,000	238,285	58,285
Total charges for services	\$ 2,124,474	\$ 1,135,255	\$ 898,844	\$ (236,411)
Miscellaneous:				
Other miscellaneous	\$ 167,893	\$ 622,911	\$ 326,945	\$ (295,966)
Total miscellaneous	\$ 167,893	\$ 622,911	\$ 326,945	\$ (295,966)
Recovered costs:				
Other recovered costs	\$ 58,900	\$ 58,900	\$ 68,051	\$ 9,151
Total revenue from local sources	\$ 2,376,267	\$ 1,842,066	\$ 1,311,840	\$ (530,226)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Shenandoah, Virginia	\$ 30,680,958	\$ 31,529,865	\$ 26,523,272	\$ (5,006,593)
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax	\$ 7,582,908	\$ 7,582,908	\$ 8,172,660	\$ 589,752
Basic aid	18,297,391	18,297,391	17,340,507	(956,884)
Remedial summer school	105,217	105,217	56,993	(48,224)
Foster home children	67,936	67,936	25,346	(42,590)
ISAP	16,772	16,772	242,419	225,647
Gifted and talented	186,378	186,378	180,591	(5,787)
Remedial education	706,829	706,829	684,884	(21,945)
Special education	2,000,924	2,000,924	1,938,800	(62,124)
Textbook payments	377,925	377,925	366,191	(11,734)
Vocational education	896,845	896,845	733,828	(163,017)
Fringe benefits	3,695,907	3,695,907	3,581,158	(114,749)
Early reading intervention	157,876	157,876	146,913	(10,963)
Mentor teacher program	4,635	4,635	5,628	993
Homebound	-	-	9,803	9,803
Special education regional program	976,556	976,556	1,280,990	304,434
At risk program	916,874	916,874	888,183	(28,691)
Primary class size payments	838,660	838,660	779,295	(59,365)
School technology funds	284,000	284,000	284,000	-
School construction	13,800	13,800	12,649	(1,151)
Special education- foster children	-	-	29,050	29,050
Algebra readiness	79,737	79,737	84,067	4,330
Supplemental lottery per pupil	1,311,713	1,311,713	1,420,941	109,228
English as a second language	328,412	328,412	339,919	11,507
Enrollment loss	-	-	517,358	517,358
Virginia preschool initiative payment	613,047	613,047	423,558	(189,489)
Academic year governors school	-	-	241,879	241,879
National board certification bonus	-	-	15,000	15,000
Other categorical aid	1,352,988	1,887,189	111,578	(1,775,611)
Total categorical aid	\$ 40,813,330	\$ 41,347,531	\$ 39,914,188	\$ (1,433,343)
Total revenue from the Commonwealth	\$ 40,813,330	\$ 41,347,531	\$ 39,914,188	\$ (1,433,343)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
School Operating Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief funds	\$ -	\$ -	\$ 1,133,312	\$ 1,133,312
Total noncategorical aid	\$ -	\$ -	\$ 1,133,312	\$ 1,133,312
Categorical aid:				
Title I	\$ 1,137,681	\$ 1,137,681	\$ 1,433,295	\$ 295,614
Forest reserve	15,614	15,614	14,321	(1,293)
Title II Part A	237,977	237,977	168,225	(69,752)
Title VI-B	1,267,301	1,267,301	1,312,192	44,891
Title III-Part A	41,662	41,662	37,520	(4,142)
Vocational education	101,585	101,585	111,320	9,735
Preschool	39,786	39,786	40,594	808
CARES Act ESSER	-	-	1,191,125	1,191,125
Other	29,813	29,813	115,649	85,836
Total categorical aid	\$ 2,871,419	\$ 2,871,419	\$ 4,424,241	\$ 1,552,822
Total revenue from the federal government	\$ 2,871,419	\$ 2,871,419	\$ 5,557,553	\$ 2,686,134
Total School Operating Fund	\$ 76,741,974	\$ 77,590,881	\$ 73,306,853	\$ (4,284,028)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 21,600	\$ 21,600	\$ 1,087	\$ (20,513)
Charges for services:				
School food services	\$ 649,659	\$ 649,659	\$ 13,851	\$ (635,808)
Miscellaneous:				
Miscellaneous	\$ 88,212	\$ 88,212	\$ 13,079	\$ (75,133)
Total revenue from local sources	\$ 759,471	\$ 759,471	\$ 28,017	\$ (731,454)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 55,000	\$ 55,000	\$ 34,324	\$ (20,676)
Total revenue from the Commonwealth	\$ 55,000	\$ 55,000	\$ 34,324	\$ (20,676)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
School Cafeteria Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Categorical aid:				
COVID-19 Summer Food Service Program for Children	\$ 1,498,074	\$ 1,498,074	\$ 1,192,046	\$ (306,028)
Child Nutrition Discretionary Grants Limited Availability	-	-	33,483	33,483
USDA commodities	-	-	146,353	146,353
Total categorical aid	<u>\$ 1,498,074</u>	<u>\$ 1,498,074</u>	<u>\$ 1,371,882</u>	<u>\$ (126,192)</u>
Total revenue from the federal government	<u>\$ 1,498,074</u>	<u>\$ 1,498,074</u>	<u>\$ 1,371,882</u>	<u>\$ (126,192)</u>
Total School Cafeteria Fund	<u>\$ 2,312,545</u>	<u>\$ 2,312,545</u>	<u>\$ 1,434,223</u>	<u>\$ (878,322)</u>
Student Activities Special Revenue Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 1,134,104	\$ 1,134,104
Total Student Activities Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134,104</u>	<u>\$ 1,134,104</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 79,054,519</u>	<u>\$ 79,903,426</u>	<u>\$ 75,875,180</u>	<u>\$ (4,028,246)</u>

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 227,219	\$ 262,669	\$ 262,850	\$ (181)
General and financial information:				
County administrator	\$ 474,560	\$ 810,584	\$ 798,949	\$ 11,635
Finance	355,857	405,343	393,964	11,379
Legal services	150,000	150,000	166,119	(16,119)
Commissioner of revenue	505,610	545,858	548,532	(2,674)
Reassessment	340,000	340,000	341,600	(1,600)
Treasurer	611,868	663,797	718,566	(54,769)
Central accounting	90,000	90,000	92,437	(2,437)
Geographic information system	111,721	113,253	100,903	12,350
Total general and financial information	\$ 2,639,616	\$ 3,118,835	\$ 3,161,070	\$ (42,235)
Board of elections:				
Electoral board and officials	\$ 134,775	\$ 134,775	\$ 110,573	\$ 24,202
Registrar	147,648	260,784	236,221	24,563
Total board of elections	\$ 282,423	\$ 395,559	\$ 346,794	\$ 48,765
Total general government administration	\$ 3,149,258	\$ 3,777,063	\$ 3,770,714	\$ 6,349
Judicial administration:				
Courts:				
Circuit court	\$ 72,379	\$ 72,378	\$ 47,177	\$ 25,201
General district court	11,225	11,225	10,686	539
Special magistrates	4,011	4,114	1,925	2,189
Clerk of the circuit court	673,314	673,314	635,007	38,307
Sheriff	782,364	782,364	742,772	39,592
Juvenile domestic	14,850	14,850	7,508	7,342
Law library	24,700	24,700	14,230	10,470
Records restoration	-	-	15,950	(15,950)
Victim witness	105,698	105,698	105,161	537
Total courts	\$ 1,688,541	\$ 1,688,643	\$ 1,580,416	\$ 108,227
Commonwealth's attorney:				
Commonwealth's attorney	\$ 594,401	\$ 594,401	\$ 578,778	\$ 15,623
Total judicial administration	\$ 2,282,942	\$ 2,283,044	\$ 2,159,194	\$ 123,850
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,013,551	\$ 6,674,152	\$ 5,631,497	\$ 1,042,655
Total law enforcement and traffic control	\$ 6,013,551	\$ 6,674,152	\$ 5,631,497	\$ 1,042,655
Fire and rescue services:				
Volunteer fire department	\$ 1,097,355	\$ 1,082,355	\$ 1,046,739	\$ 35,616
Forest fire extinction	11,096	11,096	11,095	1
Fire and rescue services	5,051,488	7,846,766	5,933,621	1,913,145
Total fire and rescue services	\$ 6,159,939	\$ 8,940,217	\$ 6,991,455	\$ 1,948,762

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Schedule 2
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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Correction and detention:				
Jail	\$ 2,879,275	\$ 2,879,275	\$ 3,085,899	\$ (206,624)
Juvenile probation and detention	690,489	690,489	682,049	8,440
Total correction and detention	<u>\$ 3,569,764</u>	<u>\$ 3,569,764</u>	<u>\$ 3,767,948</u>	<u>\$ (198,184)</u>
Inspections:				
Building	\$ 503,709	\$ 541,452	\$ 444,830	\$ 96,622
Other protection:				
Animal control	\$ 214,708	\$ 215,192	\$ 134,601	\$ 80,591
Animal shelter	283,033	320,238	252,383	67,855
Medical examiner	2,500	2,500	2,784	(284)
Emergency services	1,757,914	1,752,918	1,736,395	16,523
Total other protection	<u>\$ 2,258,155</u>	<u>\$ 2,290,848</u>	<u>\$ 2,126,163</u>	<u>\$ 164,685</u>
Total public safety	<u>\$ 18,505,118</u>	<u>\$ 22,016,433</u>	<u>\$ 18,961,893</u>	<u>\$ 3,054,540</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 1,429,980	\$ 1,574,800	\$ 1,449,966	\$ 124,834
Total public works	<u>\$ 1,429,980</u>	<u>\$ 1,574,800</u>	<u>\$ 1,449,966</u>	<u>\$ 124,834</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 352,599	\$ 352,599	\$ 352,599	\$ -
Mental health and mental retardation:				
Northwestern Community Services Board	\$ 253,662	\$ 253,662	\$ 253,662	\$ -
Total mental health and mental retardation	<u>\$ 253,662</u>	<u>\$ 253,662</u>	<u>\$ 253,662</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 4,853,194	\$ 5,985,408	\$ 5,664,721	\$ 320,687
Comprehensive services act	3,867,985	3,867,985	5,494,387	(1,626,402)
Area Agency on Aging	78,000	78,000	78,000	-
Tax relief for the elderly	295,000	295,000	329,215	(34,215)
Other local health and welfare organizations	59,500	59,500	58,500	1,000
Total welfare administration	<u>\$ 9,153,679</u>	<u>\$ 10,285,893</u>	<u>\$ 11,624,823</u>	<u>\$ (1,338,930)</u>
Total health and welfare	<u>\$ 9,759,940</u>	<u>\$ 10,892,154</u>	<u>\$ 12,231,084</u>	<u>\$ (1,338,930)</u>

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 50,549	\$ 50,549	\$ 50,549	\$ -
Contribution to County School Board	30,680,958	31,829,149	26,523,272	5,305,877
Total education	\$ 30,731,507	\$ 31,879,698	\$ 26,573,821	\$ 5,305,877
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 921,937	\$ 1,191,707	\$ 723,302	\$ 468,405
KidzRec	471,640	584,534	467,370	117,164
Total parks and recreation	\$ 1,393,577	\$ 1,776,241	\$ 1,190,672	\$ 585,569
Cultural enrichment:				
Contributions to community programs	\$ 59,000	\$ 26,000	\$ 16,000	\$ 10,000
Total cultural enrichment	\$ 59,000	\$ 26,000	\$ 16,000	\$ 10,000
Library:				
Contribution to County Library	\$ 840,154	\$ 844,365	\$ 799,315	\$ 45,050
Total parks, recreation, and cultural	\$ 2,292,731	\$ 2,646,606	\$ 2,005,987	\$ 640,619
Community development:				
Planning and community development:				
Community development	\$ 297,559	\$ 807,413	\$ 741,224	\$ 66,189
Economic development	674,596	3,140,800	3,108,184	32,616
Litter control	18,000	18,000	16,367	1,633
Total planning and community development	\$ 990,155	\$ 3,966,213	\$ 3,865,775	\$ 100,438
Environmental management:				
Soil and water conservation district	\$ 404,461	\$ 404,461	\$ 407,065	\$ (2,604)
Total environmental management	\$ 404,461	\$ 404,461	\$ 407,065	\$ (2,604)
Cooperative extension program:				
Extension office	\$ 165,148	\$ 165,148	\$ 141,243	\$ 23,905
Total community development	\$ 1,559,764	\$ 4,535,822	\$ 4,414,083	\$ 121,739
Nondepartmental:				
Judgments and settlements	\$ 650	\$ 735	\$ 365	\$ 370
Revenue refunds	8,000	8,000	10,358	(2,358)
Contingencies	307,500	425,701	46,220	379,481
Total nondepartmental	\$ 316,150	\$ 434,436	\$ 56,943	\$ 377,493
Total General Fund	\$ 70,027,390	\$ 80,040,056	\$ 71,623,685	\$ 8,416,371

Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds:				
County Debt Service Fund				
Debt service:				
Principal	\$ 4,433,380	\$ 10,433,380	\$ 4,909,191	\$ 5,524,189
Interest and other fiscal charges	1,891,071	2,196,934	2,114,168	82,766
Total debt service	\$ 6,324,451	\$ 12,630,314	\$ 7,023,359	\$ 5,606,955
Total County Debt Service Fund	\$ 6,324,451	\$ 12,630,314	\$ 7,023,359	\$ 5,606,955
Capital Projects Funds:				
County Capital Projects Fund				
Capital projects expenditures:				
911 Radio	\$ -	\$ 5,279,995	\$ 4,445,903	\$ 834,092
Construction of sheriff's office	-	6,428,078	453,652	5,974,426
Emergency communications center	-	160,967	167,237	(6,270)
Total County Capital Projects Expenditures	\$ -	\$ 11,869,040	\$ 5,066,792	\$ 6,802,248
Total County Capital Projects Fund	\$ -	\$ 11,869,040	\$ 5,066,792	\$ 6,802,248
Total Primary Government	\$ 76,351,841	\$ 104,539,410	\$ 83,713,836	\$ 20,825,574
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instructional	\$ 59,877,565	\$ 58,843,062	\$ 55,399,663	\$ 3,443,399
Operating costs:				
Attendance and health services	\$ 3,612,740	\$ 4,202,412	\$ 4,124,480	\$ 77,932
Pupil transportation	5,440,786	5,440,786	5,209,652	231,134
Operation and maintenance of school plant	5,693,854	6,352,481	5,855,397	497,084
Electronic technology	2,117,029	2,752,140	2,717,661	34,479
Total operating costs	\$ 16,864,409	\$ 18,747,819	\$ 17,907,190	\$ 840,629
Total School operating fund	\$ 76,741,974	\$ 77,590,881	\$ 73,306,853	\$ 4,284,028
School Cafeteria Fund:				
Education:				
School food services:				
School cafeteria	\$ 2,512,545	\$ 2,512,545	\$ 1,431,422	\$ 1,081,123
Total school cafeteria fund	\$ 2,512,545	\$ 2,512,545	\$ 1,431,422	\$ 1,081,123
Student Activities Special Revenue Fund:				
Education:				
Instructional services:				
Other instructional services	\$ -	\$ -	\$ 1,228,028	\$ (1,228,028)
Total Student Activities Special Revenue Fund	\$ -	\$ -	\$ 1,228,028	\$ (1,228,028)
Total Discretely Presented Component Unit School Board	\$ 79,254,519	\$ 80,103,426	\$ 75,966,303	\$ 4,137,123

STATISTICAL SECTION

Statistical Section

Contents

Tables

Financial Trends

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

1 - 5

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

5-10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11-13

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

14-15

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

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

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COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities:				
Net investment in capital assets	\$ (352,810)	\$ 766,198	\$ 2,474,405	\$ 3,945,296
Restricted	3,896,099	6,120,414	4,442,313	3,577,673
Unrestricted	<u>16,893,494</u>	<u>16,233,023</u>	<u>20,139,058</u>	<u>16,908,410</u>
Total governmental activities net position	<u>\$ 20,436,783</u>	<u>\$ 23,119,635</u>	<u>\$ 27,055,776</u>	<u>\$ 24,431,379</u>
Business-type Activities:				
Net investment in capital assets	\$ 6,106,858	\$ 6,744,936	\$ 7,182,189	\$ 7,613,307
Restricted	-	-	-	-
Unrestricted	<u>(9,436,571)</u>	<u>(9,790,291)</u>	<u>(7,811,096)</u>	<u>(9,038,825)</u>
Total business-type activities net position	<u>\$ (3,329,713)</u>	<u>\$ (3,045,355)</u>	<u>\$ (628,907)</u>	<u>\$ (1,425,518)</u>
Primary government:				
Net investment in capital assets	\$ 5,754,048	\$ 7,511,134	\$ 9,656,594	\$ 11,558,603
Restricted	3,896,099	6,120,414	4,442,313	3,577,673
Unrestricted	<u>7,456,923</u>	<u>6,442,732</u>	<u>12,327,962</u>	<u>7,869,585</u>
Total primary government net position	<u>\$ 17,107,070</u>	<u>\$ 20,074,280</u>	<u>\$ 26,426,869</u>	<u>\$ 23,005,861</u>

Table 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 4,603,873	\$ 5,506,961	\$ 7,241,929	\$ 11,418,828	\$ 20,131,947	\$ 19,597,089
3,625,033	5,648,061	5,939,307	5,130,470	1,067,924	5,784,306
14,181,432	16,345,010	17,011,415	18,486,326	14,626,816	17,022,302
<u>\$ 22,410,338</u>	<u>\$ 27,500,032</u>	<u>\$ 30,192,651</u>	<u>\$ 35,035,624</u>	<u>\$ 35,826,687</u>	<u>\$ 42,403,697</u>
\$ 11,198,699	\$ 11,391,963	\$ 11,091,949	\$ 11,351,123	\$ 11,313,348	\$ 11,114,850
-	-	-	-	-	470
(11,194,508)	(9,748,424)	(9,588,862)	(9,790,428)	(9,359,821)	(9,467,230)
<u>\$ 4,191</u>	<u>\$ 1,643,539</u>	<u>\$ 1,503,087</u>	<u>\$ 1,560,695</u>	<u>\$ 1,953,527</u>	<u>\$ 1,648,090</u>
\$ 15,802,572	\$ 16,898,924	\$ 18,333,878	\$ 22,769,951	\$ 31,445,295	\$ 30,711,939
3,625,033	5,648,061	5,939,307	5,130,470	1,067,924	5,784,776
2,986,924	6,596,586	7,422,553	8,695,898	5,266,995	7,555,072
<u>\$ 22,414,529</u>	<u>\$ 29,143,571</u>	<u>\$ 31,695,738</u>	<u>\$ 36,596,319</u>	<u>\$ 37,780,214</u>	<u>\$ 44,051,787</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental Activities:				
General government administration	\$ 2,714,331	\$ 2,463,006	\$ 1,969,430	\$ 2,668,706
Judicial administration	1,908,573	1,982,483	2,073,679	2,083,473
Public safety	11,627,376	13,053,085	13,932,695	12,701,606
Public works	1,840,310	1,414,273	1,228,217	1,677,832
Health and welfare	7,462,916	6,971,130	6,420,661	6,513,167
Education	25,310,174	24,661,559	25,808,176	27,252,564
Parks, recreation, and cultural	1,528,660	1,426,020	1,548,584	1,589,374
Community development	745,870	892,852	1,086,801	732,115
Interest on long-term debt	2,845,792	2,639,028	2,285,296	2,187,944
Total governmental activities expenses	\$ 55,984,002	\$ 55,503,436	\$ 56,353,539	\$ 57,406,781
Business-type Activities:				
Sanitary Districts	\$ 2,211,341	\$ 2,249,735	\$ 2,189,967	\$ 2,199,988
North Fork Wastewater	169,990	209,261	177,751	256,978
Landfill	2,768,790	2,833,612	409,841	2,726,110
Total business-type activities expenses	\$ 5,150,121	\$ 5,292,608	\$ 2,777,559	\$ 5,183,076
Total primary government expenses	\$ 61,134,123	\$ 60,796,044	\$ 59,131,098	\$ 62,589,857
Program Revenues				
Governmental Activities:				
Charges for services:				
General government administration	\$ 363,009	\$ 332,185	\$ 329,430	\$ 426,174
Judicial administration	258,918	249,069	196,855	231,627
Public safety	73,224	1,046,987	924,949	622,799
Public works	-	-	2,400	8,022
Health and welfare	-	27,283	-	-
Education	388,851	355,435	397,445	367,829
Parks, recreation, and cultural	454,494	262,619	428,031	383,428
Operating grants and contributions	8,043,215	7,994,332	8,941,953	7,492,689
Capital grants and contributions	1,411,363	1,102,782	1,190,549	492,667
Total governmental activities program revenues	\$ 10,993,074	\$ 11,370,692	\$ 12,411,612	\$ 10,025,235
Business-type Activities:				
Charges for services:				
Sanitary Districts	\$ 1,534,485	\$ 1,628,981	\$ 1,650,491	\$ 1,662,924
North Fork Wastewater	132,693	100,784	105,479	66,336
Landfill	1,081,369	1,095,874	1,036,704	1,207,176
Capital grants and contributions	329,067	515,666	202,000	104,333
Total business-type activities program revenues	\$ 3,077,614	\$ 3,341,305	\$ 2,994,674	\$ 3,040,769
Total primary government program revenues	\$ 14,070,688	\$ 14,711,997	\$ 15,406,286	\$ 13,066,004
Net (expense) / revenue				
Governmental Activities	\$ (44,990,928)	\$ (44,132,744)	\$ (43,941,927)	\$ (47,381,546)
Business-type Activities	(2,072,507)	(1,951,303)	217,115	(2,142,307)
Total primary government net expense	\$ (47,063,435)	\$ (46,084,047)	\$ (43,724,812)	\$ (49,523,853)

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,897,841	\$ 2,844,200	\$ 2,986,698	\$ 2,763,462	\$ 2,906,778	\$ 4,206,060
2,042,118	2,214,773	2,303,707	2,380,720	2,358,719	2,377,823
14,947,334	15,601,779	15,269,440	17,046,346	17,671,034	19,746,148
1,147,692	1,203,056	1,130,117	1,605,648	1,401,848	1,471,966
7,143,608	8,038,337	8,379,289	9,041,290	10,356,776	12,065,852
28,333,067	27,662,686	29,061,555	32,187,526	32,287,111	29,106,490
1,666,378	1,977,186	2,162,708	2,163,070	2,407,958	2,068,448
1,491,749	1,099,573	1,114,388	1,092,330	1,072,502	4,040,598
2,037,564	1,879,970	1,715,549	2,042,052	2,059,559	1,825,032
\$ 61,707,351	\$ 62,521,560	\$ 64,123,451	\$ 70,322,444	\$ 72,522,285	\$ 76,908,417
\$ 2,233,317	\$ 2,050,702	\$ 2,089,228	\$ 2,139,489	\$ 2,065,750	\$ 2,553,474
272,530	265,486	276,138	179,363	168,662	199,628
4,063,526	2,802,246	2,737,626	2,830,512	3,009,120	3,824,356
\$ 6,569,373	\$ 5,118,434	\$ 5,102,992	\$ 5,149,364	\$ 5,243,532	\$ 6,577,458
\$ 68,276,724	\$ 67,639,994	\$ 69,226,443	\$ 75,471,808	\$ 77,765,817	\$ 83,485,875
\$ 412,296	\$ 426,606	\$ 519,425	\$ 104,001	\$ 77,682	\$ 85,279
206,785	237,787	208,277	177,960	159,351	123,375
861,624	741,236	952,459	1,161,014	1,549,855	1,536,105
473	-	2,400	-	-	-
-	-	-	-	-	-
390,566	-	-	-	-	-
427,623	844,570	1,060,521	1,029,266	910,056	751,185
8,263,660	11,213,697	8,576,980	9,080,561	10,221,751	18,018,615
390,388	79,708	700,000	3,406,369	-	277,320
\$ 10,953,415	\$ 13,543,604	\$ 12,020,062	\$ 14,959,171	\$ 12,918,695	\$ 20,791,879
\$ 1,823,913	\$ 1,783,104	\$ 1,832,866	\$ 1,821,974	\$ 1,829,705	\$ 1,792,586
65,473	85,581	103,685	139,400	145,186	193,478
1,240,290	1,367,091	1,387,496	1,406,250	1,358,085	1,670,386
36,168	117,500	134,000	28,833	50,000	132,000
\$ 3,165,844	\$ 3,353,276	\$ 3,458,047	\$ 3,396,457	\$ 3,382,976	\$ 3,788,450
\$ 14,119,259	\$ 16,896,880	\$ 15,478,109	\$ 18,355,628	\$ 16,301,671	\$ 24,580,329
\$ (50,753,936)	\$ (48,977,956)	\$ (52,103,389)	\$ (55,363,273)	\$ (59,603,590)	\$ (56,116,538)
(3,403,529)	(1,765,158)	(1,644,945)	(1,752,907)	(1,860,556)	(2,789,008)
\$ (54,157,465)	\$ (50,743,114)	\$ (53,748,334)	\$ (57,116,180)	\$ (61,464,146)	\$ (58,905,546)

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property taxes	\$ 33,793,896	\$ 35,569,694	\$ 37,418,269	\$ 39,124,452
Local sales and use taxes	3,168,917	3,224,641	3,207,116	3,262,733
Consumer utility taxes	1,962,053	1,943,136	1,994,637	1,955,209
Motor vehicle licenses taxes	826,120	825,623	830,861	864,693
Taxes on recordation and wills	258,430	347,126	304,745	291,431
Other local taxes	164,242	154,857	160,650	166,728
Unrestricted grants and contributions	3,959,108	3,874,170	4,066,927	4,036,318
Unrestricted revenues from use of money and property	258,340	130,565	360,343	452,848
Miscellaneous	1,237,842	2,705,887	1,106,265	771,242
Transfers	7,002,886	(1,632,819)	(1,571,745)	(1,363,318)
Total governmental activities	\$ 52,631,834	\$ 47,142,880	\$ 47,878,068	\$ 49,562,336
Business-type Activities:				
Property taxes	\$ 562,552	\$ 592,586	\$ 572,600	\$ 569,402
Unrestricted revenues from use of money and property	23,331	10,256	6,084	2,685
Miscellaneous	89,893	-	48,904	59,139
Transfers	(7,002,886)	1,632,819	1,571,745	1,363,318
Total business-type activities	\$ (6,327,110)	\$ 2,235,661	\$ 2,199,333	\$ 1,994,544
Total primary government	\$ 46,304,724	\$ 49,378,541	\$ 50,077,401	\$ 51,556,880
Change in Net Position				
Governmental Activities	\$ 7,640,906	\$ 3,010,136	\$ 3,936,141	\$ 2,180,790
Business-type Activities	(8,399,617)	284,358	2,416,448	(147,763)
Total primary government	\$ (758,711)	\$ 3,294,494	\$ 6,352,589	\$ 2,033,027

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 41,148,042	\$ 42,461,477	\$ 44,834,747	\$ 47,553,596	\$ 48,673,614	\$ 50,916,675
3,246,390	3,536,415	3,651,977	3,756,891	4,364,517	4,591,538
1,881,288	1,937,678	1,867,094	1,797,031	1,756,968	1,665,423
871,892	871,435	891,545	916,167	916,402	920,131
347,726	410,384	366,337	404,259	463,305	664,903
176,892	168,394	212,490	192,681	157,415	69,116
4,092,036	4,146,519	4,104,013	4,161,599	4,220,789	4,182,522
422,388	569,096	705,696	1,120,228	887,025	616,576
782,381	1,323,671	1,155,162	1,497,574	591,756	980,122
(4,236,140)	(1,357,419)	(1,143,142)	(1,193,780)	(1,637,138)	(1,913,458)
\$ 48,732,895	\$ 54,067,650	\$ 56,645,919	\$ 60,206,246	\$ 60,394,653	\$ 62,693,548
\$ 580,181	\$ 560,226	\$ 562,737	\$ 566,297	\$ 558,942	\$ 564,707
5,783	12,389	23,197	37,537	26,044	2,836
11,134	8,040	8,727	12,901	31,264	2,570
4,236,140	1,357,419	1,143,142	1,193,780	1,637,138	1,913,458
\$ 4,833,238	\$ 1,938,074	\$ 1,737,803	\$ 1,810,515	\$ 2,253,388	\$ 2,483,571
\$ 53,566,133	\$ 56,005,724	\$ 58,383,722	\$ 62,016,761	\$ 62,648,041	\$ 65,177,119
\$ (2,021,041)	\$ 5,089,694	\$ 4,542,530	\$ 4,842,973	\$ 791,063	\$ 6,577,010
1,429,709	172,916	92,858	57,608	392,832	(305,437)
\$ (591,332)	\$ 5,262,610	\$ 4,635,388	\$ 4,900,581	\$ 1,183,895	\$ 6,271,573

COUNTY OF SHENANDOAH, VIRGINIA

Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Total
2012 \$	33,793,896	\$ 3,168,917	\$ 1,962,053	\$ 826,120	\$ 258,430	\$ 40,009,416
2013	35,569,694	3,224,641	1,943,136	825,623	347,126	41,910,220
2014	37,418,269	3,207,116	1,994,637	830,861	304,745	43,755,628
2015	39,124,452	3,262,733	1,955,209	864,693	291,431	45,498,518
2016	41,148,042	3,246,390	1,881,288	871,892	347,726	47,495,338
2017	42,461,477	3,536,415	1,937,678	871,435	410,384	49,217,389
2018	44,834,747	3,651,977	1,867,094	891,545	366,377	51,611,740
2019	47,553,596	3,756,891	1,797,031	916,167	404,259	54,427,944
2020	48,673,614	4,364,517	1,756,968	916,402	463,305	56,174,806
2021	50,916,675	4,591,538	1,665,423	920,131	664,903	58,758,670

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COUNTY OF SHENANDOAH, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ 88,905	\$ 16,995	\$ 39,075	\$ 70,758
Restricted	3,896,099	3,938,418	4,217,739	3,509,063
Committed	5,035	-	-	-
Assigned	1,043,063	1,178,694	1,247,724	1,495,113
Unassigned	9,655,914	10,497,972	12,772,653	13,577,568
Total general fund	\$ <u>14,689,016</u>	\$ <u>15,632,079</u>	\$ <u>18,277,191</u>	\$ <u>18,652,502</u>
All other governmental funds				
Debt service funds	\$ -	\$ -	\$ -	\$ 182,987
Restricted, reported in:				
Capital projects funds	2,505,751	1,788,689	224,574	68,610
Committed, reported in:				
Landfill contingency	39,303	-	-	-
Assigned, reported in:				
Debt service funds	-	-	-	-
Capital projects funds	8,046,955	8,780,403	8,192,892	7,937,178
Special revenue funds	99,893	99,903	164,067	188,603
Total all other governmental funds	\$ <u>10,691,902</u>	\$ <u>10,668,995</u>	\$ <u>8,581,533</u>	\$ <u>8,377,378</u>

Table 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 45,765	\$ 42,998	\$ 160,559	\$ 336,882	\$ 350,605	\$ 103,193
3,625,033	5,648,061	5,939,307	5,130,470	1,067,924	1,003,213
-	-	-	-	-	-
1,496,740	961,601	979,660	1,261,466	1,253,627	1,397,672
10,656,213	12,871,656	14,582,450	13,463,207	11,759,917	17,175,329
<u>\$ 15,823,751</u>	<u>\$ 19,524,316</u>	<u>\$ 21,661,976</u>	<u>\$ 20,192,025</u>	<u>\$ 14,432,073</u>	<u>\$ 19,679,407</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,625
-	-	-	-	-	4,775,538
-	-	-	-	-	-
-	-	184,372	184,372	-	381,669
7,863,564	8,104,694	8,102,474	22,528,595	17,820,499	8,157,671
188,603	188,603	188,603	267,535	312,170	357,381
<u>\$ 8,052,167</u>	<u>\$ 8,293,297</u>	<u>\$ 8,475,449</u>	<u>\$ 22,980,502</u>	<u>\$ 18,132,669</u>	<u>\$ 13,673,884</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
General property taxes	\$ 33,009,862	\$ 35,693,366	\$ 37,482,790	\$ 39,515,727
Other local taxes	6,379,762	6,495,383	6,498,009	6,540,794
Permits, privilege fees and regulatory licenses	321,647	347,305	349,335	445,277
Fines and forfeitures	77,345	78,423	71,259	83,303
Revenue from use of money and property	258,340	130,565	360,343	452,848
Charges for services	1,139,504	1,847,850	1,858,516	1,511,299
Miscellaneous	1,237,842	2,705,887	1,805,065	1,092,112
Recovered costs	276,297	499,341	550,983	512,397
Intergovernmental:				
Commonwealth	9,948,179	10,281,425	10,303,365	9,562,497
Federal	3,465,508	2,689,859	3,896,064	2,459,177
Total revenues	\$ 56,114,286	\$ 60,769,404	\$ 63,175,729	\$ 62,175,431
Expenditures				
General government administration	\$ 2,435,352	\$ 2,540,618	\$ 2,463,728	\$ 2,735,318
Judicial administration	1,685,561	1,764,922	1,822,544	1,890,580
Public safety	11,645,005	13,244,694	14,007,900	13,795,977
Public works	1,100,767	1,062,575	1,172,071	1,088,347
Health and welfare	6,876,762	6,775,287	6,353,432	6,836,916
Education	22,090,351	22,094,286	23,354,643	24,856,868
Parks, recreation and cultural	1,487,219	1,384,394	1,408,573	1,465,408
Community development	953,673	951,035	1,033,232	1,058,542
Nondepartmental	133,482	16,891	13,374	14,152
Capital projects	6,628,375	6,932,038	3,535,193	672,597
Debt service:				
Principal	7,176,059	3,897,642	3,802,563	3,830,034
Interest and other fiscal charges	2,800,854	2,569,834	2,476,051	2,396,218
Bond issuance costs	57,604	156,175	-	-
Total expenditures	\$ 65,071,064	\$ 63,390,391	\$ 61,443,304	\$ 60,640,957
Excess (deficiency) of revenues over (under) expenditures	\$ (8,956,778)	\$ (2,620,987)	\$ 1,732,425	\$ 1,534,474
Other financing sources (uses)				
Transfers in	\$ 5,861,710	\$ 5,868,257	\$ 5,833,132	\$ 5,565,693
Transfers out	(7,192,458)	(7,501,076)	(7,404,877)	(6,929,011)
Bonds issued	3,255,000	4,495,000	-	-
Premium on bonds issued	499,512	285,655	-	-
Discount on bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Capital leases	530,868	393,307	396,970	-
Total other financing sources (uses)	\$ 2,954,632	\$ 3,541,143	\$ (1,174,775)	\$ (1,363,318)
Net change in fund balances	\$ (6,002,146)	\$ 920,156	\$ 557,650	\$ 171,156
Debt service as a percentage of noncapital expenditures	16.98%	11.84%	10.86%	10.55%

Table 5

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 40,894,148	\$ 42,563,588	\$ 45,169,428	\$ 47,363,914	\$ 48,206,372	\$ 50,937,428
6,524,188	6,924,306	6,989,443	7,067,029	7,658,607	7,911,111
432,609	372,308	426,374	405,834	521,730	664,815
66,671	60,697	51,449	41,221	52,366	36,379
509,396	569,096	705,696	1,120,228	887,025	616,576
1,800,087	1,817,194	2,265,259	2,025,186	2,122,848	1,794,750
1,267,177	1,206,726	1,855,162	4,903,943	1,162,130	1,399,696
492,482	526,766	497,565	579,109	484,538	528,055
10,334,634	10,317,912	10,513,169	10,932,525	11,953,904	12,123,609
2,332,300	5,122,012	2,167,824	2,309,635	2,488,636	10,354,848
\$ 64,653,692	\$ 69,480,605	\$ 70,641,369	\$ 76,748,624	\$ 75,538,156	\$ 86,367,267
\$ 2,861,575	\$ 2,488,722	\$ 2,618,367	\$ 2,661,475	\$ 2,845,989	\$ 3,770,714
1,949,965	1,971,210	2,132,675	2,297,440	2,133,644	2,159,194
14,736,082	15,198,189	15,984,765	17,185,771	17,995,053	18,961,893
1,149,372	1,140,004	1,157,835	1,627,059	1,342,442	1,449,966
7,474,288	8,037,115	8,556,685	9,240,789	10,732,125	12,231,084
25,685,320	25,490,023	26,617,409	30,412,369	30,693,557	26,573,821
1,522,188	1,944,929	2,194,716	2,198,531	2,386,781	2,005,987
1,629,086	1,377,922	1,460,829	1,480,775	1,474,148	4,414,083
13,533	21,829	105,689	212,682	8,026	56,943
676,488	255,451	933,869	4,152,533	9,008,154	5,066,792
4,037,566	4,160,835	4,212,946	4,437,300	4,662,414	4,909,191
2,246,551	2,095,262	1,932,353	2,094,365	2,282,173	2,114,168
-	-	-	118,057	-	-
\$ 63,982,014	\$ 64,181,491	\$ 67,908,138	\$ 78,119,146	\$ 85,564,506	\$ 83,713,836
\$ 671,678	\$ 5,299,114	\$ 2,733,231	\$ (1,370,522)	\$ (10,026,350)	\$ 2,653,431
\$ 5,235,600	\$ 5,408,275	\$ 6,038,539	\$ 6,427,200	\$ 10,470,713	\$ 6,620,654
(9,471,740)	(6,765,694)	(7,181,681)	(7,620,980)	(12,107,851)	(8,534,112)
-	-	-	13,970,000	-	1,475,000
-	-	-	1,530,581	-	-
-	-	-	-	-	(1,426,424)
410,500	-	729,723	98,823	1,055,703	-
\$ (3,825,640)	\$ (1,357,419)	\$ (413,419)	\$ 14,405,624	\$ (581,435)	\$ (1,864,882)
\$ (3,153,962)	\$ 3,941,695	\$ 2,319,812	\$ 13,035,102	\$ (10,607,785)	\$ 788,549
9.98%	9.83%	9.32%	8.90%	9.16%	8.96%

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2012 \$	33,009,862 \$	3,168,917 \$	1,962,053 \$	826,120 \$	258,430 \$	39,225,382
2013	35,693,366	3,224,641	1,943,136	825,623	347,126	42,033,892
2014	37,482,790	3,207,116	1,994,637	830,861	304,745	43,820,149
2015	39,515,727	3,262,733	1,955,209	864,693	291,431	45,889,793
2016	40,894,148	3,246,390	1,881,288	871,892	347,726	47,241,444
2017	42,563,588	3,536,415	1,937,678	871,435	410,384	49,319,500
2018	45,169,428	3,651,977	1,867,094	891,545	366,337	51,946,381
2019	47,363,914	3,756,891	1,797,031	916,167	404,259	54,238,262
2020	48,206,372	4,364,517	1,781,678	916,402	463,305	55,732,274
2021	50,937,428	4,591,538	1,665,423	920,131	664,903	58,779,423

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COUNTY OF SHENANDOAH, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service (2)
2012	\$ 4,413,197,300	\$ 363,099,193	\$ 4,271,041	\$ 74,030,957	\$ 45,520,162	\$ 194,503,654
2013	4,441,341,600	367,548,462	4,141,738	75,260,772	46,502,386	194,991,068
2014	4,465,692,800	381,440,803	4,202,476	74,590,349	48,541,466	209,304,337
2015	4,479,926,100	393,610,302	4,298,296	70,749,206	47,243,710	222,281,742
2016	4,364,147,300	420,770,509	4,870,181	80,349,258	46,311,933	241,371,336
2017	4,383,540,000	431,716,486	4,964,567	96,057,176	53,095,887	254,718,911
2018	4,406,982,871	389,568,841	4,883,411	96,239,068	56,513,020	267,575,579
2019	4,429,431,900	461,818,927	4,937,071	94,669,186	54,758,072	289,945,878
2020	4,471,055,200	473,024,856	4,898,211	97,670,952	51,791,848	289,209,579
2021	4,523,911,400	533,641,945	5,110,469	86,137,279	57,477,855	295,495,431

Source: Commissioner of Revenue

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

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

(3) Source: Virginia Department of Taxation.

Table 7

	Total Taxable Assessed Value	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$	5,094,622,307	\$ 4,702,872,987	108.33%	\$ 7.92
	5,129,786,026	4,735,332,803	108.33%	8.33
	5,183,772,231	4,785,167,757	108.33%	8.39
	5,218,109,356	4,910,237,467	106.27%	8.39
	5,157,820,517	4,999,826,015	103.16%	8.55
	5,224,093,027	5,195,001,021	100.56%	8.55
	5,221,762,790	5,192,683,761	100.56%	8.63
	5,335,561,034	5,305,848,284	100.56%	8.93
	5,387,650,646	5,357,647,818	100.56%	8.93
	5,501,774,379	5,471,136,017	100.56%	9.03

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

		Direct Rates										
Fiscal Year		Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Merchants' Capital		Total Direct Rate
2012	\$	0.51	\$	3.15	\$	0.51	\$	3.15	\$	0.60	\$	7.92
2013		0.54		3.50		0.54		3.15		0.60		8.33
2014		0.57		3.50		0.57		3.15		0.60		8.39
2015		0.57		3.50		0.57		3.15		0.60		8.39
2016		0.60		3.60		0.60		3.15		0.60		8.55
2017		0.60		3.60		0.60		3.15		0.60		8.55
2018		0.64		3.60		0.64		3.15		0.60		8.63
2019		0.64		3.90		0.64		3.15		0.60		8.93
2020		0.64		3.90		0.64		3.15		0.60		8.93
2021		0.69		3.90		0.69		3.15		0.60		9.03

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2021		Fiscal Year 2012	
		2021 Assessed Valuation	% of Total Assessed Valuation	2012 Assessed Valuation	% of Total Assessed Valuation
Bowman Andros Products LLC	Mfg	\$ 22,143,800	19.01%	\$ 8,390,200	7.81%
North Shenandoah Investors LLC	Investments	-	0.00%	20,596,500	19.18%
EIP 495 Radio Station Road LLC	Mfg	20,428,900	17.54%	-	0.00%
Art Mortgage Borrower Propco 2006-2	Distribution	12,357,400	10.61%	13,368,800	12.45%
Howell Metal	Mfg	11,342,000	9.74%	11,116,100	10.35%
Lowes Home Centers	Retail	9,308,000	7.99%	9,499,400	8.85%
Wal-Mart Real Estate	Retail	8,673,100	7.44%	9,269,000	8.63%
294 Front Royal LLC	Mfg	8,522,300	7.32%	10,718,600	9.98%
Valley Fertilizer and Chemical Co	Retail	8,409,800	7.22%	-	0.00%
Telesat Network Services	Communications	8,094,300	6.95%	9,013,000	8.39%
Masco Cabinetry	Mfg	7,220,400	6.20%	7,889,100	7.35%
Mt Airy Properties LLC	Distribution	-	0.00%	7,532,000	7.01%
		<u>\$ 116,500,000</u>	<u>100.00%</u>	<u>\$ 107,392,700</u>	<u>100.00%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,3) Levy for Fiscal Year		Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$	35,018,934	\$ 33,281,231	95.04%	\$ 1,659,892	\$ 34,941,123	99.78%
2013		36,226,476	33,721,380	93.08%	2,415,734	36,137,114	99.75%
2014		39,644,404	37,448,266	94.46%	2,093,197	39,541,463	99.74%
2015		39,858,420	37,876,812	95.03%	1,890,355	39,767,167	99.77%
2016		41,321,753	39,421,018	95.40%	1,552,206	40,973,224	99.16%
2017		43,635,676	41,757,773	95.70%	1,479,335	43,237,108	99.09%
2018		47,552,508	45,380,283	95.43%	1,648,188	47,028,471	98.90%
2019		48,210,765	46,001,197	95.42%	1,466,732	47,467,929	98.46%
2020		48,971,502	46,508,828	94.97%	1,261,784	47,770,612	97.55%
2021		51,383,447	48,977,945	95.32%	-	48,977,945	95.32%

Source: Commissioner of Revenue, County Treasurer's office

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Does not include PPTRA reimbursements from the Commonwealth of Virginia.

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COUNTY OF SHENANDOAH, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities					Business-type Activities	
Fiscal Year	<u>Direct Borrowings and Placements</u>				<u>Direct Borrowings and Placements</u>	
	General Obligation Bonds	Literary Fund Loans	Lease Revenue Bonds	Capital Leases	General Obligation Bonds	Notes Payable
2012	\$ 48,306,971	\$ 2,830,500	\$ 3,255,000	\$ 1,145,505	\$ 3,072,421	\$ -
2013	45,442,086	2,516,000	7,595,000	1,131,300	2,802,329	-
2014	42,362,464	2,201,500	7,435,000	1,196,369	2,266,352	-
2015	39,210,472	1,887,000	7,265,000	863,395	1,906,076	-
2016	35,949,790	1,572,500	7,000,000	937,079	1,570,934	-
2017	32,565,081	1,258,000	6,720,000	616,021	1,341,214	-
2018	29,045,994	943,500	6,435,000	1,111,953	1,254,010	-
2019	26,927,746	629,000	20,105,000	897,373	1,168,777	-
2020	23,138,794	314,500	19,790,000	1,569,682	1,080,637	626,720
2021	18,951,730	-	19,575,000	1,093,869	3,523,201	494,837

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

(1) See the Schedule of Demographic and Economic Statistics - Table 14

Table 11

Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 4,301	\$ 58,614,698	4.24%	\$ 1,386
-	59,486,715	3.99%	1,397
-	55,461,685	3.58%	1,299
247,294	51,379,237	3.15%	1,194
187,007	47,217,310	2.85%	1,118
456,030	42,956,346	2.49%	995
731,182	39,521,639	2.13%	914
536,176	50,264,072	2.55%	1,156
714,536	47,234,869	2.32%	1,083
512,135	44,150,772	2.00%	999

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

Fiscal Year		Gross Bonded Debt	Less: Amounts Reserved for Debt Service		Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2012	\$	51,137,471	\$	-	\$ 51,137,471	1.00%	\$ 1,209
2013		47,958,086		-	47,958,086	0.93%	1,126
2014		44,563,964		-	44,563,964	0.86%	1,044
2015		41,097,472		-	41,097,472	0.79%	955
2016		37,522,290		-	37,522,290	0.73%	889
2017		33,823,081		-	33,823,081	0.65%	783
2018		29,989,494		-	29,989,494	0.57%	694
2019		27,556,746		-	27,556,746	0.52%	634
2020		23,453,294		-	23,453,294	0.44%	538
2021		18,951,730		-	18,951,730	0.34%	429

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Enterprise Fund Revenue Bonds					
	Water/Sewer/Refuse and Septage Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 3,424,323	\$ 4,594,573	\$ (1,170,250)	\$ 249,378	\$ 85,698	\$ -349.25%
2013	3,428,481	4,581,746	(1,153,265)	274,393	142,435	-276.68%
2014	3,420,262	2,680,364	739,898	535,977	97,195	116.86%
2015	3,567,662	5,103,920	(1,536,258)	360,276	78,771	-349.91%
2016	3,726,774	6,505,367	(2,778,593)	335,145	63,841	-696.41%
2017	3,816,431	5,065,643	(1,249,212)	290,957	52,791	-363.41%
2018	3,918,708	5,053,336	(1,134,628)	205,199	50,253	-444.16%
2019	3,984,359	5,088,964	(1,104,605)	280,239	60,400	-324.27%
2020	3,949,226	5,167,600	(1,218,374)	288,378	63,969	-345.79%
2021	4,226,563	6,463,522	(2,236,959)	471,305	83,044	-403.53%

Note: Water/Sewer, refuse disposal charges and other include property taxes and investment earnings but not capital contributions.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2012	42,289	1,380,820,428	32,652	43.5	6,076	6.60%
2013	42,583	1,491,086,328	35,016	43.7	6,069	6.20%
2014	42,684	1,550,624,352	36,328	43.8	6,115	5.60%
2015	43,021	1,630,323,816	37,896	44.0	5,969	4.70%
2016	42,228	1,659,180,348	39,291	44.1	5,913	4.30%
2017	43,175	1,724,409,500	39,940	44.5	5,991	3.70%
2018	43,225	1,859,323,375	43,015	44.4	6,082	3.20%
2019	43,497	1,974,198,339	45,387	44.5	6,058	2.60%
2020	43,616	2,035,994,880	46,680	44.7	5,993	6.90%
2021	44,186	2,207,002,328	49,948	44.7	5,738	4.10%

Sources: Weldon Cooper Center, Virginia Employment Commission, and Bureau of Economic Analysis

Principal Employers
Current Year and Nine Years Prior

Employer	Fiscal Year 2021		Fiscal Year 2012	
	Employees	Rank	Employees	Rank
Shenandoah County School Board	1000+	1	1000+	1
George's Chicken	500 to 999	2	500 to 999	2
Shentel Management Company	500 to 999	3	250 to 499	9
Bowman Andros Products	500 to 999	4	-	-
Valley Health System	250 to 499	5	250 to 499	6
LSC Communications US, LLC	250 to 499	6	-	-
County of Shenandoah	250 to 499	7	250 to 499	5
Iac Strasburg LLC	250 to 499	8	250 to 499	4
Masco Builder Cabinet Group	250 to 499	9	250 to 499	-
Mercury Paper	100 to 249	10	-	-
R.R. Donnelly and Sons Company	-	-	500 to 999	3
Howell Metal Company	-	-	250 to 499	7
Bowman Apple Products	-	-	100 to 249	8
Wal Mart	-	-	250 to 499	10

Source: Virginia Employment Commission-LMI

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government administration	22	21	24	24	24	23	23	29	29	23
Judicial administration	19	15	19	19	19	20	26	23	24	24
Public safety:										
Sheriff's department	71	84	69	57	57	57	59	58	59	58
Fire and rescue	34	42	44	48	48	50	50	56	56	71
Building inspections	5	5	6	6	6	6	6	7	6	8
Animal control	2	2	2	2	2	2	2	2	2	2
Animal Shelter	*	*	*	*	*	*	*	*	*	4
Emergency communications	*	*	18	18	18	18	18	21	21	20
Public works:										
General maintenance	6	6	6	6	6	6	6	6	7	6
Landfill	22	19	17	17	17	17	17	17	16	16
Health and welfare:										
Department of social services	35	35	35	41	41	40	44	46	45	48
Culture and recreation:										
Parks and recreation	5	5	5	5	5	5	5	7	6	7
Library	6	6	6	6	7	8	8	8	8	8
Economic Development	1	1	1	1	1	1	1	2	2	2
Community development:										
Planning	5	5	5	5	5	5	5	3	3	3
Totals	<u>233</u>	<u>246</u>	<u>257</u>	<u>255</u>	<u>256</u>	<u>258</u>	<u>270</u>	<u>285</u>	<u>284</u>	<u>300</u>

Source: Department List Query and DSS contact

* Information unavailable

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/arrests	2110	2070	2195	2138	2269	2017	2275	2075	2147	1630
Civil papers	12308	10500	12428	13141	11912	14055	14303	13921	15608	11839
Fire and rescue:										
Number of calls answered	13124	11150	5933	7232	7426	7469	7677	7562	9834	8343
Building inspections:										
Permits issued	90	78	82	99	89	115	161	130	146	223
Animal control:										
Number of calls answered	1729	1643	1847	1656	1548	1576	1717	2233	2485	2110
Public works										
Landfill:										
Refuse collected (tons/day)	116	117.02	132	138.5	148.3	162.2	179	154	166	167
Recycling (tons/day)	7.8	6.8	7.2	7.0	7.3	18.4	7.4	7	6	6
Health and welfare										
Department of Social Services:										
Caseload	5854	5753	10905	*	10935	11000	10219	10953	11138	11973
Culture and recreation										
Parks and recreation:										
Recreation facility permits	1291	1137	1853	1833	1743	1762	1680	2270	919	700
Youth sports participants	1209	1156	1013	1403	1512	1644	1732	2216	520	177
Community development										
Planning:										
Zoning permits issued	438	375	331	260	318	293	330	364	351	443
Component Unit - School Board										
Education:										
School age population	6076	6069	6115	5696	5913	5991	6082	6058	5993	5738
Number of teachers	523	520	521	522	529	530	538	541	502	517
Local expenditures per pupil	3557	3711	3832	4116	4414	4347	4484	4873	5084	4640

Source: Individual County departments

* Information unavailable

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	3	3	5	4	3	3	4
Public safety										
Sheriffs department:										
Patrol units	46	51	56	56	56	56	58	60	60	56
Building inspections:										
Vehicles	4	4	4	4	4	4	4	5	5	5
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	6	6	6	6	7	7	5	8	10	10
Landfill:										
Vehicles	22	23	23	23	19	22	22	24	24	24
Equipment	18	21	21	21	18	20	20	19	21	26
Sites	15	15	16	16	16	15	15	15	14	14
Health and welfare										
Department of Social Services:										
Vehicles	10	12	12	12	12	13	13	13	13	13
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	5	4	4	4	4	4	5	6	6	6
Parks acreage	345	645	645	645	645	645	645	645	645	645
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community development										
Planning:										
Vehicles	2	2	2	2	2	4	4	3	3	2
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	108	108	110	110	112	112	112	112	114	114

Source: Individual County departments

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 SHENANDOAH, 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 business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Shenandoah, Virginia's basic financial statements, and have issued our report thereon dated December 10, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Shenandoah, 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, Farmer, Cox Associates

Staunton, Virginia
December 10, 2021



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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 SHENANDOAH, VIRGINIA**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 10, 2021

COUNTY OF SHENANDOAH, VIRGINIA

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal AL/CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Pass-through to Subrecipients
PRIMARY GOVERNMENT:				
Department of Agriculture:				
Pass Through Payments:				
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	\$ 588,156	\$ -
Total Department of Agriculture			\$ 588,156	\$ -
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	Unavailable	\$ 222,847	\$ -
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	Unavailable	1,739	-
Mary Lee Allen Promoting Safe and Stable Families	93.556	Unavailable	26,468	-
Low-Income Home Energy Assistance	93.568	Unavailable	32,144	-
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Unavailable	48,194	-
Child Care and Development Block Grant	93.575	Unavailable	(178)	-
Total CCDF Cluster			48,016	-
John H. Chafee Education and Training Vouchers Program	93.674	Unavailable	343	-
Foster Care - Title IV-E	93.658	Unavailable	283,065	-
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	Unavailable	186	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Unavailable	2,745	-
Social Services Block Grant	93.667	Unavailable	232,510	-
Children's Health Insurance Program	93.767	Unavailable	5,657	-
Adoption Assistance	93.659	Unavailable	152,902	-
Medicaid Cluster:				
Medical Assistance Program	93.778	Unavailable	440,397	-
Total Department of Health and Human Services			\$ 1,449,019	\$ -
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Homeland Security Grant Program	97.067	Unavailable	\$ 48,616	\$ -
Total Department of Homeland Security			\$ 48,616	\$ -
Election Assistance Commission				
Pass Through Payments:				
Department of Elections				
COVID HAVA Election Security Grants	90.404	Not Available	\$ 60,199	\$ -
Total Election Assistance Commission			\$ 60,199	\$ -
U.S. Department of Justice:				
Direct Payments				
Edward Byrne Memorial Justice Assistance	16.738		\$ -	\$ -
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Services:				
ATF Overtime	16.000	Unavailable	\$ 3,521	\$ -
Local Law Enforcement Block Grant	16.000	Unavailable	360	-
Subtotal CFDA 16.000			\$ 3,881	\$ -
Crime Victim Assistance	16.575	Unavailable	77,194	-
Equitable Sharing Program	16.922	Unavailable	102,945	-
Bulletproof Vest Partnership Program	16.607	Unavailable	1,651	-
Total Department of Justice			\$ 185,671	\$ -

COUNTY OF SHENANDOAH, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal AL/CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Pass-through to Subrecipients
Department of Transportation:				
Pass Through Payments:				
Highway Safety Cluster:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Unavailable	\$ 18,360	\$ -
Total Department of Transportation			\$ 18,360	\$ -
Department of Treasury:				
Pass Through Payments:				
Department of Accounts:				
COVID-19 Coronavirus Relief Fund	21.019	Unavailable	\$ 7,606,886	\$ 2,914,292
Total Department of Treasury			\$ 7,606,886	\$ 2,914,292
U.S. Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Unavailable	277,320	-
Total Expenditures of Federal Awards - Primary Government			\$ 10,234,227	\$ 2,914,292
COMPONENT UNIT SCHOOL BOARD:				
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Education:				
School Breakfast Program	10.553	APE402530000	\$ 275	\$ -
National School Lunch Program	10.555	APE402540000	505	-
Department of Agriculture:				
Food Distribution-School Lunch	10.555	Unavailable	146,353	-
Subtotal CFDA 10.555			\$ 146,858	\$ -
COVID-19 Summer Food Service Program for Children	10.559	APE603030000	1,191,266	-
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE86804	33,483	-
Total Child Nutrition Cluster			\$ 1,371,882	\$ -
Pass Through Payments:				
Department of Education:				
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665	APE438410000	14,321	-
Total Department of Agriculture			\$ 1,386,203	\$ -
Department of Education:				
Pass Through Payments:				
Title I Grants to Local Educational Agencies	84.010	APE429010000	\$ 1,433,295	\$ -
Student Support and Academic Enrichment Program	84.424	APE602810000	87,704	-
Supporting Effective Instruction State Grants	84.367	APE600220000	168,225	-
Special Education Cluster:				
Special Education - Grant to States	84.027	APE430710000	\$ 1,312,192	\$ -
Special Education - Preschool Grants	84.173	APE625210000	40,594	-
Total Special Education Cluster:			\$ 1,352,786	\$ -
Covid-19 Education Stabilization Fund Under the Coronavirus Aid Relief and Economic Security Act	84.425D	APE60177000	1,191,125	-
Career and Technical Education - Basic Grants to States	84.048	APE606310000	111,320	-
Higher Education Institutional Aid	84.031	Unavailable	37,520	-
Rural Education	84.358	Unavailable	10,220	-
English Language Acquisition State Grants	84.365	APE605120000	17,725	-
Total Department of Education			\$ 4,409,920	\$ -
Department of Treasury:				
Pass Through Payments:				
Department of Accounts:				
COVID-19 Coronavirus Relief Fund	21.019	Unavailable	\$ 1,133,312	\$ -
Total Department of Treasury			\$ 1,133,312	\$ -
Total Expenditures of Federal Awards Component Unit School Board			\$ 6,929,435	\$ -
Total Expenditures of Federal Awards			\$ 17,163,662	\$ 2,914,292

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) County of Shenandoah, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the County had food commodities totaling \$192,668 in inventory.

NOTE D - Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

NOTE E - Loans

County of Shenandoah had no federal loans required to be presented in the Schedule.

NOTE F - Subrecipients

\$2,914,292 was passed through to subrecipients.

NOTE G-RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	\$ 10,354,848
Reconciling items:	
Expenditures with forfeited drug asset proceeds less than current year revenues	93,695
Payment in lieu of taxes not included above	(214,316)
Total primary government	\$ 10,234,227
Discretely presented component unit - School Board	\$ 6,929,435
Total discretely presented component unit - School Board	\$ 6,929,435
Total expenditures of federal awards per basic financial statements	\$ 17,163,662
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 17,163,662

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Special Education Cluster

84.027 Special Education-Grants to States

84.173 Speical Education-Preschool Grants

84.425D Economic Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act

21.019 COVID-19 Coronavirus Relief Fund

SNAP Cluster

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Findings

None