

COUNTY OF WARREN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

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PREPARED BY:

FINANCE DEPARTMENT

COUNTY OF WARREN, VIRGINIA
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COUNTY OF WARREN

County Administrator's Office
Warren County Government Center
220 North Commerce Avenue, Suite 100
Front Royal, Virginia 22630

Phone: (540) 636-4600

FAX: (540) 636-6066

Email: edaley@warrencountyva.net

Edwin C. Daley

Interim County Administrator

BOARD OF SUPERVISORS

CHAIR

Cheryl L. Cullers
*South River
District*

VICE-CHAIRMAN

Archie A. Fox
*Fork
District*

Tony F. Carter
*Happy Creek
District*

Walter J. Mabe
*Shenandoah
District*

Delores R. Oates
*North River
District*

Dr. Edwin C. Daley
*Interim County
Administrator*

March 3, 2021

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

We are pleased to present the Comprehensive Annual Financial Report for the County of Warren, Virginia (the "County") for the fiscal year ended June 30, 2020. This report was prepared by the County's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls, which 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 a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls: In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general, major special revenue, and capital projects funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to guarantee and document compliance with applicable laws and regulations.

*Front Royal-Warren County
Rivers of Opportunity-Mountains of Success*

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with §15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The County report includes all funds of the “primary government”. In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations, and therefore are included as part of the primary government. 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 and results of operations from those of the primary government. Therefore, the County School Board and the Industrial Development Authority (dba Economic Development Authority [EDA]) are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The EDA is a legally separate organization providing economic development services to the County whose board is appointed by the Board of Supervisors and is fiscally independent.

COUNTY DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION

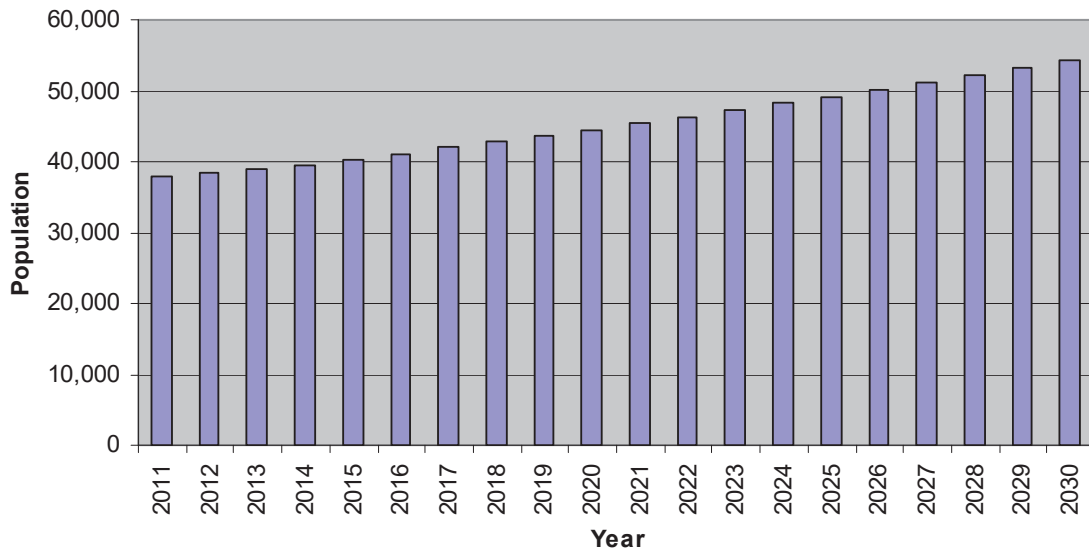
Warren County’s existing industrial sectors include, but are not limited to, agricultural, automotive, banking/finance, call centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, technology, textile, higher education, and trucking.

The County’s unemployment rate in December 2020 was 4.3%, an increase over the 2.3% of December 2019. The rate of 4.3% was lower than the unemployment rate of 4.9% for Virginia and significantly lower than the national average of 6.5%.

The total reported value of new construction for permits issued decreased from \$147,691,592.57 in FY 2019 to \$89,437,254.41 in FY 2020. The 2019 increase is attributable to the start of construction of the new Warren Memorial Hospital. There has been a slight increase in new home construction as well as a slight increase in new commercial/industrial permit activity. The FY 2020 figure is still higher than the 10-year average of \$74,712,798. The number of total building permits was slightly up in FY 2020 over FY 2019 from 2,121 to 2,296, an increase of 0.9%.

Since the 2010 Census, Warren County’s population has increased from 37,575 to the most recent 2020 population estimate of 40,202, an increase of 2,627 persons (7.0%). Warren County’s estimated population of 40,202 is up slightly from the 2019 count of 39,936 (1.0%). The County Planning Department projections show a steady conservative annual population growth of 1.25% to 2.00% over the next 20 years.

Warren County Population Projections



As the Washington Metropolitan area continues to expand, Warren County and the surrounding area will continue to see additional residential growth pressures and an influx of new homeowners. This will be somewhat offset by fuel costs and traffic congestion, which make commuting to work in the Northern Virginia area less attractive to County residents.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. The project that has had the largest single impact on the County's tax base is Dominion Power's Warren County Power Plant. On May 31, 2012, Dominion Virginia Power officially broke ground on the Warren County Power Station. The Station was constructed on a 39-acre site in the Warren Industrial Park, approximately 3 miles north of Front Royal. The close proximity to Northern Virginia has enabled the Station to serve a growing, high-demand region in Dominion's service area. The Station generates 1,329 megawatts of electricity, or enough energy to provide power to approximately 325,000 homes. The Station is powered solely by natural gas and is among the cleanest fossil-fuel fired facilities in the nation, with three combustion turbines and a steam turbine. Construction of the Station included the installation of a 2.5-mile natural gas pipeline. The facility went online on December 10, 2014.



Dominion - Warren County Power Plant

During the first full year of construction, (FY 2013-14), Dominion paid the County approximately \$1 million in property taxes. In FY 2014-2015, property tax payments increased to \$5,209,348.17 and \$6,106,341.20 in FY 2015-2016. As part of the incentive package for the project, the County agreed to contribute up to \$1 million per year for years 6-10 to offset the facility's water and sewer fees. Construction work provided approximately 1,500 jobs at the peak of construction. Dominion employs approximately 50 full-time staff members and 8 private contractors on-site. During outages, an additional 80-150 contractors are brought in depending on the work being performed. In total, Dominion invested approximately \$1.0 billion in constructing the facility.

Several projects have recently been completed or are in the review process of completion that will enhance the County's tax base.

Equus - Virginia Inland Port Logistics Center

- Equus received approval for a conditional use permit for a 324,000 SF warehouse facility to be located on a 20-acre site on Route 340/522 just north of the RSW Regional Jail.
- They will receive final site plan approval in early 2021.
- Upon completion, the facility will provide an estimated 50-100 new jobs.



Proposed Architectural Rendering - Virginia Inland Port Logistics

In September 2017, the County, EDA, Crooked Run North, LLC, and North River Square, LLC entered into a public-private partnership to improve access to the west side of Route 340/522 immediately north of the Crooked Run Shopping Center.



The project was completed in fall 2018 and added a southbound lane and right-turn lane into the sites, a northbound left turn lane for the crossover, and replaced the stormwater pipe under Route 340/522 just north of the Country Club Road intersection. The project allows for commercial access of the subject property, including an estimated five commercial pad sites.

Royal Farms received its occupancy permit from the County in July 2018 for a 5,166 SF - 16 fuel pump (8 two-sided) convenience store on the site adjacent to Wells Fargo. The project has opened up 3-4 additional commercial pads just north along the west side of Route 340/522.

Commercial development has grown significantly over the past fifteen years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) shopping centers have been developed. These two shopping centers are providing significant sales, meals, and real estate taxes to the community. In 2016, an Aldi Grocery Store (17,918 SF) and an Urgent Care facility were completed in the Riverton Commons Shopping Center, and in 2019, a Taco Bell and a Valvoline auto care facility were constructed on the last two vacant pads in the Riverton Commons shopping center.

ELP Riverton - Multi-tenant Building

- 6,100 SF building
- Five Guys and Chipotle opened in Fall 2020



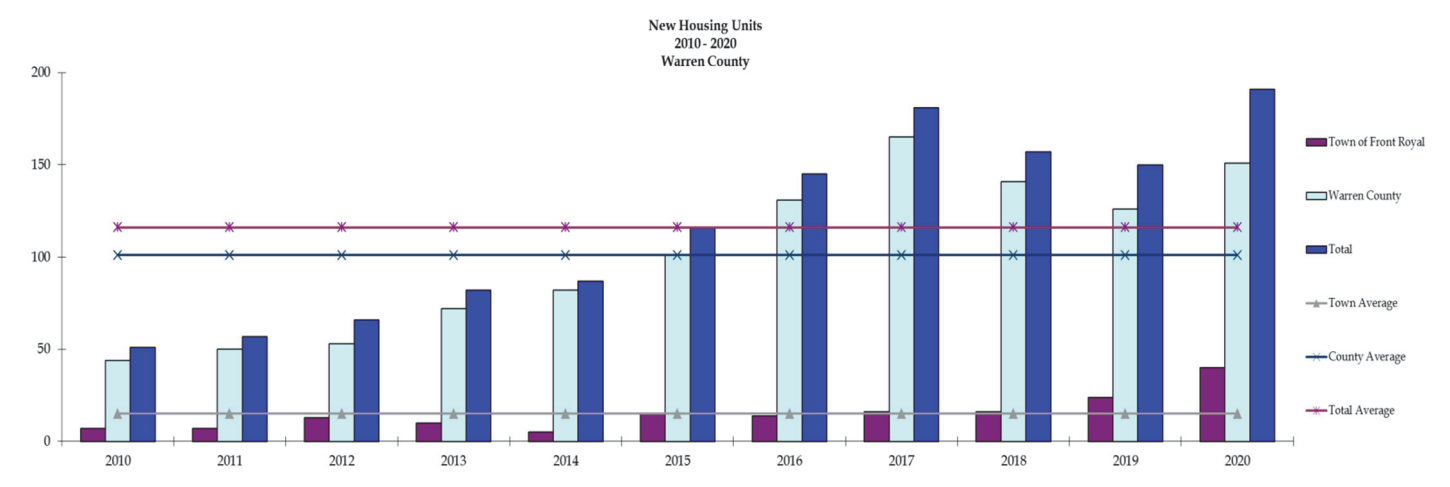
The County continues to work with the developer of Crooked Run on Phase II, which will necessitate the construction of a bridge structure and access road. In early 2019, the developer submitted a revised concept plan to incorporate more of a mix of uses including high-density residential, workforce and senior housing, as well as commercial uses. Based on public input, the developer ultimately pulled the application and requested that the County cancel the revenue sharing project for the bridge and access road. The County anticipates that they will look to revise their development plans in the future.



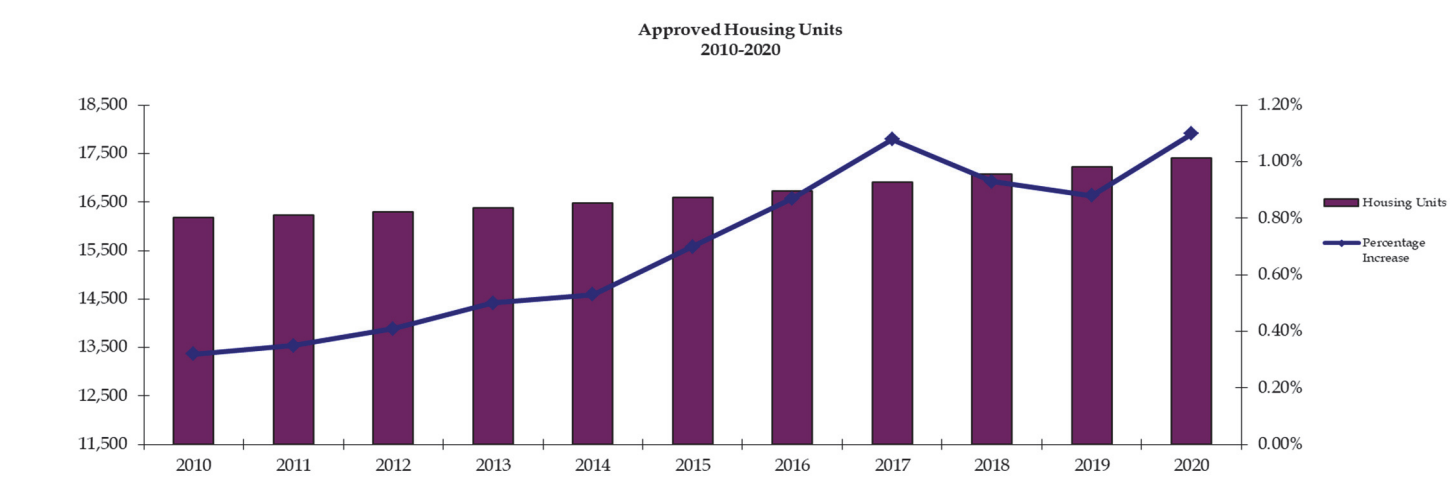
Riverton Commons and Crooked Run Shopping Centers

Residential growth in Warren County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in calendar year 2004 with 425 permits issued, the average since 2005 has been 167 permits per year. The housing construction market bottomed out in 2010 with 51 new home starts, but has bounced back to a healthy pace over the last ten years. In 2020, the County had a total of 191 new home starts. Of that number, 40 were inside Town limits and the remaining 151 outside Town limits. As a comparison, in 2019 there were a total of 150 new home starts. The annual growth rate in housing stock is currently at 1.1%.

The following charts show the increase in the number of units and the percentage growth in the County since 2010.



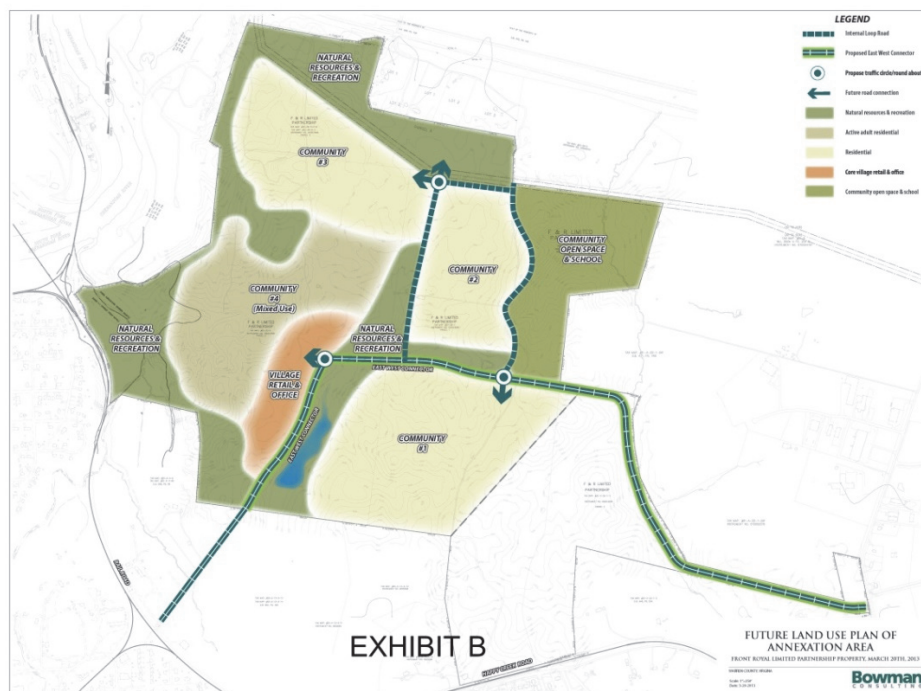
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average
Front Royal	7	7	13	10	5	15	14	16	16	24	40	15
Warren County	44	50	53	72	82	101	131	165	141	126	151	101
Total	51	57	66	82	87	116	145	181	157	150	191	116



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Approved Housing Units	16,184	16,241	16,307	16,389	16,476	16,592	16,737	16,918	17,075	17,225	17,416
Annual % Increase	0.32%	0.35%	0.41%	0.50%	0.53%	0.70%	0.87%	1.08%	0.93%	0.88%	1.10%

In late September 2014, Warren County and the Town of Front Royal reached an agreement in which the Town annexed 604 acres of land in the Happy Creek area. The annexation will allow a developer to move forward with the construction of new housing, including:

- Up to 808 market-rate single-family housing units; and
- An anticipated 400 senior housing units



FY 2020 OTHER ECONOMIC DEVELOPMENT ACCOMPLISHMENTS

Financial Management-

The Front Royal/Warren County Economic Development Authority (EDA) continues to pursue completion of its FY18 and FY19 audits. Warren County now serves as Fiscal Agent for the EDA, and the FY20 audit should be completed later this year.

EDA staff has made great progress in pursuing delinquent USDA Microloan and IRP accounts, and has brought several of these accounts back to current on their payments. Several clients have paid off their loans. The EDA has formed a loan review committee of five citizens as instructed by the USDA and is entertaining new loan applicants. Several property transactions have been completed in the past year. These actions and successful resolution of several legal claims has significantly improved the EDA's financial status.

The EDA has submitted proposed budgets for FY21 and the remainder of FY20 to the Warren County Board of Supervisors. The budgets include conservative line item estimates on servicing debt and continued operations.

EDA Owned Properties-

In 2020, the EDA sold 404 Fairground Road, 506 East Main Street (Stokes Market), and 514 East Main Street (the Apartments), eliminating \$635,447.49 in taxpayer debt and subsequent future interest expense. The EDA also signed a sales contract for the Afton Inn, which closed in February 2021, eliminating a further \$324,179.18 in debt.

Perhaps the greatest highlight of 2020 was the successful recruitment of Silent Falcon UAS Technologies from Albuquerque, New Mexico. Silent Falcon will establish its east coast headquarters, assembly, and research and development operations in Warren County. Silent Falcon manufactures patent-pending, state-of-the-art unmanned aircraft systems (UAS) components and sensors for security, military, and commercial markets, including oil and gas and pipeline inspections, power utility inspections, large-scale agriculture, natural resource management, security/ISR, public safety, and mapping/surveying. The company projects 249 jobs over three years, with 35 jobs created in the first year, at an average wage of over \$80,000 per year and capital investment of over \$6,000,000.00. Their operations will be at the Warren County Airport, and their offices will be offsite in Warren County.



The EDA entered into three short term storage leases at the Atlantic Exhibits building to help offset the cost of ownership for that property and entered into a Letter of Intent for the sale of the building. They also successfully rezoned 81 acres of the Happy Creek Technology Park to Industrial, making the property more competitive with other regional properties for development.

Prospects-

Throughout 2020, the EDA entertained several prospects for its properties and buildings. They have had multiple prospects for all EDA properties and are very optimistic about business attraction in 2021. The EDA works very closely with the Virginia Economic Development Partnership (VEDP) on business attraction prospects and business retention issues with existing companies, many of whom are considering expansions. The EDA has also established working relationships with the Virginia Inland Port and Lord Fairfax Community College and will continue working with them in the coming year to offer resources to new prospects and existing businesses.

Regional Economic Development Efforts-

Since 2019, the EDA has been working with Frederick, Page, Shenandoah, and Clarke Counties on a regional workforce initiative to attract highly skilled workers to the region. They are working on a framework and budget for implementation of a marketing strategy to attract top talent to the region.

The EDA is also working with the students and faculty of Randolph Macon Academy and their unmanned aerial vehicle program to provide aerial video and pictures of Stephens Industrial Park and the 426 Baugh Drive building. They have provided not only video footage and still images, but also 3-D modeling of the 23 acre and 53 acre parcels at the Avtex site that can calculate cut and fill needed for each lot. These will be very useful in the marketing efforts for those properties.

Establishing working relationships with regional groups and resources will be a key component to success in 2021. Many of these relationships had fallen apart over the last few years.

VEDP's Site Characterization Project-

In 2020, the EDA continued to work with the VEDP on their effort to study 466 sites across Virginia that have at least 25 contiguous acres or more to determine their level of development and "shovel readiness" for new economic development projects. The VEDP developed a Tier ranking system to rate each site, and

Warren County has four sites in the program. The EDA plans to invest in increasing the Tier ranking of its sites so they will be more competitive with others in the state and the nation, including completing due diligence items for Stephens Industrial Park. These efforts will continue into 2021.

New Investors-

Throughout 2020, the EDA has seen more interest in Warren County from outside investors. It is a good sign that people see the economic opportunity Warren County and Front Royal have to offer. The EDA will continue to market Warren County to investors in the region and across the country to bring in more jobs and economic opportunity for the citizens in this community.

COUNTY VISION STATEMENT

Planning helps us make decisions today with an eye towards our desired future. Warren County citizens, elected officials, business leaders, and many others came together in 2018 to craft a Strategic Vision that was incorporated into the County's Comprehensive Plan to help the Board of Supervisors confidently make decisions with the community's desired future in mind.

The County will use the Strategic Vision to show how it wants to thrive and grow in the future. This will provide confidence to the private and public sector about where their investments will be most productive, while also preserving our County's most valued natural and cultural resources.

The Strategic Vision sets the direction for an update to the County's Comprehensive Plan. The Comprehensive Plan is the County's official policy guide for future development related decisions. It is long range in nature and provides a picture of how the community wishes to develop over the next 15 to 20 years.

A primary outcome of this process is the development and affirmation of a new Vision for the future of the County. This Vision was vetted and affirmed by the participants of a Vision Retreat, which convened several community leaders on September 13, 2018 - including the Board of Supervisors and Planning Commission - to review citizen input and craft the following Vision. The Vision for the future of Warren County is presented below:

Our Vision

Warren County will be a thriving community that retains its safe, scenic, friendly and inviting character with leadership that puts community first and works cooperatively to:

- Preserve the quality of our clean water, air, natural resources and scenic landscape;
- Grow gradually at a rate that supports the local economy but does not place stress on County services or natural resources. This has historically meant a 2% to 3% annual growth rate.
- Maintain our small-town character and rural lifestyle while providing quality amenities for shopping, recreation and entertainment;
- Enhance opportunities for quality wage jobs that allow residents to live, work and raise families in the County;
- Support an excellent school environment that retains quality teachers and graduates the next generation of leaders;
- Provide a variety of housing choices to allow our citizens and workforce to live prosperously and age with dignity within their community;
- Deliver quality services such as fire, safety, and law enforcement, and provide safe and modern roads and other infrastructure within a framework of balanced taxes and sound fiscal management; and
- Make Warren County a place of choice in Virginia, where people choose to live, prosper, raise families, grow businesses and stay a lifetime.

In 2020, the Warren County Board of Supervisors initiated the Strategic Vision review and revision process.

CAPITAL IMPROVEMENTS

In 2017, the County completed construction on its second middle school on a site located at the north end of Leach Run Parkway. Construction of the school has allowed the school system to achieve the ideal grade structure of K-5 (elementary), 6-8 (middle school), and 9-12 (high school) and allowed the 8th grade to be moved out of the two high schools, thereby creating additional capacities at each of those schools. The facility will provide capacity at the secondary level for the community for the next 15-20 years. The school was completed and opened in time for the 2017-2018 school year.



Warren County Middle School - June 2017

School Facilities

In 2020, improvements were completed to A.S. Rhodes Elementary School to include the upgrade of the heating and cooling systems, replacement of windows, ceilings, floors and exterior doors, roof replacement and the resurfacing of the upper and lower parking decks. A.S. Rhodes Elementary School opened in 1936 and was enlarged in 1951. These improvements will allow the building to continue to be used even if a new elementary school is built in the future. This helps the School Board's desire to provide up to 20 years of growth in optimal educational student capacity.

General Government

In 2020, the County completed the renovation of approximately 1,800 square feet of space of the former Registrar's office for the Finance Department. The renovation was completed by County staff. This allowed for the Finance Department to be consolidated to one office location. With this renovation, the County was also able to relocate the Children's Services Act (CSA) office from the rear of the Government Center to a portion of the former Finance offices to provide additional space, including a small conference room for their meetings, which requires confidentiality.

Also in 2020, various improvements were made in the Government Center, including the replacement of floor tile, paint, updated signage, and the installation of a more enhanced phone system. In 2021, the County plans to convert the former Finance Department office into a space for the Board of Supervisors members to use as meeting space with citizens and office space for themselves. In 2021, the County also plans to renovate the building and planning departments, which are the last departments that need upgrades over the past ten years. The County will also be replacing the old lighting system with updated LED lighting.

Public Safety

In 2019, the radio system for the Warren County Sheriff's Office (WCSO) was merged with the Warren County Fire and Rescue Department (WCFRD) 150 MHz system. The expansion of the system included the purchase of necessary in-vehicle and portable radios. Benefits of the new system include:

- Better radio reception/talk coverage
- Military-grade equipment
- Ability to talk directly to WCFRD without having to be patched through dispatch
- Ability to talk directly with Frederick County, Clarke County, Shenandoah County, Fauquier County, and the Virginia State Police - not possible with the previous system

It is estimated that the purchase of this radio system would take care of the needs of the County for the foreseeable future. WCSO portable radios would have a lifespan of 10-15 years and in-vehicle radios a longer lifespan.

The WCFRD radio system was updated as part of the project. The improvements included replacement of the microwave system (that repeats the signal from a tower site at Guard Hill and Bentonville) along with the Guard Hill cabinet replacement. The technology moved to IP versus the previous analog system, and with the addition of the WCSO system, the IP comparator provides for additional security. By combining the two projects, the County saved over \$20,000 in labor.

In December 2020, the Board of Supervisors approved a contract with Motorola Solutions, Inc., to complete the upgrades to the radio infrastructure utilized by the WCSO and the WCFRD, a total investment of approximately \$1,809,000. These upgrades include a Console Upgrade, a Mobile Dispatch Position, Fire and Rescue Base Stations Mixed-Mode (Analog and Digital), the Public Safety Building BDA, and the purchase of 130 Tri-Band APX8500 Portables, 70 Tri-Band APX8000 Mobiles, and KVL5000, which includes programming and installation and comes with a five year warranty.

WCFRD and County Administration worked with the Rivermont Volunteer Fire Department (Company #2) on the plans for a new fire station to replace the existing structure located at 714 Rivermont Drive. During the review the County, Rivermont Volunteer Fire Department, and Fortsmouth Volunteer Fire Department (Company #8) discussed the potential for merging the two fire companies and constructing one new fire station to serve the Fork District of the County. After review of the primary coverage area for Company #2 and its role in the Warren County Fire and Rescue System, a site was identified that is located at the intersection of Rivermont Drive and Stokes Airport Road. Advantages of the site are its location at the crossroads and ability to get both into the district via Rivermont Drive and out to the Route 55 West portion of the district and the location's proximity to support the County system back towards the Town of Front Royal and the South River District (Bentonville/Browntown).

Ultimately, the Board of Supervisors made the decision to replace the Rivermont Volunteer Fire Station while not closing the Fortsmouth Station. The replacement of the Rivermont Station was included in the adopted FY 2018-2020 Capital Improvement Plan as priority #5 at an estimated cost of \$5,615,000. The estimate was based on construction costs from the North Warren station, improving the quality of some of the finishes, increasing estimated site costs for water and sewer service, and adding inflation costs. Included in the estimate was the cost of roughing in the banquet area with the furniture, additional finishes, and commercial kitchen equipment being the responsibility of Rivermont Volunteer Fire Department. This is similar to how things were handled for the North Warren Volunteer Fire Station project that was completed in 2003.

Bids for the new Rivermont Fire Station were received on February 22, 2019. The project scope included a new single story, three-bay modern fire station at the intersection of Stokes Airport Road and Rivermont Drive to replace the existing Rivermont Volunteer Fire Station. The completed facility will be approximately 15,250 SF and will have community meeting and banquet space including food preparation areas. The remainder of the building will be dedicated to serving and supporting the fire fighters in the application of their duty to protect the residents of Warren County. Dedicated fire spaces include offices, storage rooms, physical training, food preparation and dining space, sleeping quarters, lockers, and shower areas. The apparatus bays of the station will be up fit with high-bay lighting, a high volume low speed fan, heating elements, and an air filtration system. Supporting spaces to the apparatus include a tool shop, turn-out gear storage with separate ventilation, and a decontamination

room. The building was designed to complement the vernacular of the local architecture and will have sufficient space to serve the County for decades to come.

A construction contract was awarded to H&W Construction Company, Inc., in the amount of \$5,602,198.25. A Notice to Proceed was issued on June 17, 2019. Substantial completion has occurred and the County's career staff and volunteers were able to move into the building on December 15, 2020. The station has a first due response area of 21.31 square miles, first due response area population of 3,170 with approximately 1,250 homes, and an assist area that is three to four times the size of the first due response area due to the new location.



The WCFRD has transformed several classroom facilities at the former 104-acre Environmental Study Area site off Route 55 East to fire and rescue training classrooms. The Department has a goal of including a burn building and a training facility on this property to meet the needs of the community. Public Safety is regarded by the Board of Supervisors as one of the primary functions of local government. The County is committed to providing staff with quality facilities and adequate resources to carry out their jobs.

Solid Waste

The County has been working for the past fifteen years to upgrade the County's four compactor sites to better meet the needs of its citizens by increasing recycling opportunities and improving traffic flow. Over the past decade, the County has been able to:

- Replace the Linden Compactor site with a new facility - (2009)
- Expand, repave, and stripe the Rockledge Site - (2016)
- Repave and stripe the Cooley site (Route 340/522 North) - (2016)
- Replace the tipping room floor at the Transfer Station - (2018)
- Repave and stripe the Transfer Station - (2019)

The Shenandoah Farms compactor site is currently located on a rented site at the Shenandoah Farms Grocery Store. Due to the relatively small size of the site, there is not room to provide for adequate traffic flow, parking, and recycling bins. With the projected future growth of the area due to the undeveloped lots, the County in the 1990's identified the need to replace and upgrade the site. In addition, the County, through a formal agreement with Clarke County, accepts waste from Clarke County residents at this location.

In 2011, the County purchased a 5.82 acre site near Howellsville to serve as a future compactor site and maintenance facility for the Shenandoah Farms Sanitary District. Since that time, the Board of

Supervisors has been setting aside funding annually to pay for the proposed improvements. The County has completed preliminary site plans for the facility and has received approvals for a facility entrance from the Virginia Department of Transportation. The proposed facility will be designed to meet the ultimate needs of the community as it continues to grow.

The Cooley compactor site is currently located in the Crooked Run area within the Winchester Road Park-n-Ride. The current site is the busiest of all the County's satellite facilities and has become functionally obsolete. Due to the relatively small size of the site, there is not room to provide for adequate traffic flow, adequate parking, or adequate recycling area. During the next year, the County will be pursuing efforts to find a location to allow a new double compactor facility in this area of the County which separates the site users from the commuter traffic, bus traffic, and heavy truck traffic associated with the Quarry.

The County is planning for significant improvements to the Transfer Station located in Bentonville at the old County landfill site. It was opened in 1994 and is in need of significant improvements. In 2019, the County was able to complete repaving of the transfer station at a cost of \$198,212. The project was completed during shut down days without impact to operations.

The Solid Waste projects that will be implemented over the next several years include:

- Shenandoah Farms Compactor Site - \$750,000 - \$1,000,000
- Construction of maintenance building (warming area with office and employee break area with shower) - \$250,000

Improvements will be made as funding allows on a pay-as-you-go method.

Parks and Recreation

Over the past several years, the Parks and Recreation Department has completed a number of significant projects including a new restroom/concession building at Fantasyland, Eastham Trail Phases I, II, and III, practice fields and parking area (25 spaces) at Rockland Park, and the addition of four fields, a walking trail, a large skate park, a large shelter, a small playground, and an access road at the Skyline Soccerplex.

In 2016, the County began work on several major projects for the development of Rockland Park as a regional park facility complete with hiking trails, playing fields, disc golf course, playground, music park, camping facilities, and eventually an amphitheater and indoor recreation center. Phase I of the Rockland Park project, which includes a playground complex, outdoor exercise station, shelter, disc golf course, parking area and the access road, was completed in 2015. In addition, the second phase of the Carson Trail was completed in November 2016. In 2017, the County partnered with a private contractor to accept approximately 30,000-40,000 cubic yards of excess fill material to allow for the leveling of a portion of the site to allow the construction of two large and two small practice fields, two gravel parking lots, and associated stormwater management facilities. The project was completed in spring 2019.

The County also plans to begin work on the next phase of Rockland Park's development including the renovation of the bathhouse and construction of associated parking to serve the proposed baseball/softball field facility in the next several years. Parks and Recreation senior staff is also planning the addition of a new large amphitheater for outdoor concerts and other special events. County staff is currently working on securing grant opportunities for the Park to begin implementation of these and future phases of the development plan. This project is part of the County Capital Improvement Program and will move forward as funding and grant awards allow.

Another small project the Parks and Recreation Department is working on is the development of a park at the Thompson Kiss-and-Ride located on Freezeland Road. The County completed site work on the project during spring 2016, constructed the parking lot, the bus turnaround, and associated sidewalks in

2016/2017, completed paving in the fall of 2017, and installed a bus shelter during the fall of 2018. The County received a grant from the Warren Coalition which allowed for the installation of a swing set. A Boy Scout from Troop 52 will be constructing three or four octagonal picnic tables in Spring/Summer 2021 as part of his Eagle Scout project, and Parks and Recreation has purchased and will install three picnic tables in the shelter in the early spring 2021. The County, Blue Mountain Sanitary District, and the Shenandoah Farms Sanitary District have committed funding for a future playground structure for children ages 5-12.

County officials, staff, and the community need to continue to work together to promote and enhance the County and the quality of life for its residents. It is a continuing goal that Warren County remains a productive and promising community as well as maintains fiscal stability for many years to come.

PROPERTY TAX RATES

The County maintained a real estate tax rate of \$0.655 for the 2020 tax year. All other local tax rates and fees for services impacting FY 2019-2020 revenue also remained the same as 2019. At \$0.655, Warren County continues to have a comparatively low real estate tax rate among its neighbors including Fauquier (\$0.994), Rappahannock (\$0.73), Page (\$0.73), Shenandoah (\$0.64), Clarke (\$0.615), and Frederick (\$0.61) Counties.

GOVERNMENT'S FINANCIAL POLICIES

The County has adhered to its adopted financial policies and has maintained its undesignated fund balance at or near the required 15% of the total operating budget.

OTHER INFORMATION

Management's Discussion and Analysis

Generally accepted accounting principles require management and 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 Warren's MD&A can be found immediately following the report of the independent auditors.

Independent Audit

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. The audit complied with these requirements, and the auditor's opinion is included in this report.

Certificate of Achievement

The County is a proud recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its FY 2019-2020 budget, which requires that a government prepare and present a budget document that exceeds guidelines established by the National Advisory Council on State and Local Budgeting and GFOA's best practices on budgeting. The County has received this award for ten consecutive years.

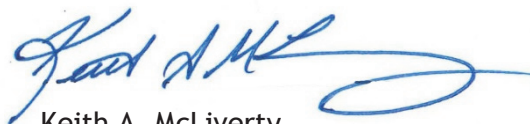
Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the Finance Department. We would also like to thank the Board of Supervisors for its interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner. In addition, we would like to thank the Planning Department, General Services Department, Economic Development Authority, the Deputy Clerk of the Board, and other employees for their assistance in the preparation of this report.

Respectfully submitted,



Dr. Edwin C. Daley, ICMA-CM
Interim County Administrator



Keith A. McLiverty
Director of Finance

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COUNTY OF WARREN, VIRGINIA

Board of Supervisors

Walter J. Mabe, Chair
Cheryl L. Cullers, Vice-Chair
Archie A. Fox
Tony F. Carter
Delores R. Oates

County School Board

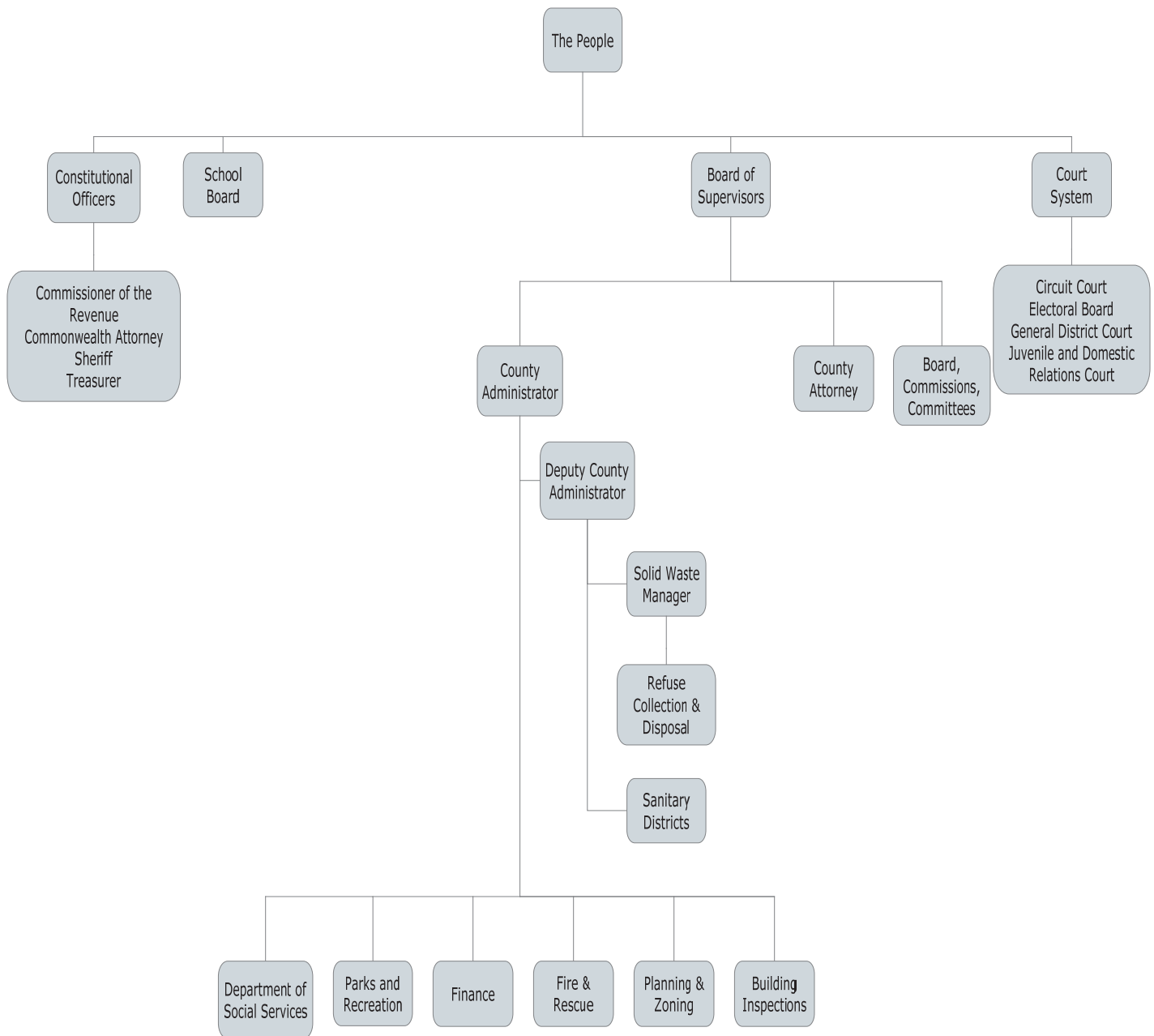
Arnold M. Williams, Jr., Chair
Catherine R. Bower, Vice Chair
Ralph A. Rinaldi
Kristen J. Pence
James S. Wells

Advisory Board for Warren County Social Services

Lorraine Brandon, Chair
Stephen Jerome
Richard L. Swanson
Brenda Wells

Other Officials

Judge of Circuit Court.....	William W. Sharp
Chief Judge of Circuit Court	Clark Andrew Ritchie
Judge of Circuit Court.....	Bruce D. Albertson
Clerk of Circuit Court	Angela M. Moore
Chief Judge of General District Court	W. Dale Houff
Judge of Juvenile and Domestic.....	Daryl L. Funk
Commonwealth's Attorney	John Bell
Commissioner of Revenue	Sherry T. Sours
Treasurer	Jamie L. Spiker
Sheriff	Mark A. Butler
Interim Superintendent of Schools.....	Melody Sheppard
Interim Director of Social Services.....	Elizabeth Reavis
Interim County Attorney.....	Jason J. Ham
County Administrator.....	Douglas P. Stanley
Director of Finance	Jonathon Munch





ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Warren, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit school-board, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of and for the year ended June 30, 2020, 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.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - EDA" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - EDA

The financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (EDA) have been omitted, and we were not engaged to audit the EDA financial statements as part of our audit of the County's basic financial statements as the EDA is audited by another CPA firm. The amounts by which this omission would affect the assets, deferred outflow of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of this discretely presented component unit have not been determined.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - EDA" paragraph, we have not been able to obtain sufficient appropriate audit evidence from other auditors to provide a basis for an audit opinion on the financial statements of the discretely presented component unit EDA of the Town of Front Royal and the County of Warren, Virginia. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit - School Board, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of Beginning Balances

As described in Note 21 of the financial statements, in 2020, the County restated beginning balances to report capital assets acquired by capital leases in a prior year, the outstanding principal amount of the corresponding capital leases from the prior year, and a correction to the line of credit due for the Leach Run project. 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 21-29, 105-107, and 108-120 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 Warren, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described in the basis for disclaimer of opinion paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2021, on our consideration of the County of Warren, 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 Warren, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Warren, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 3, 2021

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Management's Discussion and Analysis

As the financial management team of the County of Warren, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Warren for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

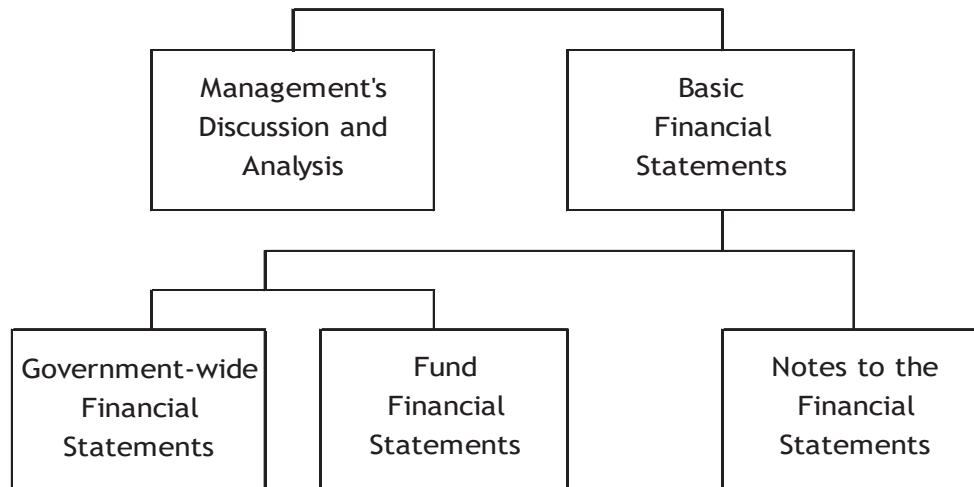
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$83,390,093 (net position), an increase of \$1,024,100.
- As of the close of the current fiscal year, the County of Warren's governmental funds (excluding the School Bond Construction Fund) reported a combined ending fund balance of \$36,885,167, an decrease of \$2,736,789 from the prior year. The majority of the balance (\$33,116,013) is available for spending at the government's discretion (unassigned, assigned or committed).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$12,712,426.
- The County's total long-term obligations (Note 7) increased by \$464,232 during the current fiscal year after recording increases in lease revenue bonds that were issued to refund the Series 2011B and 2012A VRA lease revenue bonds, and an increase in the net pension and Other Post-Employment Benefits (OPEB) liabilities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other information that will enhance the reader's understanding of the financial condition of the County of Warren.

Required Components of the Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2 on pages 29 through 31) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 11 on pages 32 through 40) are fund financial statements. These statements focus on the activities of the individual parts of the County's government and provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the fiduciary fund statements.

The next section of the basic financial statements is the Notes to Financial Statements. The notes explain in detail some of the data contained in these statements. After the notes, supplementary information is provided to show details about the County's individual funds.

Government-Wide Financial Statements

The government-wide financial statements, namely the Statement of Net Position and the Statement of Activities, are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the County's total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The second category is the component unit. Although legally separate from the County, the Economic Development Authority is important to the County because the County exercises control over its Board of Directors by appointing the members. The Economic Development Authority issues separate financial statements.

Government-Wide Financial Statements: (Continued)

Although the School Board is a component unit, approximately 33% of the budget for the County of Warren is designated for the public schools. The members of the School Board are elected.

The government-wide financial statements are on pages 29 through 31 of this report.

Fund Financial Statements

The fund financial statements (pages 32 through 40) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been designated for specific activities or objectives. The County of Warren, like all other governmental entities in Virginia, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements. All of the funds of County of Warren are categorized as governmental funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give readers a detailed short-term view that helps them determine if there are more or fewer financial resources available to finance the County's programs. The relationship between government-wide activities (reported in the Statement of Net Position and the Statement of Activities) and the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances of the governmental funds is described in Exhibits 4 and 6 which is a reconciliation that is a part of the fund financial statements.

The County of Warren adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the appropriation resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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. The notes to the financial statements are on pages 41 through 103 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County of Warren's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 104 through 119 of this report.

Government-Wide Financial Analysis

The County of Warren's Net Position
Figure 2

	Governmental Activities	
	2020	2019
Current and other assets	\$ 69,498,587	\$ 70,339,964
Capital assets	191,939,012	190,144,879
Total assets	<u>\$ 261,437,599</u>	<u>\$ 260,484,843</u>
Deferred outflows of resources	\$ 5,422,610	\$ 5,134,662
Long-term liabilities outstanding	\$ 155,018,494	\$ 160,707,853
Other liabilities	8,971,334	3,525,002
Total liabilities	<u>\$ 163,989,828</u>	<u>\$ 164,232,855</u>
Deferred inflows of resources	\$ 19,480,288	\$ 19,174,452
Net position:		
Net investment in capital assets	\$ 56,236,417	\$ 53,236,908
Restricted	572,153	1,291,771
Unrestricted	26,581,523	27,683,519
Total net position	<u><u>\$ 83,390,093</u></u>	<u><u>\$ 82,212,198</u></u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County of Warren exceeded liabilities and deferred inflows of resources by \$83,390,093 as of June 30, 2020, compared to \$82,365,993 as of June 30, 2019. 67% of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County of Warren uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Warren's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (\$26,581,523) may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position including:

- Collection of real estate property taxes exceeded budgeted amounts by approximately \$1.4 million.
- Collection of real and personal PSC taxes exceeded budgeted amounts by approximately \$844,000.
- Collection of other local taxes exceeded budgeted amounts by approximately \$562,768.

Government-Wide Financial Analysis: (Continued)

County of Warren Changes in Net Position
Figure 3

		Governmental Activities	
		2020	2019
Revenues:			
Program revenues:			
Charges for services	\$	3,660,726	\$ 3,695,095
Operating grants and contributions		7,230,236	7,277,890
Capital grants and contributions		1,042,054	1,090,036
General revenues:			
Property taxes		53,463,608	54,934,806
Other taxes		9,138,178	8,193,155
Grants and contributions not restricted to specific programs		5,528,557	5,562,228
Other		1,528,488	1,818,026
Total revenues	\$	81,591,847	\$ 82,571,236
Expenses:			
General government administration	\$	5,705,438	\$ 4,857,024
Judicial administration		2,774,389	2,499,541
Public safety		16,156,532	14,125,992
Public works		8,730,730	6,964,539
Health and welfare		7,255,801	7,111,589
Parks, recreation and cultural		3,955,750	3,826,634
Community development		1,661,861	1,539,067
Education		29,429,249	25,946,272
Interest and other fiscal charges		4,897,997	6,872,166
Total expenses	\$	80,567,747	\$ 73,742,824
Increase in net position	\$	1,024,100	\$ 8,828,412
Net position, July 1, as restated		82,365,993	73,383,786
Net position, June 30	\$	83,390,093	\$ 82,212,198

Financial Analysis of the County's Funds

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

Governmental Funds

The focus of the County of Warren's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County of Warren's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County of Warren. At the end of FY 2019-2020, unassigned fund balance of the General Fund was \$12,712,426, an increase of \$717,778 from FY 2018-2019. The general fund portion of the governmental fund balances totaled \$12,712,426, or 34%. Just about one half, or 53%, consisted of \$19,549,691 in funds committed by the Board of Supervisors to fund capital and other special projects.

The nonmajor funds reported a collective decrease of \$799,522. The majority of the decrease is reported in the proffers fund (\$707,044).

As of June 30, 2020, the governmental funds of County of Warren reported a combined fund balance of \$37,228,723 (Exhibit 5), a decrease of \$4,835,968 from last year. This change mainly resulted from the expenditures incurred for larger capital projects, such as the Rivermont Fire Station and A.S. Rhodes Elementary School renovation, and legal fees.

General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original appropriation resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Included in the budget for FY 2019-2020, there were miscellaneous capital items to be funded from this unreserved fund balance which would reduce the fund balance by \$2,000,000. During the course of the year, there were several supplemental appropriations made to the budget. The total of these approved uses of fund balance totaled \$5,512,517. Fund balance for the general fund was decreased by \$3,004,813, which was \$2,507,704 less than projected. This decrease was due mainly to expenditures incurred for larger capital projects, such as the Rivermont Fire Station, and legal fees..

Capital Asset and Debt Administration

Capital Assets

The County of Warren's investment in capital assets for its governmental activities as of June 30, 2020 totaled \$191,939,012 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Capital Asset and Debt Administration: (Continued)

County of Warren's Capital Assets
Figure 4
Capital Assets
(net of depreciation)

	Governmental Activities	
	2020	2019
Land	\$ 14,193,099	\$ 14,193,099
Buildings and improvements	167,227,825	171,441,408
Machinery and equipment	2,506,761	2,663,386
Non-depreciable capital assets	387,070	387,070
Construction in progress	7,624,257	1,459,916
Total	\$ 191,939,012	\$ 190,144,879

Additional information on the County's capital assets can be found in Note 6 - Capital Assets of the Basic Financial Statements.

Long-term Debt

As of June 30, 2020, the County of Warren had total bonds outstanding of \$136,817,632. General obligation bond debt is backed by the full faith and credit of the County. The table below includes both lease revenue and general obligation bonds.

County of Warren's Outstanding Debt
General Obligation and Revenue Bonds
Figure 5

	Governmental Activities	
	2020	2019
General obligation, revenue and lease revenue bonds	\$ 136,817,632	\$ 138,809,806
Total	\$ 136,817,632	\$ 138,809,806

As part of its multi-year Capital Funding Plan, in November 2014 the County conducted credit rating calls with each of the three national municipal bond rating agencies: Moody's Investors Service, Standard & Poor's, and Fitch Ratings. Discussions with each of the agencies covered financial, economic, debt-related, and management-related issues among others. Without exception, all three agencies were favorably impressed with the fiscal health of the County, the diligence and stability of staff and elected officials and the overall vibrancy of the County economy as evidenced by the strong investment grade General Obligation bond ratings secured from the agencies: Moody's: Aa2, S&P: AA, FITCH: AA+. With these assigned ratings, the County continued its steady progression of rating upgrades that began back in the early 2000's. November 2016 Fitch Ratings increased the County GO Bond rating from a AA to a AA+ rating. This rating along with the others will help to ensure that the County is able to maximize its borrowing ability in the future.

Additional information regarding the County of Warren's long-term debt can be found in Note 7 - Debt of this report.

Economic Factors and Next Year's Budgets and Rates

As the Washington Metropolitan area has continued to expand, the County and the surrounding areas have continued to experience residential growth pressures and an influx of new homeowners, somewhat offset by fuel costs which make commuting to work in the Northern Virginia area less attractive to County residents.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. Over the past twenty years a number of large industrial projects have opened in the Route 340/522 Corridor of the County and the County continues to work with industries to expand the tax base.

Commercial development has grown significantly over the past four years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) shopping centers have been developed. These two shopping centers are providing significant sales, meals, and real estate taxes to the community. In 2016, an Aldi Grocery Store (17,918 SF) and an Urgent Care facility were completed in the Riverton Commons Shopping Center. In 2019 a Taco Bell and a Valvoline auto care facility were constructed on the last two vacant pads in the Riverton Commons shopping center. In 2020, a multi-tenant building was constructed to replace a former Chevy Chase Bank branch at the Riverton Commons Shopping Center. Five Guys and Chipotle restaurants opened in the building in late 2020.

In September 2017, the County, EDA, Crooked Run North, LLC, and North River Square, LLC entered into a public-private partnership to improve access to the west side of Route 340/522 immediately north of the Crooked Run Shopping Center. The project was completed in fall 2018 and added a southbound lane and right-turn lane into the sites, a northbound left turn lane for the crossover, and replaced the stormwater pipe under Route 340/522 just north of the Country Club Road intersection. The project allows for commercial access of the subject property, including an estimated five commercial pad sites including a 5,166 SF Royal Farms convenience store which opened in July 2018 on the site adjacent to Wells Fargo.

The County is still working with the developer of Crooked Run on Phase II, which will necessitate the construction of a bridge structure and access road. In early 2019, the developer submitted a revised concept plan to incorporate more of a mix of uses including high-density residential, workforce and senior housing, as well as commercial uses. Based on public input, the developer ultimately pulled the application and requested that the County cancel the revenue sharing project. We anticipate that they will look to revise their development plans in the future.

Residential growth in Warren County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in calendar year 2004 with 425 permits issued, the average since 2005 has been 167 permits per year. The housing construction market bottomed out in 2010 with 51 new home starts, but has bounced back to a healthy pace over the last ten years. In 2020, the County had a total of 191 new home starts. Of that number, 40 were inside Town limits and the remaining 151 outside Town limits. As a comparison, in 2019 there were a total of 150 new home starts. The annual growth rate in housing stock is currently at 1.1%.

Unemployment:

* The County's unemployment rate in December 2020 was 4.3%, an increase over the 2.3% of December 2019. The rate of 4.3% was lower than the unemployment rate of 4.9% for Virginia and significantly lower than the national average of 6.5%.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities

The FY 2020-2021 budget process again proved to be a difficult one given the slow growth in new construction in the area and continued flat revenue picture. Projected revenues for the General Fund and School Operating Fund (excluding use of Fund Balance) are slightly more than those of FY 2019-2020. The FY 2020-2021 budget was adopted with a real estate tax rate for calendar year 2020 of \$0.655 per \$100 of assessed value. All other tax rates and fees for services impacting FY 2020-2021 revenue remained the same as the previous year.

Budgeted expenditures in the General Fund (excluding the local appropriation to the school fund) amounted to \$56,363,965.

The General Fund budget also includes \$1,878,389 for Enterprise Zone Grants. This amount includes the total estimated amount of real estate and machinery and tools taxes to be paid by qualifying businesses. The unused portion will be used by the County to fund school capital improvements.

The County continues to face the challenges resulting from COVID-19. The meals and lodging taxes were impacted, however there is an expected uptick in revenue as travel and casual dining increases.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Edwin Daley, Interim County Administrator, County of Warren, 220 N. Commerce Avenue, Front Royal, VA 22630.

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BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
June 30, 2020

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Cash and cash equivalents	\$ 36,371,600	\$ 3,590,866
Receivables (net of allowance for uncollectibles):		
Taxes receivable	24,288,209	-
Accounts receivable	505,956	292,453
External parties	5,000	-
Due from primary government	-	1,524,110
Due from other governmental units	1,815,228	1,938,539
Prepaid items	165,568	-
Restricted assets:		
Cash and cash equivalents	6,347,026	-
Net pension asset	-	799,752
Capital assets (net of accumulated depreciation):		
Land	14,193,099	1,656,064
Non-depreciable assets	387,070	-
Buildings and improvements	164,069,217	12,635,240
Improvements other than buildings	3,158,608	-
Machinery and equipment	2,506,761	1,471,293
Construction in progress	7,624,257	-
Total assets	<u>\$ 261,437,599</u>	<u>\$ 23,908,317</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charged on refunding	\$ 2,172,117	\$ -
Pension related items	2,755,926	9,724,143
OPEB related items	494,567	1,440,823
Total deferred outflows of resources	<u>\$ 5,422,610</u>	<u>\$ 11,164,966</u>
LIABILITIES		
Accounts payable	\$ 2,997,351	\$ 287,097
Retainage payable	86,097	-
Accrued liabilities	-	2,636,831
Customers' deposits	7,864	-
Accrued interest payable	848,132	-
Due to component unit	1,524,110	-
Unearned revenue	3,507,780	-
Long-term liabilities:		
Due within one year	8,698,939	199,173
Due in more than one year	146,319,555	59,616,795
Total liabilities	<u>\$ 163,989,828</u>	<u>\$ 62,739,896</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	\$ 18,339,743	\$ -
Pension related items	500,235	5,596,718
OPEB related items	640,310	711,464
Total deferred inflows of resources	<u>\$ 19,480,288</u>	<u>\$ 6,308,182</u>
NET POSITION		
Net investment in capital assets	\$ 56,236,417	\$ 15,762,597
Restricted:		
Public safety	57,748	-
Proffers	514,405	-
Unrestricted (deficit)	26,581,523	(49,737,392)
Total net position	<u>\$ 83,390,093</u>	<u>\$ (33,974,795)</u>

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

COUNTY OF WARREN, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,705,438	\$ 239,658	\$ 344,988	\$ -
Judicial administration	2,774,389	142,809	822,348	-
Public safety	16,156,532	1,430,286	1,986,481	2,286
Public works	8,730,730	1,337,461	42,153	979,533
Health and welfare	7,255,801	-	4,007,161	-
Education	29,429,249	-	-	-
Parks, recreation, and cultural	3,955,750	289,824	12,711	7,620
Community development	1,661,861	220,688	14,394	52,615
Interest and other fiscal charges on long-term debt	4,897,997	-	-	-
Total governmental activities	<u>\$ 80,567,747</u>	<u>\$ 3,660,726</u>	<u>\$ 7,230,236</u>	<u>\$ 1,042,054</u>
Total primary government	<u>\$ 80,567,747</u>	<u>\$ 3,660,726</u>	<u>\$ 7,230,236</u>	<u>\$ 1,042,054</u>
COMPONENT UNIT:				
School Board	\$ 60,311,582	\$ 1,419,098	\$ 34,861,747	\$ 275,028
	<u>\$ 60,311,582</u>	<u>\$ 1,419,098</u>	<u>\$ 34,861,747</u>	<u>\$ 275,028</u>

General revenues:

General property taxes

Local sales and use taxes

Consumers' utility taxes

Business licenses

Motor vehicle licenses

Meals tax

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Payments from Warren County

Grants and contributions not restricted to specific programs

Total general revenues

Change in net position

Net position - beginning, as restated

Net position - ending

Exhibit 2

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	School Board
\$ (5,120,792)	
(1,809,232)	
(12,737,479)	
(6,371,583)	
(3,248,640)	
(29,429,249)	
(3,645,595)	
(1,374,164)	
(4,897,997)	
<u>\$ (68,634,731)</u>	

\$ (23,755,709)
\$ (23,755,709)

\$ 53,463,608	\$	
4,575,698		
741,898		
977,437		
850,319		
898,042		
1,094,784		
898,593	28,166	
629,895	110,534	
-	26,281,099	
5,528,557	213,371	
<u>\$ 69,658,831</u>	<u>\$ 26,633,170</u>	
<u>\$ 1,024,100</u>	<u>\$ 2,877,461</u>	
82,365,993	(36,852,256)	
<u>\$ 83,390,093</u>	<u>\$ (33,974,795)</u>	

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2020

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 16,750,505	\$ 19,549,691	\$ -	\$ -	\$ 36,300,196
Receivables (net of allowance for uncollectibles):					
Taxes receivable	22,505,009	-	-	1,783,200	24,288,209
Accounts receivable	505,956	-	-	-	505,956
External parties	5,000	-	-	-	5,000
Due from other funds	12,436	-	-	-	12,436
Due from other governmental units	1,815,228	-	-	-	1,815,228
Prepaid items	164,386	-	-	1,182	165,568
Restricted assets:					
Cash and cash equivalents	3,031,433	-	1,079,874	2,235,719	6,347,026
Total assets	<u>\$ 44,789,953</u>	<u>\$ 19,549,691</u>	<u>\$ 1,079,874</u>	<u>\$ 4,020,101</u>	<u>\$ 69,439,619</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 2,265,584	\$ -	\$ 650,221	\$ 81,546	\$ 2,997,351
Retainage payable	-	-	86,097	-	86,097
Customers' deposits	7,864	-	-	-	7,864
Due to other funds	-	-	-	12,436	12,436
Due to component unit	790,824	-	-	733,286	1,524,110
Unearned revenue	3,507,780	-	-	-	3,507,780
Total liabilities	<u>\$ 6,572,052</u>	<u>\$ -</u>	<u>\$ 736,318</u>	<u>\$ 827,268</u>	<u>\$ 8,135,638</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 22,309,656	\$ -	\$ -	\$ 1,765,602	\$ 24,075,258
Total deferred inflows of resources	<u>\$ 22,309,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,765,602</u>	<u>\$ 24,075,258</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 164,386	\$ -	\$ -	\$ 1,182	\$ 165,568
Restricted:					
Construction	3,031,433	-	343,556	514,405	3,889,394
Public safety	-	-	-	57,748	57,748
Committed:					
Capital improvements (Note 14)	-	19,549,691	-	-	19,549,691
Sanitary districts - roads, etc.	-	-	-	853,896	853,896
Unassigned	12,712,426	-	-	-	12,712,426
Total fund balances	<u>\$ 15,908,245</u>	<u>\$ 19,549,691</u>	<u>\$ 343,556</u>	<u>\$ 1,427,231</u>	<u>\$ 37,228,723</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,789,953</u>	<u>\$ 19,549,691</u>	<u>\$ 1,079,874</u>	<u>\$ 4,020,101</u>	<u>\$ 69,439,619</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 37,228,723

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

Capital assets, cost	\$ 240,266,262	
Accumulated depreciation	<u>(48,327,250)</u>	191,939,012

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

Unavailable property taxes		5,735,515
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Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ 2,172,117	
Pension related items	2,755,926	
OPEB related items	<u>494,567</u>	5,422,610

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

Pension related items	\$ (500,235)	
OPEB related items	<u>(640,310)</u>	(1,140,545)

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

71,404

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

Bonds payable	\$ (136,817,632)	
Issuance premium	(2,688,950)	
Accrued interest payable	(848,132)	
Line of credit	(541,071)	
Note payable	(392,017)	
Capital lease obligations	(871,118)	
Compensated absences	(1,297,718)	
Landfill closure & postclosure liability	(662,291)	
Net pension liability	(4,305,738)	
Net OPEB liabilities	<u>(7,441,959)</u>	(155,866,626)

Net position of governmental activities	\$	<u>83,390,093</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 53,451,742	\$ -	\$ -	\$ 2,061,992	\$ 55,513,734
Other local taxes	9,138,178	-	-	-	9,138,178
Permits, privilege fees, and regulatory licenses	634,291	-	-	-	634,291
Fines and forfeitures	61,725	-	-	-	61,725
Revenue from the use of money and property	853,027	-	45,566	-	898,593
Charges for services	2,964,710	-	-	-	2,964,710
Miscellaneous	495,071	-	-	134,824	629,895
Recovered costs	253,972	-	-	-	253,972
Intergovernmental:					
Local government	147,504	-	-	-	147,504
Commonwealth	11,481,254	-	-	14,167	11,495,421
Federal	2,157,922	-	-	-	2,157,922
Total revenues	\$ 81,639,396	\$ -	\$ 45,566	\$ 2,210,983	\$ 83,895,945
EXPENDITURES					
Current:					
General government administration	\$ 4,943,095	\$ -	\$ -	\$ -	\$ 4,943,095
Judicial administration	2,621,744	-	-	-	2,621,744
Public safety	15,137,038	-	-	26,741	15,163,779
Public works	5,507,056	-	-	1,611,408	7,118,464
Health and welfare	6,821,862	-	-	-	6,821,862
Education	25,809,240	-	-	733,286	26,542,526
Parks, recreation, and cultural	3,689,672	-	-	-	3,689,672
Community development	862,707	-	-	-	862,707
Nondepartmental	681,512	-	-	-	681,512
Capital projects	6,237,057	389,602	2,144,745	-	8,771,404
Debt service:					
Principal retirement	6,635,897	-	-	30,000	6,665,897
Interest and other fiscal charges	5,094,224	-	-	5,027	5,099,251
Total expenditures	\$ 84,041,104	\$ 389,602	\$ 2,144,745	\$ 2,406,462	\$ 88,981,913
Excess (deficiency) of revenues over (under) expenditures	\$ (2,401,708)	\$ (389,602)	\$ (2,099,179)	\$ (195,479)	\$ (5,085,968)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 558,843	\$ 1,959,514	\$ -	\$ 19,840	\$ 2,538,197
Transfers out	(1,411,948)	(502,366)	-	(623,883)	(2,538,197)
Insurance proceeds	250,000	-	-	-	250,000
Issuance of lease revenue bonds	57,270,000	-	-	-	57,270,000
Payment to refunding bond escrow agent	(56,766,810)	-	-	-	(56,766,810)
Bond issuance costs	(503,190)	-	-	-	(503,190)
Total other financing sources (uses)	\$ (603,105)	\$ 1,457,148	\$ -	\$ (604,043)	\$ 250,000
Net change in fund balances	\$ (3,004,813)	\$ 1,067,546	\$ (2,099,179)	\$ (799,522)	\$ (4,835,968)
Fund balances - beginning	18,913,058	18,482,145	2,442,735	2,226,753	42,064,691
Fund balances - ending	\$ 15,908,245	\$ 19,549,691	\$ 343,556	\$ 1,427,231	\$ 37,228,723

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$	(4,835,968)
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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. The following are adjustments related to capital assets reported in the current period.

Capital asset additions	\$	6,557,973	
Depreciation expense		<u>(5,294,714)</u>	1,263,259

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Disposal of capital asset	(126,830)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(2,050,126)
----------------	-------------

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.

(Increase) decrease in landfill closure and postclosure liability	\$	(11,071)	
Issuance of lease revenue bonds		(57,270,000)	
Increase (decrease) in deferred amount on refunding		(1,729,110)	
Principal payments		<u>59,528,897</u>	518,716

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 following are the details of these adjustments:

(Increase) decrease accrued interest payable	\$	289,310	
Pension expense		(547,389)	
OPEB expense		(213,444)	
Bond premium amortization		6,657,500	
(Increase) decrease in compensated absences		<u>74,244</u>	6,260,221

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Insurance claims, internal service fund - reported as expense in the respective function on Exhibit 2	<u>(5,172)</u>
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Change in net position of governmental activities	\$	<u><u>1,024,100</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Internal Service Fund
June 30, 2020

	Health Insurance Fund
	<hr/>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 71,404
Total assets	<hr/> \$ 71,404 <hr/>
NET POSITION	
Unrestricted	\$ 71,404
Total net position	<hr/> \$ 71,404 <hr/> <hr/>

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

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
For the Year Ended June 30, 2020

	<u>Health Insurance Fund</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 5,172
Total operating expenses	<u>\$ 5,172</u>
 Operating income (loss)	 <u>\$ (5,172)</u>
 Income before transfers	 <u>\$ (5,172)</u>
 Change in net position	 <u>\$ (5,172)</u>
 Total net position - beginning	 <u>76,576</u>
Total net position - ending	<u><u>\$ 71,404</u></u>

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

Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2020

	<u>Health Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for claims	\$ (5,172)
Net cash provided by (used for) operating activities	<u>\$ (5,172)</u>
 Net increase (decrease) in cash and cash equivalents	 \$ (5,172)
 Cash and cash equivalents - beginning	 76,576
Cash and cash equivalents - ending	<u><u>\$ 71,404</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (5,172)
Net cash provided by (used for) operating activities	<u><u>\$ (5,172)</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	Private- Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 270,000	\$ 841,999
Due from other governmental units	-	1,089,337
Prepaid expenses	-	1,847
Total assets	<u>\$ 270,000</u>	<u>\$ 1,933,183</u>
LIABILITIES		
Accounts payable	\$ -	\$ 38,500
Amounts held for social services clients	-	29,994
Due to general fund	-	887,254
Due to other governmental units	-	207,083
Amounts held for others	-	770,352
Total liabilities	<u>\$ -</u>	<u>\$ 1,933,183</u>
NET POSITION		
Held in trust for scholarships	<u>\$ 270,000</u>	

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2020

	Private- Purpose Trust
ADDITIONS	
Revenue from the use of money	\$ 16,900
Miscellaneous	<u>6,614</u>
Total additions	<u>\$ 23,514</u>
DEDUCTIONS	
Scholarships	<u>\$ 10,250</u>
Total deductions	<u>\$ 10,250</u>
Change in net position	\$ 13,264
Net position - beginning	256,736
Net position - ending	<u><u>\$ 270,000</u></u>

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Warren, Virginia operates under a traditional form of government with a Board of Supervisors, county administrator, and elected constitutional officers. It provides its citizens with services relating to public safety, public works, health and welfare services, education, community and economic development, and judicial and general administrative services.

The financial statements of the County of Warren, Virginia have been prepared in conformity with accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

These financial statements present the County (primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Warren County Public Schools:

Warren County Public Schools (the "Schools") are responsible for elementary and secondary education within the County providing a benefit only to the Primary Government. The Schools are fiscally dependent on the County because the Schools' operational and capital budgets are approved by the County Board of Supervisors. In addition, the Schools are prohibited from issuing bonded debt without the approval of the County Board of Supervisors. The primary funding sources of the Schools are state and federal grants and significant appropriations from the primary government (County). The Schools do not have separate taxing authority.

The Schools report an operating fund and three special revenue funds (cafeteria, textbook, and vocational building funds), one capital projects fund (school capital improvements fund), all of which are accounted for as governmental funds. The Schools report one internal service fund (self-insurance fund) as a proprietary fund. Warren County Public Schools does not issue separate financial statements.

Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia:

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Town Council of the Town of Front Royal and the Board of Supervisors of the County to be effective on December 21, 1967 pursuant to the provisions of the Economic Development and Revenue Bond Act. The Authority is governed by seven directors appointed by the Town of Front Royal and the County. The Authority is fiscally dependent on the County. The Authority's fiscal year June 30, 2020 financial statements have been omitted. Reference the Independent Auditors' Report for more information.

Complete financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia may be obtained at the Authority's administrative offices.

A. Government-wide and Fund Financial Statements

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

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

A. Government-wide and Fund Financial Statements: (Continued)

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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.

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

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual report including the government's original budget to the current comparison of final budget and actual results.

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

B. Other Related Organizations

Included in the County's Financial Report

None

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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 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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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

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

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Fiduciary funds have no measurement focus and use the accrual basis of accounting for purposes of asset and liability recognition.

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Proprietary funds (internal service 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 internal service funds are insurance premiums. Operating expenses include insurance claims and other expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the general fund as a major governmental fund.

The general fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the component unit school board. The General Fund is considered a major fund for government-wide reporting purposes.

Capital Projects Funds - The Capital Projects Funds account for and report 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 reports the Special Projects and School Bond Construction as major capital projects funds.

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

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

1. Governmental Funds: (Continued)

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the following funds: Drug Forfeiture, Proffers, and Sanitary Districts. All of the above funds are reported as nonmajor funds.

2. Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include private purpose trust and agency funds. Private purpose trust funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Agency funds utilize the accrual basis of accounting described in the governmental fund presentation. Fiduciary funds are not included in the government-wide financial statements. The following private-purpose trust funds are reported: Woodward Cook Scholarship Fund, the Elizabeth P. Denny Scholarship Fund, the Warren County Education Foundation Fund, the Louise Bolling Scholarship Fund, the Winnie Nicholls Scholarship Fund, and the Thompson Scholarship Fund. The following agency funds are reported: Special Welfare Fund, Undistributed Local Sales Tax Fund, Flexible Spending Fund, Northern Warren Fire Department Building Fund, Northern Warren Fire Department Fund, Shenandoah Farms Volunteer Fire Department Fund, South Warren Volunteer Fire Department Fund, Shenandoah Shores Volunteer Fire Department Fund, Linden Volunteer Fire Department Fund, Fortsmouth Volunteer Fire Department Fund, Skyline Regional Criminal Justice Training Academy and Celebrate Shenandoah.

3. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds of the County consist of the Internal Service Funds.

Internal Service Funds - account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal Service Funds consist of Health Insurance Fund reported by the Primary Government and the Component Unit-School Board.

D. 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. The budget is legally enacted through passage of appropriation resolutions.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

4. The appropriations resolutions place legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County Departments.
7. Both the original and amended budget are presented in the accompanying financial statements.
8. The following General Fund departments reported actual expenditures in excess of appropriations:
 - Debt service interest
 - Board of Supervisors
 - Commonwealth's Attorney
 - Emergency Services
 - Juvenile Detention Center
 - Golf club operations
 - Circuit Court
 - Clerk of the Circuit Court
 - Various public works departments

Additionally, the following major funds reported actual expenditures in excess of appropriations:

- School bond construction
- Special projects

E. 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.

F. 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.

G. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using the historical collection data and, in certain cases, specific account analysis. The allowance attributed to property taxes amounted to \$1,066,867 at June 30, 2020.

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

H. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least \$5,000 and an estimated useful life of multiple years. Such assets are recorded at historical cost or estimated historical cost using the consumer price inflationary index. Donated capital assets are recorded at acquisition value as of the date of donation.

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

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

Buildings and improvements	50 years
Vehicles	5 years
School buses	12 years
Equipment	5 to 7 years
Land improvements	20 years

I. Bond Issue Costs

Bond issue costs are expensed as incurred.

J. Compensated Absences

County and school employees earn vacation and sick leave at various rates up to a specified amount of days. Accumulated vacation and a calculated portion of sick leave is paid upon termination. All vacation and sick pay is accrued when incurred in the government-wide financial statements. At June 30, 2020, leave liabilities of the County amounted to \$823,866 of outstanding vacation accruals, \$324,737 of outstanding compensatory time and \$149,115 of outstanding sick accruals, representing a net decrease of \$74,243. At June 30, 2020, leave liabilities of the Schools amounted to \$1,084,367 of outstanding vacation accruals, \$475,738 of personal leave time and \$431,621 of outstanding sick accruals, representing a net increase of \$369,179.

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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 and premiums on 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)

L. Fund Balance

The County reports fund balance in accordance with GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

The County establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

M. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

M. Net Position: (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

N. 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 multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability (asset) and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability (asset) and net OPEB liabilities 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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability (asset) and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

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

Health Insurance (Single-employer Defined Benefit Plan)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense have been determined on the same basis as they were reported by the plan actuary. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms.

Q. Property Taxes Receivable

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in one installment on December 5th. The County bills and collects its own property taxes.

R. Restricted Assets

The County reports restricted assets (cash) in the amount of \$6,347,026 (Exhibit 1). The cash is restricted for specific capital projects as a result of proffers received, unspent bond proceeds for construction, public safety, and for an irrevocable trust held for purposes of satisfying landfill financial assurance requirements.

NOTE 2—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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

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

The County does not have an investment policy that addresses the various types of risks related to investments.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2020 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings				
	AAAm	AAA	AA+	AA	AA-
U.S. Government Money Market Fund	\$ 1,676,731	\$ -	\$ -	\$ -	\$ -
State Non-Arbitrage Program	3,853,231	-	-	-	-
Fixed Income - Municipal/Public Bonds	-	633,549	771,485	-	107,255
Fixed Income - U.S. Agency Securities	-	-	871,442	-	-
Fixed Income - U.S. Treasury Notes	-	-	376,143	-	-
Total	\$ 5,529,962	\$ 633,549	\$ 2,019,070	\$ -	\$ 107,255

Interest Rate Risk

Investment Type	Investment Maturity*			
	Fair Value	Less than 1	1 - 5 Years	5 - 10 Years
U.S. Government Money Market Fund	\$ 1,676,731	\$ 1,676,731	\$ -	\$ -
State Non-Arbitrage Program	3,853,231	3,853,231	-	-
Fixed Income - U.S. Treasury Notes	376,143	200,400	175,743	-
Fixed Income - Municipal/Public Bonds	1,512,289	50,194	1,462,095	-
Fixed Income - U.S. Agency Securities	871,442	-	871,442	-
Total investments	\$ 8,289,836	\$ 5,780,556	\$ 2,509,280	\$ -

* Weighted average maturity in years.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pools

The value of the positions in the external investment pools (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Fair Value Measurements

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Significant observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

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

The County reports the following information related to its investments:

<u>Fair Value Measurements at Reporting Date Using</u>				
	<u>Total</u>	<u>Quoted Prices</u>	<u>Significant</u>	<u>Significant</u>
	<u>June 30,</u>	<u>in Active</u>	<u>Other</u>	<u>Unobservable</u>
	<u>2020</u>	<u>Markets for</u>	<u>Observable</u>	<u>Inputs</u>
		<u>Identical</u>	<u>Inputs</u>	<u>(Level 3)</u>
		<u>Assets</u>	<u>(Level 2)</u>	
		<u>(Level 1)</u>		
U.S. Government Money Market Fund	\$ 1,676,731	\$ 1,676,731	\$ -	\$ -
Fixed Income - Municipal/Public Bonds	1,512,289	1,512,289	-	-
Fixed Income - U.S. Agency Securities	871,442	871,442	-	-
Fixed Income - U.S. Treasury Notes	376,143	376,143	-	-
Total	\$ 4,436,605	\$ 4,436,605	\$ -	\$ -

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2020 were as follows:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
Major funds:		
General	\$ 12,436	\$ -
School operating fund	-	83,015
School cafeteria fund	83,015	-
Nonmajor governmental funds:		
Sanitary districts	-	12,436
Total	<u>\$ 95,451</u>	<u>\$ 95,451</u>

Interfund receivables and payables represent obligations between funds.

Interfund transfers for the year ended June 30, 2020 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major governmental funds:		
General	\$ 558,843	\$ 1,411,948
Special projects	1,959,514	502,366
School operating fund	-	2,119,631
School cafeteria fund	2,119,631	-
Nonmajor governmental funds:		
Sanitary districts	19,840	623,883
Total	<u>\$ 4,657,828</u>	<u>\$ 4,657,828</u>

Transfers between major funds and other nonmajor governmental funds were primarily to support operations of the funds.

NOTE 4—DUE FROM/TO AND TRANSFERS FROM/TO PRIMARY GOVERNMENT AND COMPONENT UNITS:

Due from/to balances between the County and its component units at June 30, 2020, were as follows:

	<u>Due From</u>	<u>Due To</u>
Primary government:		
General	\$ -	\$ 1,524,110
Component units:		
Warren County School Board	\$ 1,524,110	\$ -

The School Board reports a payable to the Primary Government resulting from appropriated local funds in excess of net school expenditures.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 4—DUE FROM/TO AND TRANSFERS FROM/TO PRIMARY GOVERNMENT AND COMPONENT UNITS:
(CONTINUED)

Contributions from the Primary Government to the School Board Component Unit for school operations for the year ended June 30, 2020 were as follows:

	<u>Contributions To</u>	<u>Contributions From</u>
Primary government:		
General	\$ -	\$ 25,767,657
Proffers fund	-	733,286
Special projects fund	-	389,602
School Board component unit:		
School operating fund	24,062,266	-
School capital improvements fund	2,828,279	-
	<u>\$ 26,890,545</u>	<u>\$ 26,890,545</u>

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from/to other governmental units are as follows at June 30, 2020:

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>General Fund</u>	<u>School Board</u>
Commonwealth of Virginia:		
Virginia Public Assistance funds	\$ 101,352	\$ -
Local sales tax	882,254	-
State sales tax	-	895,222
Shared expenses - constitutional officers	308,541	-
Miscellaneous grants	37,654	295,769
Comprehensive services act	152,268	-
Rolling stock	47,510	-
Communication tax	121,128	-
Federal Government:		
Virginia Public Assistance funds	164,521	-
School operating fund grants	-	747,548
Total due from other governmental units	<u>\$ 1,815,228</u>	<u>\$ 1,938,539</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 6—CAPITAL ASSETS:

Primary Government

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2020:

	<u>Restated Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 14,193,099	-	-	\$ 14,193,099
Construction in progress	1,459,916	6,283,438	119,097	7,624,257
Other non-depreciable assets	<u>387,070</u>	<u>-</u>	<u>-</u>	<u>387,070</u>
Total capital assets not being depreciated	\$ <u>16,040,085</u>	\$ <u>6,283,438</u>	\$ <u>119,097</u>	\$ <u>22,204,426</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 201,952,419	\$ 123,249	\$ -	\$ 202,075,668
Improvements other than buildings	4,602,798	144,660	-	4,747,458
Machinery, equipment and vehicles	<u>11,343,587</u>	<u>125,723</u>	<u>230,600</u>	<u>11,238,710</u>
Total capital assets being depreciated	\$ <u>217,898,804</u>	\$ <u>393,632</u>	\$ <u>230,600</u>	\$ <u>218,061,836</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 33,740,312	\$ 4,266,139	\$ -	\$ 38,006,451
Improvements other than buildings	1,373,497	215,353	-	1,588,850
Machinery, equipment and vehicles	<u>8,022,497</u>	<u>813,222</u>	<u>103,770</u>	<u>8,731,949</u>
Total accumulated depreciation	\$ <u>43,136,306</u>	\$ <u>5,294,714</u>	\$ <u>103,770</u>	\$ <u>48,327,250</u>
Net capital assets governmental activities	\$ <u><u>190,802,583</u></u>	\$ <u><u>1,382,356</u></u>	\$ <u><u>245,927</u></u>	\$ <u><u>191,939,012</u></u>

*Beginning capital asset cost balances for governmental activities were restated to account for \$657,704 of capital assets acquired by capital leases in prior years not previously capitalized by County.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit—School Board

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Total capital assets not being depreciated	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Capital assets being depreciated:				
Buildings and improvements	\$ 25,022,119	\$ -	\$ -	\$ 25,022,119
Machinery, equipment and vehicles	9,179,414	123,022	-	9,302,436
Total capital assets being depreciated	\$ 34,201,533	\$ 123,022	\$ -	\$ 34,324,555
Less: accumulated depreciation:				
Buildings and improvements	\$ 11,924,131	\$ 462,748	\$ -	\$ 12,386,879
Machinery, equipment and vehicles	7,452,053	379,090	-	7,831,143
Total accumulated depreciation	\$ 19,376,184	\$ 841,838	\$ -	\$ 20,218,022
Net capital assets component unit school board	\$ 16,481,413	\$ (718,816)	\$ -	\$ 15,762,597

- 1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The net effect on the County of Warren, Virginia for the year ended June 30, 2020, is that school financed assets in the net amount of \$129,365,669 are reported in the Primary Government for financial reporting purposes.

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government administration	\$ 226,923
Judicial administration	95,331
Public safety	815,690
Public works	231,693
Health and welfare	341,950
Education	3,105,400
Parks, recreation and cultural	283,332
Community Development	194,395
Total Governmental activities	\$ 5,294,714
Component Unit School Board	\$ 841,838

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government and Component Unit—School Board

The following is a summary of changes in long-term obligations for the primary government and school board for the year ended June 30, 2020.

	<u>Restated Balance July 1, 2019</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Governmental Activities Obligations:					
Primary Government:					
Direct borrowings and placements:					
General obligation bonds	\$ 46,005,806	\$ -	\$ 2,130,174	\$ 43,875,632	\$ 2,203,880
Lease revenue bonds	84,358,000	57,270,000	56,829,000	84,799,000	5,008,000
Revenue bonds	8,446,000	-	303,000	8,143,000	319,000
Note payable	398,812	-	6,795	392,017	7,089
Line of credit	541,071	-	-	541,071	-
Compensated absences	1,371,961	685,981	760,224	1,297,718	129,772
Net OPEB liabilities	7,036,700	1,015,004	609,745	7,441,959	-
Net pension liability	1,924,696	6,676,159	4,295,117	4,305,738	-
Landfill postclosure costs	651,220	11,071	-	662,291	-
Capital leases	1,131,046	-	259,928	871,118	229,752
Totals	<u>\$ 151,865,312</u>	<u>\$ 65,658,215</u>	<u>\$ 65,193,983</u>	<u>\$ 152,329,544</u>	<u>\$ 7,897,493</u>
Premium on bonds	\$ 9,346,450	\$ -	\$ 6,657,500	\$ 2,688,950	\$ 801,446
Total for financial statement presentation - Primary Government	<u>\$ 161,211,762</u>	<u>\$ 65,658,215</u>	<u>\$ 71,851,483</u>	<u>\$ 155,018,494</u>	<u>\$ 8,698,939</u>
Component Unit - School Board:					
Compensated absences	\$ 1,622,547	\$ 811,274	\$ 442,095	\$ 1,991,726	\$ 199,173
Net pension liability	43,274,000	14,666,494	10,607,194	47,333,300	-
Net OPEB liabilities	9,717,500	1,948,916	1,175,474	10,490,942	-
Total School Board	<u>\$ 54,614,047</u>	<u>\$ 17,426,684</u>	<u>\$ 12,224,763</u>	<u>\$ 59,815,968</u>	<u>\$ 199,173</u>

*Beginning long-term obligation balances for governmental activities were restated to account for \$549,108 of outstanding principal on prior year capital leases not previously accounted for by County.

Advance Refunding of Debt

On November 20, 2019 the County issued \$57,270,000 lease revenue refunding bonds, Series 2019C to advance refund a portion of Series 2011B and Series 2012A lease revenue refunding bonds. As a result, that portion of the Series 2011B and Series 2012A lease revenue refunding bonds is considered to be defeased in substance and the liability for these bonds has been removed from these financial statements. This advance refunding was undertaken to reduce the total debt service payments over the next fifteen years by \$5,221,147 and resulted in an economic gain of \$4,392,109.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit—School Board (Continued)

The general fund and school operating and cafeteria funds are used to fund the liability for compensated absences, net pension liability and OPEB liabilities, for the County and School Board, respectively.

Details of the primary government's debt at June 30, 2020 are as follows:

	<u>Amount Outstanding</u>
<u>Direct Borrowings and Placements</u>	
<u>General obligation bonds:</u>	
\$13,416,124 (including premium of \$686,698) general obligation school bonds issued November 8, 2007, payable in variable amounts; interest rate of 5.1% through July 15, 2028.	\$ 5,570,332
\$3,692,300 general obligation refunding bonds issued December 16, 2009 to completely defease the outstanding balance of the \$3.5 million general obligation bonds issued on December 15, 1998 and provide financing for courthouse improvements. The refunding general obligation bonds are payable in variable amounts; interest rate of 3.09% through December 2023.	975,300
\$42,440,000 general obligation bonds issued December 9, 2014 with a premium of \$2,601,367, payable in semi-annual installments in variable amounts, with variable interest rates of 3.0% to 5.0% through December 30, 2039. The bonds were issued to finance various school projects including the design and construction of a second middle school.	37,330,000
Total general obligation bonds	<u>\$ 43,875,632</u>
<u>Lease Revenue Bonds:</u>	
\$45,700,000 lease revenue refunding bonds Series 2011B, issued November 16, 2011, payable in variable amounts; with variable interest rates of 2.125% to 5.125%, through October 1, 2028. The bonds were issued to partially refund Series 2004B lease revenue bonds and refund the outstanding balance of the Series 2009 lease revenue refunding bonds for an economic gain of \$3,013,688.	4,600,000
\$31,300,000 lease revenue refunding bonds Series 2012A, issued June 13, 2012, payable in variable amounts; with variable interest rates of 4.524% to 5.125%, through April 1, 2035. The bonds were issued to partially refund the Series 2004B lease revenue bonds for an economic gain of \$2,342,981.	2,140,000

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit—School Board (Continued)

Details of the primary government's debt at June 30, 2020 are as follows: (Continued)

	<u>Amount Outstanding</u>
<u>Direct Borrowings and Placements (Continued)</u>	
<u>Lease Revenue Bonds: (Continued)</u>	
\$5,885,000 lease revenue bonds Series 2014B issued August 13, 2014 with a premium of \$696,727, payable in variable amounts; with variable interest rates of 1.895% to 5.125%, through October 1, 2034. The bonds were issued to finance the Leach Run Parkway, jointly with the Town of Front Royal, VA.	\$ 4,890,000
\$7,635,000 lease revenue refunding bonds Series 2013B, issued June 12, 2013, payable in variable amounts; with a fixed interest rate of 2.58%, through September 1, 2028. The bonds were issued to current refund the Series 2010 general obligation bonds that were due and payable in full in March 2014.	4,960,000
\$11,248,000 lease revenue bonds Series 2019, issued April 24, 2019, payable in variable amounts; with a fixed interest rate of 3.58%, through April 1, 2044. The bonds were issued to current refund the lines of credit issued to finance Ressie Jeffries Elementary School, Health & Human Services Complex and Rivermont Fire Station.	10,939,000
\$57,270,000 lease revenue refunding bonds Series 2019C, issued November 20, 2019, payable in variable amounts; with a variable interest rate, through April 1, 2035. The bonds were issued to advance refund a portion of Series 2011B and 2012A lease revenue refunding bonds for an economic gain of \$4,392,109.	57,270,000
Total lease revenue bonds	\$ <u>84,799,000</u>
<u>Revenue Bonds:</u>	
\$8,691,000 taxable qualified energy conservation revenue bond issued February 24, 2016, payable annually in variable amounts; with a fixed interest rate of 4.1%, through August 15, 2036. The bonds were issued to finance energy efficient improvements in Warren County Schools.	\$ 7,933,000
\$600,000 Variable rate demand revenue bonds Series 2005A, issued May 24, 2007, payable in annual fixed principal amount of \$30,000, with interest at a variable rate through June 2027.	210,000
Total revenue bonds	\$ <u>8,143,000</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit—School Board (Continued)

Details of the primary government's debt at June 30, 2020 are as follows: (Continued)

	Amount Outstanding
<u>Note payable:</u>	
\$400,000 note payable to partially finance the purchase of land in April 2019. The note bears interest at a rate of 4.25% and is payable in monthly installments through April 1, 2024.	\$ 392,017

Line of Credit:

The County obtained a line of credit financing with the Industrial Development Authority of The Town of Front Royal and The County of Warren, Virginia ("EDA") to finance various projects. The County will pay the EDA interest accrued on the outstanding debt annually. The line of credit will be paid in full upon completion of the receipt and sale of tax credits or upon obtaining other permanent financing.	\$ 541,071
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Annual requirements to amortize long-term obligations and related interest are as follows:

County Obligations							
Year Ending June 30,	Direct Borrowings and Placements						
	Bonds Payable		Notes Payable		Capital Leases		
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 7,530,880	\$ 4,490,548	\$ 7,089	\$ 16,524	\$ 229,752	\$ 39,727	
2022	7,797,748	4,181,334	7,397	16,216	241,027	30,452	
2023	8,068,802	3,903,201	7,717	15,896	252,979	16,500	
2024	8,309,838	3,648,846	369,814	12,992	55,232	4,250	
2025	8,328,588	3,382,899	-	-	45,367	2,828	
2026-2030	41,657,776	12,748,116	-	-	46,761	1,436	
2031-2035	36,499,000	6,840,111	-	-	-	-	
2036-2040	16,094,000	2,035,554	-	-	-	-	
2041-2044	2,531,000	185,319	-	-	-	-	
Total	\$ 136,817,632	\$ 41,415,928	\$ 392,017	\$ 61,628	\$ 871,118	\$ 95,193	

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 8—CAPITAL LEASES:**Primary Government****Capital leases**

The County has entered into various lease agreements as the lessee for financing the acquisition of fire trucks, public works equipment and lease purchase of a building. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of minimum lease payments at June 30, 2020 were as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2021	\$ 269,479
2022	271,479
2023	269,479
2024	59,483
2025	48,195
2026	<u>48,195</u>
Total minimum lease payments	\$ 966,310
Less: amount representing interest	95,192
Present value of minimum lease payments	<u><u>\$ 871,118</u></u>

The capital lease agreements outstanding at June 30, 2020 represented capital assets as follows:

<u>Asset(s) Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Equipment	\$ <u>1,644,088</u>	\$ <u>747,611</u>	\$ <u>896,477</u>
Total	\$ <u><u>1,644,088</u></u>	\$ <u><u>747,611</u></u>	\$ <u><u>896,477</u></u>

NOTE 9—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.

Benefit Structures

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2018 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	132	93
Inactive members:		
Vested inactive members	46	29
Non-vested inactive members	49	84
Inactive members active elsewhere in VRS	129	40
Total inactive members	224	153
Active members	249	101
Total covered employees	605	347

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 8.84% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$1,010,738 and \$978,882 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 4.27% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$56,208 and \$72,021 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability (Asset)

The net pension liability (NPLA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities (asset) 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, 2018, and rolled forward to the measurement date of June 30, 2019.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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, 2018 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, 2019.

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

* Administrative expenses as a percent of the 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 WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2018, 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, 2019.

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

* Administrative expenses as a percent of the 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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. 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%. 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.

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

June 30, 2019, 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, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 43,603,739	\$ 41,679,043	\$ 1,924,696
Changes for the year:			
Service cost	\$ 1,280,172	\$ -	\$ 1,280,172
Interest	2,972,645	-	2,972,645
Differences between expected and actual experience	953,339	-	953,339
Changes of assumptions	1,440,774	-	1,440,774
Contributions - employer	-	976,942	(976,942)
Contributions - employee	-	553,276	(553,276)
Net investment income	-	2,764,899	(2,764,899)
Benefit payments, including refunds	(2,274,766)	(2,274,766)	-
Administrative expenses	-	(27,486)	27,486
Other changes	-	(1,743)	1,743
Net changes	\$ 4,372,164	\$ 1,991,122	\$ 2,381,042
Balances at June 30, 2019	\$ 47,975,903	\$ 43,670,165	\$ 4,305,738

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 9,305,604	\$ 9,940,106	\$ (634,502)
Changes for the year:			
Service cost	\$ 185,424	\$ -	\$ 185,424
Interest	630,676	-	630,676
Differences between expected and actual experience	(405,849)	-	(405,849)
Changes of assumptions	225,216	-	225,216
Contributions - employer	-	71,546	(71,546)
Contributions - employee	-	89,010	(89,010)
Net investment income	-	647,283	(647,283)
Benefit payments, including refunds	(591,881)	(591,881)	-
Administrative expenses	-	(6,717)	6,717
Other changes	-	(405)	405
Net changes	\$ 43,586	\$ 208,836	\$ (165,250)
Balances at June 30, 2019	\$ 9,349,190	\$ 10,148,942	\$ (799,752)

Sensitivity of the Net Pension Liability (Asset) 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 (Asset)	\$ 10,864,140	\$ 4,305,738	\$ (877,582)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	162,649	(799,752)	(1,574,670)

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,556,192 and \$58,489, respectively. At June 30, 2020, 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	\$ 718,430	\$ 108,844	\$ 5,834	\$ 197,721
Change in assumptions	1,026,758	23,341	109,721	-
Net difference between projected and actual earnings on pension plan investments	-	368,050	-	87,969
Employer contributions subsequent to the measurement date	1,010,738	-	56,208	-
Total	<u>\$ 2,755,926</u>	<u>\$ 500,235</u>	<u>\$ 171,763</u>	<u>\$ 285,690</u>

\$1,010,738 and \$56,208 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2021	\$ 623,973	\$ (80,486)
2022	273,368	(94,104)
2023	322,500	(2,179)
2024	25,112	6,634
2025	-	-
Thereafter	-	-

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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 school divisions 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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$4,770,146 and \$4,609,126 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$47,333,300 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.35966% as compared to 0.36798% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$4,452,260. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—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)

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,030,950
Change in assumptions	4,687,106	-
Net difference between projected and actual earnings on pension plan investments	-	1,039,327
Changes in proportion and differences between employer contributions and proportionate share of contributions	95,128	1,240,751
Employer contributions subsequent to the measurement date	<u>4,770,146</u>	<u>-</u>
Total	<u>\$ 9,552,380</u>	<u>\$ 5,311,028</u>

\$4,770,146 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 fiscal year ending June 30, 2021. 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>	
2021	\$ (477,162)
2022	(1,171,586)
2023	229,659
2024	599,389
2025	290,906

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

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

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

Net 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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	36,522,769
Employers' Net Pension Liability (Asset)	<u>\$ 13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%

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 WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 9—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 (Asset)	\$ 71,257,179	\$ 47,333,300	\$ 27,552,682

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government	\$ 2,755,926	\$ 500,235	\$ 4,305,738	\$ 1,556,192
Component Unit School Board				
School Board Nonprofessional	\$ 171,763	\$ 285,690	\$ (799,752)	\$ 58,489
School Board Professional	9,552,380	5,311,028	47,333,300	4,452,260
	\$ 9,724,143	\$ 5,596,718	\$ 46,533,548	\$ 4,510,749

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 10—UNAVAILABLE/UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis of accounting, assessments for future periods are deferred.

Primary Government - Deferred Inflows of Resources

General fund:

Delinquent taxes not collected within 60 days	\$ 5,137,478
Prepaid property taxes - property taxes paid in advance	2,070,965
2nd half property tax assessments	15,101,213

Sanitary districts fund:

Delinquent taxes not collected within 60 days	598,037
Prepaid property taxes - property taxes paid in advance	59,128
2nd half property tax assessments	1,108,437
Total deferred inflows of resources - governmental funds (Exhibit 3)	\$ <u>24,075,258</u>

Primary Government - Unearned Revenue

Unearned grant revenue:

General fund	\$ 3,507,780
Total unearned revenue - governmental funds (Exhibit 3)	\$ <u>3,507,780</u>

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 12—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County has closed a previously operated solid waste landfill and transfer station in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for after closure. The \$662,291 reported as landfill closure care, postclosure care and corrective action liability at June 30, 2020, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. Closure, postclosure and corrective action liabilities represented \$9,190, \$378,479 and \$274,622, respectively. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has demonstrated financial assurance requirements for postclosure care, and corrective action costs by establishing a trust fund that conforms to the requirements stipulated in Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund. The liability the County provides financial assurance is different than the actual liability reported in the financial statements due to actual costs expended.

NOTE 13—SURETY BONDS:

	<u>Amount</u>
VA Department of General Services:	
Angela M. Moore, Clerk of the Circuit Court	\$ 400,000
Jamie Spiker, Treasurer	400,000
Sherry T. Sours, Commissioner of the Revenue	3,000
Mark A. Butler, Sheriff	30,000
All Social Service Employees - Blanket Bond	100,000
Virginia School Board Association Pool:	
All School Board Employees - Blanket Bond	50,000
Fidelity and Deposit Company of Maryland:	
Greg Drescher, Superintendent, Deputy Clerk of the School Board	10,000
Robert H. Ballentine, Finance Director, Clerk of the School Board	10,000

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 14—COMMITTED FUND BALANCE—SPECIAL PROJECTS FUND:

	<u>Amount</u>
Permanent Reserves (Twice-a-year billing)	\$ 4,678,439
School Capital Improvements	1,640,481
Enterprise Zone Set Aside (School Capital Improvements)	538,281
RSW Regional Jail	548,921
Ressie Jeffries Renovation Project	631,137
Sanitary Districts	2,236,881
VDOT (Revenue Sharing)	649,091
Dominion Reserve (Water Payment)	930,000
Landfill	108,279
Miscellaneous	2,276,696
Parks & Recreation	522,438
Fire and Rescue	1,297,473
Sheriff	73,201
Solid Waste	1,749,611
Elections	155,123
Social Services	65,333
Buildings & Grounds - Improvements	352,340
Reassessment	179
Vehicles	449,202
Gypsy Moth Program	94,538
Circuit Court	77,996
Planning	58,448
Septage Receiving Facility	170,913
Tourism	214,681
Juvenile Detention Facility	30,009
	<hr/>
Total Special Projects Fund	\$ <u><u>19,549,691</u></u>

NOTE 15—RISK MANAGEMENT:

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverage, which management considers prudent for the protection of the County's assets and operations. Coverage currently includes \$5,000,000 commercial general liability, \$5,000,000 automobile liability, and \$3,000,000 public officials liability. The property policy provides insurance coverage for all of the County's real and personal property up to the replacement cost value of the asset.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 15—RISK MANAGEMENT: (CONTINUED)

Primary Government: (Continued)

The Schools are exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries a broad range of insurance coverage, which management considers prudent for the protection of the Schools assets and operations. Coverage currently includes \$2,000,000 commercial general liability, \$2,000,000 automobile liability, and \$2,000,000 public official liability. The property policy provides insurance coverage for all of the Schools' real and personal property up to the replacement cost value of the asset.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS:

Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

Benefits Provided

County:

Employees hired before July 1, 2013 and who retire from County with service eligible for VRS benefits (i.e. 50 years of age and 30 years of continuous service) and 10 years of service with the County, will receive a subsidy contribution from 50% - 100% based on years of service, for their health insurance premium until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees not yet eligible for Medicare coverage have one coverage choice, just as active employees have. Retirees eligible for Medicare coverage have access to plans that supplement Medicare, however, the retiree is responsible for the full cost of the plan. The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. For participating retirees the County pays 50%, 75%, or 100% of the health insurance premium for retirees with 10-14, 15-19, or 20 plus years of service, respectively. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

School Board:

Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) including 5 years of service with the School Board are eligible for health insurance benefits under the School Board's plan for active employees. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

Plan Membership

At July 1, 2019 (measurement date), the following employees were covered by the benefit terms:

	<u>County</u>	<u>School Board</u>
Total active employees with coverage	140	685
Total inactive employees or retirees with coverage	13	18
Total	<u>153</u>	<u>703</u>

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 and School Board. The County and School Board paid \$106,400 and \$133,400, respectively, in fiscal year 2020.

Total OPEB Liability

The County and School Board's total OPEB liabilities were measured as of July 1, 2019. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

County and School Board

Salary Increases	Increases of 2.50%
Discount Rate	3.13% as of July 1, 2019
Healthcare Cost Trend Rates	6.00% for fiscal year end 2020, decreasing 0.50% per year to an ultimate rate of 5.00%

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-2018.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

Discount Rate

The discount rate represents the Municipal GO AA 20-year yield curve rate as of July 1, 2019. The final equivalent single discount rate used for this year's valuation is 3.13% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution on a pay-as-you-go basis.

Changes in Total OPEB Liability

	Primary Government- County Total OPEB Liability	Component Unit- School Board Total OPEB Liability
Balances at June 30, 2019	\$ 6,163,700	\$ 2,499,500
Changes for the year:		
Service cost	193,100	158,700
Interest	228,200	93,800
Difference between expected and actual experience	(302,600)	337,500
Changes in assumptions	317,100	119,900
Benefit payments	(106,400)	(133,400)
Net changes	329,400	576,500
Balances at June 30, 2020	\$ 6,493,100	\$ 3,076,000

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

County Rate			School Board Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 7,213,000	\$ 6,493,100	\$ 5,851,500	\$ 3,339,200	\$ 3,076,000	\$ 2,833,200

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit 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 (5.00%) or one percentage point higher (7.00%) than the current healthcare cost trend rate used of 6.00%:

County Rates			School Board Rates		
1% Decrease (5.00%)	Healthcare Cost Trend (6.00%)	1% Increase (7.00%)	1% Decrease (5.00%)	Healthcare Cost Trend (6.00%)	1% Increase (7.00%)
\$ 5,661,300	\$ 6,493,100	\$ 7,482,100	\$ 2,714,100	\$ 3,076,000	\$ 3,504,600

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

For the year ended June 30, 2020, the County and School Board recognized OPEB expense in the amount of \$355,900 and \$253,500, respectively. At June 30, 2020, the County and School Board had the following deferred outflows and inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
County:		
Differences between expected and actual experience	\$ -	\$ 577,200
Change of assumptions	267,600	2,700
Total	<u>\$ 267,600</u>	<u>\$ 579,900</u>
School Board:		
Differences between expected and actual experience	\$ 293,100	\$ 210,300
Change of assumptions	104,100	153,600
Total	<u>\$ 397,200</u>	<u>\$ 363,900</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred inflows of resources related to the Health Insurance (single-employer defined benefit plan) will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>
2021	\$ (71,200)	\$ (4,800)
2022	(71,200)	(4,800)
2023	(71,200)	(4,800)
2024	(71,200)	(4,800)
2025	(28,200)	(4,800)
Thereafter	700	57,300

Group Life Insurance:

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.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$62,091 and \$59,442 for the years ended June 30, 2020 and June 30, 2019, respectively and \$172,980 (\$165,055 professional and \$7,925 nonprofessional) and \$167,954 (\$157,754 professional and \$10,200 nonprofessional) from the School Board.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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

At June 30, 2020, the County reported a liability of \$948,859, School Board-Professional employees \$2,518,357 and the School Board Nonprofessional employees \$162,889 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion for the County was .05831% as compared to .05745% at June 30, 2018. At June 30, 2019, the participating employer's proportion for the School Board-Professional was .15476% as compared to .15689% at June 30, 2018. The employer's proportion for the School-Nonprofessional employees was .01001% as compared to .01032% at June 30, 2018.

For the year ended June 30, 2020, the County, School Board-Professional employees and School Board-Nonprofessional employees recognized GLI OPEB expense of \$31,728, \$56,573 and \$1,694. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,105	\$ 12,308
Net difference between projected and actual earnings on GLI OPEB program investments	-	19,490
Change in assumptions	59,905	28,612
Changes in proportion	41,866	-
Employer contributions subsequent to the measurement date	<u>62,091</u>	<u>-</u>
Total	<u>\$ 226,967</u>	<u>\$ 60,410</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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)

School Board - Professional:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 167,486	\$ 32,665
Net difference between projected and actual earnings on GLI OPEB program investments	-	51,729
Change in assumptions	158,994	75,940
Changes in proportion	12,404	28,416
Employer contributions subsequent to the measurement date	<u>165,055</u>	<u>-</u>
Total	\$ <u>503,939</u>	\$ <u>188,750</u>

School Board - Nonprofessional:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,833	\$ 2,112
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,346
Change in assumptions	10,284	4,912
Changes in proportion	-	9,835
Employer contributions subsequent to the measurement date	<u>7,925</u>	<u>-</u>
Total	\$ <u>29,042</u>	\$ <u>20,205</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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)

\$62,091, \$165,055 and \$7,925 (County, School Board-Professional and School Board-Nonprofessional) 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, 2021. 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:

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>	
		<u>Professional</u>	<u>Nonprofessional</u>
2021	\$ 13,158	\$ 7,287	\$ (1,493)
2022	13,159	7,289	(1,493)
2023	21,414	29,198	(76)
2024	27,218	47,214	1,217
2025	23,371	46,486	2,081
Thereafter	6,146	12,660	676

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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%

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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

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

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

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%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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 Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. 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%. 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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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 ended June 30, 2019, 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, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,246,538	\$ 948,859	\$ 707,450
School Board - Professional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 3,308,424	\$ 2,518,357	\$ 1,877,635
School Board - Nonprofessional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 213,991	\$ 162,889	\$ 121,446

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan)

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

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, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$380,674 and \$363,956 for the years ended June 30, 2020 and June 30, 2019, respectively.

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, 2020, the school division reported a liability of \$4,733,696 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee Health Insurance Credit Plan OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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 Health Insurance Credit Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Plan was .36160% as compared to .36852% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$380,780. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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 (Continued)

At June 30, 2020, 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	\$ -	\$ 26,812
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	299	-
Change in assumptions	110,175	32,893
Change in proportion	19,494	78,904
Employer contributions subsequent to the measurement date	<u>380,674</u>	<u>-</u>
Total	<u>\$ 510,642</u>	<u>\$ 138,609</u>

\$380,674 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (4,323)
2022	(4,328)
2023	(2,254)
2024	(2,948)
2025	(698)
Thereafter	5,910

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of 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 OPEB liabilities.

Mortality Rates - Teachers

- Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
- Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
- Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee Health Insurance Credit Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. 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%. 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.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

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

The following presents the school division's proportionate share of the VRS Teacher Employee Health Insurance Credit 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 5,297,810	\$ 4,733,696	\$ 4,254,481

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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 OPEB Information

VRS OPEB Plans:	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
Group Life Insurance Program (Note 16):				
County	\$ 226,967	\$ 60,410	\$ 948,859	\$ 31,728
County Stand-Alone Plan (Note 16)	267,600	579,900	6,493,100	355,900
Totals	<u>\$ 494,567</u>	<u>\$ 640,310</u>	<u>\$ 7,441,959</u>	<u>\$ 387,628</u>
Component Unit School Board				
Group Life Insurance Program (Note 16):				
School Board Nonprofessional	\$ 29,042	\$ 20,205	\$ 162,889	\$ 1,694
School Board Professional	503,939	188,750	2,518,357	56,573
Teacher Health Insurance Credit Program (Note 16)	510,642	138,609	4,733,696	380,780
School Stand-Alone Plan (Note 16)	397,200	363,900	3,076,000	253,500
Totals	<u>\$ 1,440,823</u>	<u>\$ 711,464</u>	<u>\$ 10,490,942</u>	<u>\$ 692,547</u>

NOTE 17—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 17—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 2020 to reporting periods beginning after June 15, 2021.

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

NOTE 18—COMMITMENTS AND CONTINGENCIES:

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

NOTE 19—SUBSEQUENT EVENT:

On September 15, 2020, the Board of Supervisors adopted a resolution authorizing the issuance of a general obligation school bond of the County of Warren, Virginia, to be sold to the Virginia Public School Authority in an amount not to exceed \$42,300,000 for the purpose of refinancing the outstanding principal of the Lease Revenue Refunding Bond, Series 2013B and the General Obligation School Financing Bond, Series 2014.

NOTE 20—COVID-19 PANDEMIC:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 20—COVID-19 PANDEMIC: (CONTINUED)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

NOTE 21— RESTATEMENT OF BEGINNING NET POSITION:

The County restated beginning net position as follows:

	<u>County</u>
Net Position as reported at June 30, 2019	\$ 82,212,198
Capital assets acquired by capital leases in prior year not previously capitalized by County	657,704
Outstanding principal balance of capital leases not previously recorded by County	(549,108)
Correct outstanding balance of LOC for Leach Run project	<u>45,199</u>
Net Position as restated at June 30, 2019	<u><u>\$ 82,365,993</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 51,493,212	\$ 51,749,181	\$ 53,451,742	\$ 1,702,561
Other local taxes	8,497,276	8,575,410	9,138,178	562,768
Permits, privilege fees, and regulatory licenses	556,500	630,496	634,291	3,795
Fines and forfeitures	110,000	110,000	61,725	(48,275)
Revenue from the use of money and property	824,480	824,480	853,027	28,547
Charges for services	2,899,273	2,899,273	2,964,710	65,437
Miscellaneous	325,000	662,998	495,071	(167,927)
Recovered costs	238,122	264,378	253,972	(10,406)
Intergovernmental:				
Local government	-	147,504	147,504	-
Commonwealth	10,985,619	11,884,503	11,481,254	(403,249)
Federal	1,786,698	1,856,598	2,157,922	301,324
Total revenues	\$ 77,716,180	\$ 79,604,821	\$ 81,639,396	\$ 2,034,575
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	\$ 236,902	\$ 1,365,062	\$ 2,404,330	\$ (1,039,268)
County administrator	643,122	651,136	627,555	23,581
County attorney	296,184	226,161	168,365	57,796
Commissioner of revenue	696,482	708,089	683,315	24,774
Reassessment	123,500	123,500	1,882	121,618
Treasurer	541,582	534,435	498,997	35,438
Finance and purchasing	370,562	355,322	296,188	59,134
Electoral board and officials	306,538	314,152	262,463	51,689
Total general government administration	\$ 3,214,872	\$ 4,277,857	\$ 4,943,095	\$ (665,238)
Judicial administration				
Circuit court	\$ 24,868	\$ 23,988	\$ 35,751	\$ (11,763)
General district court	25,984	27,984	17,870	10,114
Special magistrates	5,898	5,991	4,583	1,408
Clerk of the circuit court	543,928	558,689	577,066	(18,377)
Juvenile and domestic relations court	19,365	21,090	18,467	2,623
Sheriff - courts	1,106,080	1,038,615	960,998	77,617
Law library	50,193	53,095	54,093	(998)
Commonwealth's attorney	823,752	940,923	952,916	(11,993)
Total judicial administration	\$ 2,600,068	\$ 2,670,375	\$ 2,621,744	\$ 48,631
Public safety				
Sheriff - law enforcement	\$ 4,133,256	\$ 4,186,199	\$ 4,092,111	\$ 94,088
Work release program	738,805	750,799	725,799	25,000
E - 911 system	585,726	655,023	622,599	32,424
Cost recovery fees	65,000	65,000	66,891	(1,891)
Other fire and rescue costs	324,300	268,664	228,920	39,744
Contributions to fire and rescue squads	974,242	1,034,560	1,024,677	9,883
Emergency services	3,132,372	3,221,657	3,336,947	(115,290)
Disaster reimbursement	-	-	1,977	(1,977)
Regional jail	4,250,000	3,293,067	3,293,067	-
Probation office	67,557	67,557	43,330	24,227
Juvenile detention center	344,769	258,576	344,769	(86,193)
Building	616,112	690,955	669,739	21,216
Animal control	676,977	695,661	685,432	10,229
Medical examiner	500	780	780	-
Total public safety	\$ 15,909,616	\$ 15,188,498	\$ 15,137,038	\$ 51,460

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

Expenditures (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public works				
Management of sanitary districts	\$ 367,138	\$ 371,306	\$ 372,848	\$ (1,542)
Streets and highways	20,748	17,726	17,818	(92)
Refuse collection	869,615	885,472	936,870	(51,398)
Refuse disposal	2,651,975	2,668,952	2,695,473	(26,521)
General properties	1,296,321	1,387,412	1,484,047	(96,635)
Total public works	\$ 5,205,797	\$ 5,330,868	\$ 5,507,056	\$ (176,188)
Health and welfare				
Local health department	\$ 376,824	\$ 376,824	\$ 376,824	\$ -
Northwestern community services	348,463	348,463	348,463	-
Warren association for retarded citizens	2,500	2,500	2,500	-
Public assistance and welfare administration	4,097,871	4,097,871	3,818,576	279,295
Shenandoah area agency on aging	54,000	54,000	54,000	-
Warren county council on domestic violence	12,500	12,500	12,500	-
Other social services	48,989	50,974	52,974	(2,000)
Rental of property - Health and Human Services Complex	161,680	-	-	-
Property tax relief for the elderly and handicapped	-	-	477,464	(477,464)
Children's Services Act	1,816,930	1,817,745	1,678,561	139,184
Total health and welfare	\$ 6,919,757	\$ 6,760,877	\$ 6,821,862	\$ (60,985)
Education				
Contribution to local school board	\$ 26,442,631	\$ 26,442,631	\$ 24,062,266	\$ 2,380,365
Contribution to local school board - capital improvement	-	1,705,391	1,705,391	-
Contributions to community college	41,583	41,583	41,583	-
Total education	\$ 26,484,214	\$ 28,189,605	\$ 25,809,240	\$ 2,380,365
Parks, recreation, and cultural				
Programs and operations	\$ 2,631,225	\$ 2,575,353	\$ 2,225,327	\$ 350,026
Golf club operations	250,559	250,359	381,745	(131,386)
Browntown community center	2,500	2,500	2,500	-
Blue ridge arts council	9,500	9,500	9,500	-
4-H center	3,000	3,000	3,000	-
Other cultural enrichment	-	75,842	75,842	-
Contribution to Samuels Public Library	991,758	991,758	991,758	-
Total parks, recreation and cultural	\$ 3,888,542	\$ 3,908,312	\$ 3,689,672	\$ 218,640
Community development				
Planning and zoning administration	\$ 468,632	\$ 490,386	\$ 419,520	\$ 70,866
Enterprise zone grant - IDA	1,711,586	36,586	-	36,586
Industrial development authority	108,234	108,234	108,234	-
Route 340/522 trolley	25,000	57,000	58,906	(1,906)
Other community development	132,000	132,000	41,882	90,118
Contribution to soil and water conservation district	12,000	12,000	12,000	-
Other environmental management	25,000	25,000	6,530	18,470
Airport Commission operations	189,465	104,597	100,898	3,699
VPI extension service	121,572	123,801	114,737	9,064
Total community development	\$ 2,793,489	\$ 1,089,604	\$ 862,707	\$ 226,897
Nondepartmental				
Retiree medical insurance and unemployment insurance	\$ 133,294	\$ 133,294	\$ 155,126	\$ (21,832)
Route 340/522 Revenue Sharing Agreement Payment	240,000	240,000	258,878	(18,878)
Central equipment and maintenance	175,725	175,725	177,869	(2,144)
Other nondepartmental	449,949	125,609	89,639	35,970
Total nondepartmental	\$ 998,968	\$ 674,628	\$ 681,512	\$ (6,884)

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

Expenditures (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Capital projects				
Economic development	\$ 106,489	\$ 396,193	\$ 396,193	\$ -
Soccer fields	25,000	-	-	-
Fishnet property	150,000	92,500	74,849	17,651
Bing crosby stadium renovations	15,000	15,375	3,651	11,724
Route 522 beautification project	-	2,799	2,799	-
Airport capital projects	200	55,256	49,318	5,938
Building improvement fund	150,000	150,000	105,048	44,952
Purchase of second street property	100,000	104,800	16,260	88,540
Revenue sharing projects	250,000	1,229,233	842,775	386,458
Simpsons Landing	25,000	13,855	17,640	(3,785)
Health and Human Services building	110,000	157,491	-	157,491
Voter registration facility renovations	25,000	206,560	103,348	103,212
School renovations	100,000	129,994	1,167	128,827
Other capital projects	2,903,400	5,129,621	4,624,009	505,612
Total capital projects	\$ 3,960,089	\$ 7,683,677	\$ 6,237,057	\$ 1,446,620
Debt service				
Principal retirement	\$ 6,635,897	\$ 6,635,897	\$ 6,635,897	\$ -
Interest	1,237,951	4,140,718	5,094,224	(953,506)
Total debt service	\$ 7,873,848	\$ 10,776,615	\$ 11,730,121	\$ (953,506)
Total expenditures	\$ 79,849,260	\$ 86,550,916	\$ 84,041,104	\$ 2,509,812
Excess (deficiency) of revenues over (under) expenditures	\$ (2,133,080)	\$ (6,946,095)	\$ (2,401,708)	\$ 4,544,387
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 133,080	\$ 2,172,784	\$ 558,843	\$ (1,613,941)
Transfers out	-	(1,418,910)	(1,411,948)	6,962
Insurance proceeds	-	250,000	250,000	-
Issuance of lease revenue bonds	-	429,704	57,270,000	56,840,296
Payments to refunding bond escrow agent	-	-	(56,766,810)	(56,766,810)
Bond issuance costs	-	-	(503,190)	(503,190)
Total other financing sources (uses)	\$ 133,080	\$ 1,433,578	\$ (603,105)	\$ (2,036,683)
Net change in fund balances	\$ (2,000,000)	\$ (5,512,517)	\$ (3,004,813)	\$ 2,507,704
Fund balances - beginning	2,000,000	5,512,517	18,913,058	13,400,541
Fund balances - ending	\$ -	\$ -	\$ 15,908,245	\$ 15,908,245

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,280,172	1,211,705	\$ 1,198,533	\$ 1,176,281	\$ 1,258,260	\$ 1,300,026
Interest	2,972,645	2,854,513	2,710,955	2,598,660	2,491,805	2,333,930
Differences between expected and actual experience	953,339	(248,388)	264,255	(332,064)	(626,648)	-
Changes in assumptions	1,440,774	-	(158,008)	-	-	-
Benefit payments, including refunds of employee contributions	(2,274,766)	(1,985,707)	(1,944,095)	(1,733,230)	(1,460,618)	(1,296,578)
Net change in total pension liability	\$ 4,372,164	1,832,123	\$ 2,071,640	\$ 1,709,647	\$ 1,662,799	\$ 2,337,378
Total pension liability - beginning	43,603,739	41,771,616	39,699,976	37,990,329	36,327,530	33,990,152
Total pension liability - ending (a)	\$ 47,975,903	43,603,739	\$ 41,771,616	\$ 39,699,976	\$ 37,990,329	\$ 36,327,530
Plan fiduciary net position						
Contributions - employer	\$ 976,942	957,477	\$ 911,215	\$ 1,156,426	\$ 1,111,161	\$ 1,212,641
Contributions - employee	553,276	553,248	528,537	482,585	485,091	486,779
Net investment income	2,764,899	2,896,521	4,306,187	618,544	1,536,746	4,527,083
Benefit payments, including refunds of employee contributions	(2,274,766)	(1,985,707)	(1,944,095)	(1,733,230)	(1,460,618)	(1,296,578)
Administrative expense	(27,486)	(24,860)	(24,834)	(21,587)	(20,580)	(23,831)
Other	(1,743)	(2,587)	(3,839)	(260)	(327)	239
Net change in plan fiduciary net position	\$ 1,991,122	2,394,092	\$ 3,773,171	\$ 502,478	\$ 1,651,473	\$ 4,906,333
Plan fiduciary net position - beginning	41,679,043	39,284,951	35,511,780	35,009,302	33,357,829	28,451,496
Plan fiduciary net position - ending (b)	\$ 43,670,165	41,679,043	\$ 39,284,951	\$ 35,511,780	\$ 35,009,302	\$ 33,357,829
County's net pension liability - ending (a) - (b)	\$ 4,305,738	1,924,696	\$ 2,486,665	\$ 4,188,196	\$ 2,981,027	\$ 2,969,701
Plan fiduciary net position as a percentage of the total pension liability	91.03%	95.59%	94.05%	89.45%	92.15%	91.83%
Covered payroll	\$ 11,424,285	10,904,355	\$ 10,291,665	\$ 9,824,708	\$ 9,411,440	\$ 9,756,199
County's net pension liability as a percentage of covered payroll	37.69%	17.65%	24.16%	42.63%	31.67%	30.44%

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 (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 185,424	\$ 197,650	\$ 196,224	\$ 207,929	\$ 362,362	\$ 363,215
Interest	630,676	609,221	607,042	606,765	580,063	550,481
Differences between expected and actual experience	(405,849)	111,904	(173,660)	(246,769)	15,972	-
Changes in assumptions	225,216	-	(2,908)	-	-	-
Benefit payments, including refunds of employee contributions	(591,881)	(632,661)	(558,464)	(569,479)	(584,416)	(397,751)
Net change in total pension liability	\$ 43,586	\$ 286,114	\$ 68,234	\$ (1,554)	\$ 373,981	\$ 515,945
Total pension liability - beginning	9,305,604	9,019,490	8,951,256	8,952,810	8,578,829	8,062,884
Total pension liability - ending (a)	\$ 9,349,190	\$ 9,305,604	\$ 9,019,490	\$ 8,951,256	\$ 8,952,810	\$ 8,578,829
Plan fiduciary net position						
Contributions - employer	\$ 71,546	\$ 81,242	\$ 82,987	\$ 144,630	\$ 193,055	\$ 330,326
Contributions - employee	89,010	90,635	91,718	90,844	122,376	152,969
Net investment income	647,283	706,784	1,077,002	153,305	411,657	1,232,240
Benefit payments, including refunds of employee contributions	(591,881)	(632,661)	(558,464)	(569,479)	(584,416)	(397,751)
Administrative expense	(6,717)	(6,370)	(6,467)	(5,842)	(5,814)	(6,502)
Other	(405)	(617)	(948)	(66)	(85)	65
Net change in plan fiduciary net position	\$ 208,836	\$ 239,013	\$ 685,828	\$ (186,608)	\$ 136,773	\$ 1,311,347
Plan fiduciary net position - beginning	9,940,106	9,701,093	9,015,265	9,201,873	9,065,100	7,753,753
Plan fiduciary net position - ending (b)	\$ 10,148,942	\$ 9,940,106	\$ 9,701,093	\$ 9,015,265	\$ 9,201,873	\$ 9,065,100
School Division's net pension liability (asset) - ending (a) - (b)	\$ (799,752)	\$ (634,502)	\$ (681,603)	\$ (64,009)	\$ (249,063)	\$ (486,271)
Plan fiduciary net position as a percentage of the total pension liability	108.55%	106.82%	107.56%	100.72%	102.78%	105.67%
Covered payroll	\$ 1,957,816	\$ 1,954,160	\$ 1,973,870	\$ 1,917,874	\$ 2,519,459	\$ 3,059,236
School Division's net pension liability (asset) as a percentage of covered payroll	-40.85%	-32.47%	-34.53%	-3.34%	-9.89%	-15.90%

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 (Asset) VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.35966%	0.36798%	0.36687%	0.36687%	0.37348%	0.38456%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 47,333,300	43,274,000	\$ 45,117,000	\$ 51,414,000	\$ 47,008,000	\$ 46,473,000
Employer's Covered Payroll	30,329,689	29,808,438	28,925,850	27,973,986	27,765,923	28,102,102
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	156.06%	145.17%	155.97%	183.79%	169.30%	165.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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

Pension Plans

For the Years Ended June 30, 2011 through June 30, 2020

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 Employee Payroll (5)
Primary Government					
2020	\$ 1,010,738	\$ 1,010,738	\$ -	\$ 11,927,497	8.47%
2019	978,882	978,882	-	11,424,285	8.57%
2018	957,477	957,477	-	10,904,355	8.78%
2017	909,186	909,186	-	10,291,665	8.83%
2016	1,156,616	1,156,616	-	9,824,708	11.77%
2015	1,116,197	1,116,197	-	9,411,440	11.86%
2014	1,213,671	1,213,671	-	9,756,199	12.44%
2013	1,141,529	1,141,529	-	9,176,281	12.44%
2012	855,686	855,686	-	8,687,175	9.85%
2011	871,107	871,107	-	8,843,723	9.85%
Component Unit School Board (nonprofessional)					
2020	\$ 56,208	\$ 56,208	\$ -	\$ 1,498,545	3.75%
2019	72,021	72,021	-	1,957,816	3.68%
2018	81,242	81,242	-	1,954,160	4.16%
2017	93,424	93,424	-	1,973,870	4.73%
2016	144,913	144,913	-	1,917,874	7.56%
2015	196,770	196,770	-	2,519,459	7.81%
2014	330,703	330,703	-	3,059,236	10.81%
2013	319,901	319,901	-	2,959,307	10.81%
2012	240,422	240,422	-	2,917,748	8.24%
2011	227,316	227,316	-	2,758,693	8.24%
Component Unit School Board (professional) *					
2020	\$ 4,770,146	\$ 4,770,146	\$ -	\$ 31,722,797	15.04%
2019	4,609,126	4,609,126	-	30,329,689	15.20%
2018	4,798,005	4,798,005	-	29,808,438	16.10%
2017	4,624,709	4,624,709	-	28,925,850	15.99%
2016	3,906,383	3,906,383	-	27,973,986	13.96%
2015	4,026,059	4,026,059	-	27,765,923	14.50%

* 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.

Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2020

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government and Component Unit - School Board
Health Insurance (Single-Employer Defined Benefit Plan)
For the Years Ended June 30, 2018 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
County:			
Total OPEB liability			
Service cost	\$ 193,100	239,300	\$ 233,500
Interest	228,200	229,500	217,600
Changes in assumptions	317,100	(3,900)	-
Differences between expected and actual experience	(302,600)	(467,600)	-
Benefit payments	(106,400)	(83,900)	(160,200)
Net change in total OPEB liability	<u>\$ 329,400</u>	<u>(86,600)</u>	<u>\$ 290,900</u>
Total OPEB liability - beginning	<u>6,163,700</u>	<u>6,250,300</u>	<u>5,959,400</u>
Total OPEB liability - ending	<u><u>\$ 6,493,100</u></u>	<u><u>6,163,700</u></u>	<u><u>\$ 6,250,300</u></u>
 Covered employee payroll	 \$ 7,462,700	 7,462,700	 \$ 7,914,900
 County's total OPEB liability (asset) as a percentage of covered employee payroll	 87.01%	 82.59%	 78.97%
 School Board:			
Total OPEB liability			
Service cost	\$ 158,700	171,200	\$ 167,000
Interest	93,800	103,900	97,600
Changes in assumptions	119,900	(208,400)	-
Differences between expected and actual experience	337,500	(285,500)	-
Benefit payments	(133,400)	(56,400)	(126,700)
Net change in total OPEB liability	<u>\$ 576,500</u>	<u>(275,200)</u>	<u>\$ 137,900</u>
Total OPEB liability - beginning	<u>2,499,500</u>	<u>2,774,700</u>	<u>2,636,800</u>
Total OPEB liability - ending	<u><u>\$ 3,076,000</u></u>	<u><u>2,499,500</u></u>	<u><u>\$ 2,774,700</u></u>
 Covered employee payroll	 \$ 29,634,300	 29,634,300	 \$ 28,969,300
 School Boards total OPEB liability (asset) as a percentage of covered employee payroll	 10.38%	 8.43%	 9.58%

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

Notes to Required Supplementary Information
 Primary Government and Component Unit - School Board
 Health Insurance (Single-Employer Defined Benefit Plan)
 For the Year Ended June 30, 2020

Valuation Date: 7/1/2018

Measurement Date: 7/1/2019

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 - County and School Board:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.13% as of July 1, 2019
Healthcare Trend Rate	The healthcare trend rate assumption 6.00% for fiscal year end 2020 and decreases 0.50% per year to an ultimate rate of 5.00%.
Salary Increase Rates	Increases of 2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

Schedule of County's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
County:					
2019	0.05831%	\$ 948,859	\$ 11,431,136	8.30%	52.00%
2018	0.05745%	873,000	10,904,583	8.01%	51.22%
2017	0.05580%	840,000	10,291,665	8.16%	48.86%
School Board - Professional:					
2019	0.15476%	\$ 2,518,357	\$ 30,377,402	8.29%	52.00%
2018	0.15689%	2,383,000	29,831,844	7.99%	51.22%
2017	0.15701%	2,363,000	28,925,850	8.17%	48.86%
School Board - Nonprofessional:					
2019	0.01001%	\$ 162,889	\$ 1,961,498	8.30%	52.00%
2018	0.01032%	156,000	1,961,389	7.95%	51.22%
2017	0.01077%	162,000	1,973,870	8.21%	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
 For the Years Ended June 30, 2017 through June 30, 2030

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)
County:					
2020	\$ 62,091	\$ 62,091	\$ -	\$ 11,940,566	0.52%
2019	59,442	59,442	-	11,431,136	0.52%
2018	56,808	56,808	-	10,904,583	0.52%
2017	53,517	53,517	-	10,291,665	0.52%
School Board - Professional:					
2020	\$ 165,055	\$ 165,055	\$ -	\$ 31,741,298	0.52%
2019	157,754	157,754	-	30,377,402	0.52%
2018	156,196	156,196	-	29,831,844	0.52%
2017	150,599	150,599	-	28,925,850	0.52%
School Board - Nonprofessional:					
2020	\$ 7,925	\$ 7,925	\$ -	\$ 1,524,043	0.52%
2019	10,200	10,200	-	1,961,498	0.52%
2018	10,199	10,199	-	1,961,389	0.52%
2017	10,328	10,328	-	1,973,870	0.52%

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
School Board - Professional:					
2019	0.36160%	\$ 4,733,696	\$ 30,329,689	15.61%	8.97%
2018	0.36852%	4,679,000	29,803,925	15.70%	8.08%
2017	0.36649%	4,649,000	28,925,850	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available.

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2017 through June 30, 2020

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)
School Board - Professional:					
2020	\$ 380,674	\$ 380,674	\$ -	\$ 31,722,797	1.20%
2019	363,956	363,956	-	30,329,689	1.20%
2018	366,378	366,378	-	29,803,925	1.23%
2017	321,046	321,046	-	28,923,040	1.11%

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2020

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

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 School Bond Construction Fund
 For the Year Ended June 30, 2020

	School Bond Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 45,566	\$ 45,566
Total revenues	\$ -	\$ -	\$ 45,566	\$ 45,566
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 2,144,745	\$ (2,144,745)
Total expenditures	\$ -	\$ -	\$ 2,144,745	\$ (2,144,745)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (2,099,179)	\$ (2,099,179)
Net change in fund balances	\$ -	\$ -	\$ (2,099,179)	\$ (2,099,179)
Fund balances - beginning	-	-	2,442,735	2,442,735
Fund balances - ending	\$ -	\$ -	\$ 343,556	\$ 343,556

Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

	<u>Special Revenue Funds</u>
ASSETS	
Receivables (net of allowance for uncollectibles):	
Taxes receivable	\$ 1,783,200
Prepaid items	1,182
Restricted assets:	
Cash and cash equivalents	2,235,719
Total assets	\$ <u>4,020,101</u>
LIABILITIES	
Accounts payable	\$ 81,546
Due to other funds	12,436
Due to component unit	733,286
Total liabilities	\$ <u>827,268</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 1,765,602
Total deferred inflows of resources	\$ <u>1,765,602</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 1,182
Restricted:	
Construction	514,405
Public safety	57,748
Sanitary districts - roads, etc.	853,896
Total fund balances	\$ <u>1,427,231</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>4,020,101</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds
REVENUES	
General property taxes	\$ 2,061,992
Miscellaneous	134,824
Intergovernmental:	
Commonwealth	14,167
Total revenues	<u>\$ 2,210,983</u>
EXPENDITURES	
Current:	
Public safety	\$ 26,741
Public works	1,611,408
Education	733,286
Debt service:	
Principal retirement	30,000
Interest and other fiscal charges	5,027
Total expenditures	<u>\$ 2,406,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (195,479)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 19,840
Transfers out	(623,883)
Total other financing sources (uses)	<u>\$ (604,043)</u>
Net change in fund balances	\$ (799,522)
Fund balances - beginning	2,226,753
Fund balances - ending	<u><u>\$ 1,427,231</u></u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2020

	Drug Forfeiture	Proffers	Sanitary Districts	Total
ASSETS				
Receivables (net of allowance for uncollectibles):				
Taxes receivable	\$ -	\$ -	\$ 1,783,200	\$ 1,783,200
Prepaid items	-	-	1,182	1,182
Restricted assets:				
Cash and cash equivalents	57,748	1,247,691	930,280	2,235,719
Total assets	<u>\$ 57,748</u>	<u>\$ 1,247,691</u>	<u>\$ 2,714,662</u>	<u>\$ 4,020,101</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 81,546	\$ 81,546
Due to other funds	-	-	12,436	12,436
Due to component unit	-	733,286	-	733,286
Total liabilities	<u>\$ -</u>	<u>\$ 733,286</u>	<u>\$ 93,982</u>	<u>\$ 827,268</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ -	\$ -	\$ 1,765,602	\$ 1,765,602
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,765,602</u>	<u>\$ 1,765,602</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ -	\$ -	\$ 1,182	\$ 1,182
Restricted:				
Construction	-	514,405	-	514,405
Public safety	57,748	-	-	57,748
Sanitary districts - roads, etc.	-	-	853,896	853,896
Total fund balances	<u>\$ 57,748</u>	<u>\$ 514,405</u>	<u>\$ 855,078</u>	<u>\$ 1,427,231</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 57,748</u>	<u>\$ 1,247,691</u>	<u>\$ 2,714,662</u>	<u>\$ 4,020,101</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Drug Forfeiture	Proffers	Sanitary Districts	Total
REVENUES				
General property taxes	\$ -	\$ -	\$ 2,061,992	\$ 2,061,992
Miscellaneous	-	26,242	108,582	134,824
Intergovernmental:				
Commonwealth	14,167	-	-	14,167
Total revenues	<u>\$ 14,167</u>	<u>\$ 26,242</u>	<u>\$ 2,170,574</u>	<u>\$ 2,210,983</u>
EXPENDITURES				
Current:				
Public safety	\$ 26,741	\$ -	\$ -	\$ 26,741
Public works	-	-	1,611,408	1,611,408
Education	-	733,286	-	733,286
Debt service:				
Principal retirement	-	-	30,000	30,000
Interest and other fiscal charges	-	-	5,027	5,027
Total expenditures	<u>\$ 26,741</u>	<u>\$ 733,286</u>	<u>\$ 1,646,435</u>	<u>\$ 2,406,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (12,574)</u>	<u>\$ (707,044)</u>	<u>\$ 524,139</u>	<u>\$ (195,479)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 19,840	\$ 19,840
Transfers out	-	-	(623,883)	(623,883)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (604,043)</u>	<u>\$ (604,043)</u>
Net change in fund balances	\$ (12,574)	\$ (707,044)	\$ (79,904)	\$ (799,522)
Fund balances - beginning	70,322	1,221,449	934,982	2,226,753
Fund balances - ending	<u>\$ 57,748</u>	<u>\$ 514,405</u>	<u>\$ 855,078</u>	<u>\$ 1,427,231</u>

COUNTY OF WARREN, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Drug Forfeiture			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	14,167	14,167
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,167</u>	<u>\$ 14,167</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 26,741	\$ (26,741)
Public works	-	-	-	-
Education	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,741</u>	<u>\$ (26,741)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,574)</u>	<u>\$ (12,574)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (12,574)	\$ (12,574)
Fund balances - beginning	-	-	70,322	70,322
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,748</u>	<u>\$ 57,748</u>

Proffers				Sanitary Districts			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 1,886,750	\$ 1,886,750	\$ 2,061,992	\$ 175,242
-	-	26,242	26,242	-	4,721	108,582	103,861
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 26,242	\$ 26,242	\$ 1,886,750	\$ 1,891,471	\$ 2,170,574	\$ 279,103
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,752,172	1,618,450	1,611,408	7,042
-	733,286	733,286	-	-	-	-	-
-	-	-	-	30,000	30,000	30,000	-
-	-	-	-	6,500	5,027	5,027	-
\$ -	\$ 733,286	\$ 733,286	\$ -	\$ 1,788,672	\$ 1,653,477	\$ 1,646,435	\$ 7,042
\$ -	\$ (733,286)	\$ (707,044)	\$ 26,242	\$ 98,078	\$ 237,994	\$ 524,139	\$ 286,145
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,840	\$ 19,840	\$ -
-	-	-	-	(98,078)	(646,302)	(623,883)	22,419
\$ -	\$ -	\$ -	\$ -	\$ (98,078)	\$ (626,462)	\$ (604,043)	\$ 22,419
\$ -	\$ (733,286)	\$ (707,044)	\$ 26,242	\$ -	\$ (388,468)	\$ (79,904)	\$ 308,564
-	733,286	1,221,449	488,163	-	388,468	934,982	546,514
\$ -	\$ -	\$ 514,405	\$ 514,405	\$ -	\$ -	\$ 855,078	\$ 855,078

Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2020

	Private-Purpose Trust Funds						
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
ASSETS							
Cash and cash equivalents	\$ 9	\$ 5,565	\$ 69,974	\$ 189,272	\$ 3,530	\$ 1,650	\$ 270,000
Total assets	<u>\$ 9</u>	<u>\$ 5,565</u>	<u>\$ 69,974</u>	<u>\$ 189,272</u>	<u>\$ 3,530</u>	<u>\$ 1,650</u>	<u>\$ 270,000</u>
NET POSITION							
Held in trust for:							
Reserved for scholarships	\$ 9	\$ 5,565	\$ 69,974	\$ 189,272	\$ 3,530	\$ 1,650	\$ 270,000
Total net position	<u>\$ 9</u>	<u>\$ 5,565</u>	<u>\$ 69,974</u>	<u>\$ 189,272</u>	<u>\$ 3,530</u>	<u>\$ 1,650</u>	<u>\$ 270,000</u>

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2020

	Private-Purpose Trust Funds						
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
ADDITIONS							
Revenue from the use of money	\$ -	\$ 70	\$ -	\$ 5,630	\$ 11,200	\$ -	\$ 16,900
Miscellaneous	-	-	2,205	4,400	-	9	6,614
Total additions	\$ -	\$ 70	\$ 2,205	\$ 10,030	\$ 11,200	\$ 9	\$ 23,514
DEDUCTIONS							
Scholarships	\$ -	\$ -	\$ 2,000	\$ 2,250	\$ 6,000	\$ -	\$ 10,250
Total deductions	\$ -	\$ -	\$ 2,000	\$ 2,250	\$ 6,000	\$ -	\$ 10,250
Change in net position	\$ -	\$ 70	\$ 205	\$ 7,780	\$ 5,200	\$ 9	\$ 13,264
Total net position - beginning	9	5,495	69,769	181,492	(1,670)	1,641	256,736
Total net position - ending	\$ 9	\$ 5,565	\$ 69,974	\$ 189,272	\$ 3,530	\$ 1,650	\$ 270,000

COUNTY OF WARREN, VIRGINIA

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2020

	Agency Funds					
	Special Welfare Fund	Undistributed Local Sales Tax Fund	Flexible Spending Fund	North Warren Fire Department Building Fund	North Warren Fire Department Fund	Shenandoah Farms Vol. Fire Department Fund
ASSETS						
Cash and cash equivalents	\$ 29,994	\$ -	\$ 17,757	\$ 151,324	\$ 21,418	\$ 235,895
Due from other governmental units	-	1,089,337	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total assets	<u>\$ 29,994</u>	<u>\$ 1,089,337</u>	<u>\$ 17,757</u>	<u>\$ 151,324</u>	<u>\$ 21,418</u>	<u>\$ 235,895</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,401	\$ 1,964
Amounts held for social services clients	29,994	-	-	-	-	-
Due to general fund	-	882,254	5,000	-	-	-
Due to other governmental units	-	207,083	-	-	-	-
Amounts held for others	-	-	12,757	151,324	19,017	233,931
Total liabilities	<u>\$ 29,994</u>	<u>\$ 1,089,337</u>	<u>\$ 17,757</u>	<u>\$ 151,324</u>	<u>\$ 21,418</u>	<u>\$ 235,895</u>

South Warren Vol. Fire Department Fund	Shenandoah Shores Vol. Fire Department Fund	Linden Vol. Fire Department Fund	Fortsmouth Vol. Fire Department Fund	Skyline Regional Criminal Justice Training Academy	Celebrate Shenandoah	Total
\$ 34,847	\$ 14,256	\$ (38,983)	\$ 10,526	\$ 353,963	\$ 11,002	\$ 841,999
-	-	-	-	-	-	1,089,337
-	-	-	-	1,847	-	1,847
<u>\$ 34,847</u>	<u>\$ 14,256</u>	<u>\$ (38,983)</u>	<u>\$ 10,526</u>	<u>\$ 355,810</u>	<u>\$ 11,002</u>	<u>\$ 1,933,183</u>
\$ 1,187	\$ 11,241	\$ 12,814	\$ 795	\$ 8,098	\$ -	\$ 38,500
-	-	-	-	-	-	29,994
-	-	-	-	-	-	887,254
-	-	-	-	-	-	207,083
33,660	3,015	(51,797)	9,731	347,712	11,002	770,352
<u>\$ 34,847</u>	<u>\$ 14,256</u>	<u>\$ (38,983)</u>	<u>\$ 10,526</u>	<u>\$ 355,810</u>	<u>\$ 11,002</u>	<u>\$ 1,933,183</u>

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Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	\$ 26,222	\$ 40,951	\$ 37,179	\$ 29,994
Total assets	<u>\$ 26,222</u>	<u>\$ 40,951</u>	<u>\$ 37,179</u>	<u>\$ 29,994</u>
LIABILITIES				
Amounts held for social services clients	\$ 26,222	\$ 40,951	\$ 37,179	\$ 29,994
Total liabilities	<u>\$ 26,222</u>	<u>\$ 40,951</u>	<u>\$ 37,179</u>	<u>\$ 29,994</u>
Undistributed Local Sales Tax Fund:				
ASSETS				
Due from other governmental units	\$ 893,926	\$ 5,845,682	\$ 5,650,271	\$ 1,089,337
Total assets	<u>\$ 893,926</u>	<u>\$ 5,845,682</u>	<u>\$ 5,650,271</u>	<u>\$ 1,089,337</u>
LIABILITIES				
Due to other governmental units	\$ 171,979	\$ 1,109,677	\$ 1,074,573	\$ 207,083
Due to general fund	721,947	4,736,005	4,575,698	882,254
Total liabilities	<u>\$ 893,926</u>	<u>\$ 5,845,682</u>	<u>\$ 5,650,271</u>	<u>\$ 1,089,337</u>
Flexible Spending Fund:				
ASSETS				
Cash and cash equivalents	\$ 9,548	\$ 8,209	\$ -	\$ 17,757
Total assets	<u>\$ 9,548</u>	<u>\$ 8,209</u>	<u>\$ -</u>	<u>\$ 17,757</u>
LIABILITIES				
Due to general fund	\$ 5,000	\$ -	\$ -	\$ 5,000
Amounts held for others	4,548	8,209	-	12,757
Total liabilities	<u>\$ 9,548</u>	<u>\$ 8,209</u>	<u>\$ -</u>	<u>\$ 17,757</u>
North Warren Fire Department Building Fund:				
ASSETS				
Cash and cash equivalents	\$ 107,732	\$ 43,592	\$ -	\$ 151,324
Total assets	<u>\$ 107,732</u>	<u>\$ 43,592</u>	<u>\$ -</u>	<u>\$ 151,324</u>
LIABILITIES				
Amounts held for others	\$ 107,732	\$ 43,592	\$ -	\$ 151,324
Total liabilities	<u>\$ 107,732</u>	<u>\$ 43,592</u>	<u>\$ -</u>	<u>\$ 151,324</u>
North Warren Fire Department Fund:				
ASSETS				
Cash and cash equivalents	\$ 19,032	\$ 63,827	\$ 61,441	\$ 21,418
Total assets	<u>\$ 19,032</u>	<u>\$ 63,827</u>	<u>\$ 61,441</u>	<u>\$ 21,418</u>
LIABILITIES				
Amounts held for others	\$ 17,562	\$ 63,827	\$ 62,372	\$ 19,017
Accounts payable	1,470	2,401	1,470	2,401
Total liabilities	<u>\$ 19,032</u>	<u>\$ 66,228</u>	<u>\$ 63,842</u>	<u>\$ 21,418</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Shenandoah Farms Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	\$ 187,980	\$ 91,392	\$ 43,477	\$ 235,895
Total assets	<u>\$ 187,980</u>	<u>\$ 91,392</u>	<u>\$ 43,477</u>	<u>\$ 235,895</u>
LIABILITIES				
Amounts held for others	\$ 185,944	\$ 91,392	\$ 43,405	\$ 233,931
Accounts payable	2,036	1,964	2,036	1,964
Total liabilities	<u>\$ 187,980</u>	<u>\$ 93,356</u>	<u>\$ 45,441</u>	<u>\$ 235,895</u>
South Warren Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	\$ 24,506	\$ 67,361	\$ 57,020	\$ 34,847
Total assets	<u>\$ 24,506</u>	<u>\$ 67,361</u>	<u>\$ 57,020</u>	<u>\$ 34,847</u>
LIABILITIES				
Amounts held for others	\$ 17,955	\$ 67,361	\$ 51,656	\$ 33,660
Accounts payable	6,551	1,187	6,551	1,187
Total liabilities	<u>\$ 24,506</u>	<u>\$ 68,548</u>	<u>\$ 58,207</u>	<u>\$ 34,847</u>
Shenandoah Shores Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	\$ 4,369	\$ 63,827	\$ 53,940	\$ 14,256
Total assets	<u>\$ 4,369</u>	<u>\$ 63,827</u>	<u>\$ 53,940</u>	<u>\$ 14,256</u>
LIABILITIES				
Amounts held for others	\$ 4,077	\$ 63,827	\$ 64,889	\$ 3,015
Accounts payable	292	11,241	292	11,241
Total liabilities	<u>\$ 4,369</u>	<u>\$ 75,068</u>	<u>\$ 65,181</u>	<u>\$ 14,256</u>
Linden Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	\$ (33,682)	\$ 63,827	\$ 69,128	\$ (38,983)
Total assets	<u>\$ (33,682)</u>	<u>\$ 63,827</u>	<u>\$ 69,128</u>	<u>\$ (38,983)</u>
LIABILITIES				
Amounts held for others	\$ (35,802)	\$ 63,827	\$ 79,822	\$ (51,797)
Accounts payable	2,120	12,814	2,120	12,814
Total liabilities	<u>\$ (33,682)</u>	<u>\$ 76,641</u>	<u>\$ 81,942</u>	<u>\$ (38,983)</u>
Fortsmouth Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	\$ 35,035	\$ 63,827	\$ 88,336	\$ 10,526
Total assets	<u>\$ 35,035</u>	<u>\$ 63,827</u>	<u>\$ 88,336</u>	<u>\$ 10,526</u>
LIABILITIES				
Amounts held for others	\$ 33,249	\$ 63,827	\$ 87,345	\$ 9,731
Accounts payable	1,786	795	1,786	795
Total liabilities	<u>\$ 35,035</u>	<u>\$ 64,622</u>	<u>\$ 89,131</u>	<u>\$ 10,526</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Skyline Regional Criminal Justice Training Academy				
ASSETS				
Cash and cash equivalents	\$ 229,081	\$ 584,750	\$ 459,868	\$ 353,963
Prepaid expenses	1,954	1,847	1,954	1,847
Total assets	<u>\$ 231,035</u>	<u>\$ 586,597</u>	<u>\$ 461,822</u>	<u>\$ 355,810</u>
LIABILITIES				
Amounts held for others	\$ 226,726	\$ 584,750	\$ 463,764	\$ 347,712
Accounts payable	4,309	8,098	4,309	8,098
Total liabilities	<u>\$ 231,035</u>	<u>\$ 592,848</u>	<u>\$ 468,073</u>	<u>\$ 355,810</u>
Celebrate Shenandoah				
ASSETS				
Cash and cash equivalents	\$ 11,002	\$ -	\$ -	\$ 11,002
Total assets	<u>\$ 11,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,002</u>
LIABILITIES				
Amounts held for others	\$ 11,002	\$ -	\$ -	\$ 11,002
Total liabilities	<u>\$ 11,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,002</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 620,825	\$ 1,091,563	\$ 870,389	\$ 841,999
Due from other governmental units	893,926	5,845,682	5,650,271	1,089,337
Prepaid expenses	1,954	1,847	1,954	1,847
Total assets	<u>\$ 1,516,705</u>	<u>\$ 6,939,092</u>	<u>\$ 6,522,614</u>	<u>\$ 1,933,183</u>
LIABILITIES				
Accounts payable	\$ 18,564	\$ 38,500	\$ 18,564	\$ 38,500
Amounts held for social services clients	26,222	40,951	37,179	29,994
Due to general fund	726,947	4,736,005	4,575,698	887,254
Due to other governmental units	171,979	1,109,677	1,074,573	207,083
Amounts held for others	572,993	1,050,612	853,253	770,352
Total liabilities	<u>\$ 1,516,705</u>	<u>\$ 6,975,745</u>	<u>\$ 6,559,267</u>	<u>\$ 1,933,183</u>

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,589,795	\$ 761,137	\$ 498,769	\$ 89,457	\$ -	\$ 2,939,158
Accounts receivable	292,453	-	-	-	-	292,453
Due from other funds	-	83,015	-	-	-	83,015
Due from primary government	-	-	2,438,677	-	-	2,438,677
Due from other governmental units	1,938,539	-	-	-	-	1,938,539
Total assets	<u>\$ 3,820,787</u>	<u>\$ 844,152</u>	<u>\$ 2,937,446</u>	<u>\$ 89,457</u>	<u>\$ -</u>	<u>\$ 7,691,842</u>
LIABILITIES						
Accounts payable	\$ 186,374	\$ 100,723	\$ -	\$ -	\$ -	\$ 287,097
Accrued liabilities	2,636,831	-	-	-	-	2,636,831
Due to other funds	83,015	-	-	-	-	83,015
Due to primary government	914,567	-	-	-	-	914,567
Total liabilities	<u>\$ 3,820,787</u>	<u>\$ 100,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,921,510</u>
FUND BALANCES						
Committed:						
Education - capital improvements	\$ -	\$ -	\$ 2,937,446	\$ 89,457	\$ -	\$ 3,026,903
Assigned:						
Education	-	743,429	-	-	-	743,429
Total fund balances	<u>\$ -</u>	<u>\$ 743,429</u>	<u>\$ 2,937,446</u>	<u>\$ 89,457</u>	<u>\$ -</u>	<u>\$ 3,770,332</u>
Total liabilities and fund balances	<u>\$ 3,820,787</u>	<u>\$ 844,152</u>	<u>\$ 2,937,446</u>	<u>\$ 89,457</u>	<u>\$ -</u>	<u>\$ 7,691,842</u>

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

Total fund balances per above \$ 3,770,332

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

Capital assets	\$ 35,980,619	
Accumulated depreciation	<u>(20,218,022)</u>	15,762,597

The net pension asset is not an available resource and, therefore, is not reported in the funds - Nonprofessional group 799,752

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in School Board activities in the statement of net position. 651,708

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

Pension related items	\$ 9,724,143	
OPEB related items	<u>1,440,823</u>	11,164,966

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

Pension related items	\$ (5,596,718)	
OPEB related items	<u>(711,464)</u>	(6,308,182)

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

Compensated absences	\$ (1,991,726)	
Net pension liability - professional group	(47,333,300)	
Net OPEB liability	<u>(10,490,942)</u>	(59,815,968)

Net position of governmental activities \$ (33,974,795)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2020

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	\$ 28,166	\$ -	\$ -	\$ -	\$ -	\$ 28,166
Charges for services	460,551	958,547	-	-	-	1,419,098
Miscellaneous	105,534	-	5,000	-	-	110,534
Intergovernmental:						
Local government	24,062,266	-	2,828,279	-	-	26,890,545
Commonwealth	30,468,760	-	-	-	-	30,468,760
Federal	4,881,386	-	-	-	-	4,881,386
Total revenues	<u>\$ 60,006,663</u>	<u>\$ 958,547</u>	<u>\$ 2,833,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,798,489</u>
EXPENDITURES						
Current:						
Education	\$ 57,021,632	\$ 2,654,758	\$ -	\$ 6,651	\$ 143,110	\$ 59,826,151
Capital projects	255,954	-	1,300	-	-	257,254
Debt service:						
Principal retirement	273,000	-	-	-	-	273,000
Interest and other fiscal charges	336,446	-	-	-	-	336,446
Total expenditures	<u>\$ 57,887,032</u>	<u>\$ 2,654,758</u>	<u>\$ 1,300</u>	<u>\$ 6,651</u>	<u>\$ 143,110</u>	<u>\$ 60,692,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,119,631</u>	<u>\$ (1,696,211)</u>	<u>\$ 2,831,979</u>	<u>\$ (6,651)</u>	<u>\$ (143,110)</u>	<u>\$ 3,105,638</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 2,119,631	\$ -	\$ -	\$ -	\$ 2,119,631
Transfers out	(2,119,631)	-	-	-	-	(2,119,631)
Total other financing sources (uses)	<u>\$ (2,119,631)</u>	<u>\$ 2,119,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 423,420	\$ 2,831,979	\$ (6,651)	\$ (143,110)	\$ 3,105,638
Fund balances - beginning	-	320,009	105,467	96,108	143,110	664,694
Fund balances - ending	<u>\$ -</u>	<u>\$ 743,429</u>	<u>\$ 2,937,446</u>	<u>\$ 89,457</u>	<u>\$ -</u>	<u>\$ 3,770,332</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:						
Net change in fund balances - total governmental funds - per above						\$ 3,105,638
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are adjustments related to capital assets reported in the current period.						
Capital asset additions				\$ 123,022		
Depreciation expense				(841,838)		(718,816)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.						
OPEB expense				\$ (93)		
Pension expense				313,170		
(Increase) decrease in compensated absences				(369,179)		(56,102)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.						
						546,741
Change in net position of governmental activities						<u>\$ 2,877,461</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 28,166	\$ 28,166	\$ 28,166	\$ -
Charges for services	460,551	460,551	460,551	-
Miscellaneous	324,854	500,202	105,534	(394,668)
Intergovernmental:				
Local government	26,442,631	26,442,631	24,062,266	(2,380,365)
Commonwealth	29,648,541	30,182,911	30,468,760	285,849
Federal	2,188,334	2,188,334	4,881,386	2,693,052
Total revenues	\$ 59,093,077	\$ 59,802,795	\$ 60,006,663	\$ 203,868
EXPENDITURES				
Current:				
Education	\$ 57,595,284	\$ 57,439,602	\$ 57,021,632	\$ 417,970
Capital projects	-	255,954	255,954	-
Debt service:				
Principal retirement	-	273,000	273,000	-
Interest and other fiscal charges	-	336,446	336,446	-
Total expenditures	\$ 57,595,284	\$ 58,305,002	\$ 57,887,032	\$ 417,970
Excess (deficiency) of revenues over (under) expenditures	\$ 1,497,793	\$ 1,497,793	\$ 2,119,631	\$ 621,838
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(1,497,793)	(1,497,793)	(2,119,631)	(621,838)
Total other financing sources (uses)	\$ (1,497,793)	\$ (1,497,793)	\$ (2,119,631)	\$ (621,838)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				Capital Improvements Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,312,007	1,312,007	958,547	(353,460)	-	-	-	-
-	-	-	-	-	-	5,000	5,000
-	-	-	-	-	1,752,079	2,828,279	1,076,200
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 1,312,007	\$ 1,312,007	\$ 958,547	\$ (353,460)	\$ -	\$ 1,752,079	\$ 2,833,279	\$ 1,081,200
\$ 2,809,800	\$ 2,809,800	\$ 2,654,758	\$ 155,042	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,752,079	1,300	1,750,779
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 2,809,800	\$ 2,809,800	\$ 2,654,758	\$ 155,042	\$ -	\$ 1,752,079	\$ 1,300	\$ 1,750,779
\$ (1,497,793)	\$ (1,497,793)	\$ (1,696,211)	\$ (198,418)	\$ -	\$ -	\$ 2,831,979	\$ 2,831,979
\$ 1,497,793	\$ 1,497,793	\$ 2,119,631	\$ 621,838	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ 1,497,793	\$ 1,497,793	\$ 2,119,631	\$ 621,838	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 423,420	\$ 423,420	\$ -	\$ -	\$ 2,831,979	\$ 2,831,979
-	-	320,009	320,009	-	-	105,467	105,467
\$ -	\$ -	\$ 743,429	\$ 743,429	\$ -	\$ -	\$ 2,937,446	\$ 2,937,446

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board

	Vocational Building Fund				School Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Local government	-	-	-	-	-	-	-	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES								
Current:								
Education	\$ -	\$ -	\$ 6,651	\$ (6,651)	\$ -	\$ -	\$ 143,110	\$ (143,110)
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 6,651	\$ (6,651)	\$ -	\$ -	\$ 143,110	\$ (143,110)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (6,651)	\$ (6,651)	\$ -	\$ -	\$ (143,110)	\$ (143,110)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (6,651)	\$ (6,651)	\$ -	\$ -	\$ (143,110)	\$ (143,110)
Fund balances - beginning	-	-	96,108	96,108	-	-	143,110	143,110
Fund balances - ending	\$ -	\$ -	\$ 89,457	\$ 89,457	\$ -	\$ -	\$ -	\$ -

Statement of Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
June 30, 2020

	Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 651,708
Total assets	<u>\$ 651,708</u>
NET POSITION	
Unrestricted	\$ 651,708
Total net position	<u><u>\$ 651,708</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	<u>Health Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 7,085,102
Total operating revenues	<u>\$ 7,085,102</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 6,538,111
Total operating expenses	<u>\$ 6,538,111</u>
Operating income (loss)	<u>\$ 546,991</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>\$ (250)</u>
Change in net position	\$ 546,741
Total net position - beginning	104,967
Total net position - ending	<u><u>\$ 651,708</u></u>

Statement of Cash Flows
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 7,085,102
Payments for claims	(6,538,111)
Net cash provided by (used for) operating activities	<u>\$ 546,991</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Other	\$ (250)
Net cash provided by (used for) investing activities	<u>\$ (250)</u>
Net increase (decrease) in cash and cash equivalents	\$ 546,741
Cash and cash equivalents - beginning	104,967
Cash and cash equivalents - ending	<u><u>\$ 651,708</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 546,991
Net cash provided by (used for) operating activities	<u><u>\$ 546,991</u></u>

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Supporting Schedules

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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	\$ 30,784,932	\$ 30,784,932	\$ 31,991,853	\$ 1,206,921
Real and personal public service corporation taxes	6,157,000	6,157,000	7,000,793	843,793
Personal property taxes	12,058,780	12,058,780	11,926,302	(132,478)
Mobile home taxes	7,500	7,500	8,391	891
Machinery and tools taxes	1,413,000	1,668,969	1,575,439	(93,530)
Rollback taxes	-	-	75,539	75,539
Mineral rights	2,000	2,000	3,281	1,281
Penalties	600,000	600,000	520,226	(79,774)
Interest	450,000	450,000	349,918	(100,082)
Total general property taxes	\$ 51,493,212	\$ 51,749,181	\$ 53,451,742	\$ 1,702,561
Other local taxes:				
Local sales and use taxes	\$ 4,027,276	\$ 4,027,276	\$ 4,575,698	\$ 548,422
Consumers' utility taxes	760,000	760,000	741,898	(18,102)
E-911 telephone taxes	45,000	123,134	123,134	-
Business license taxes	875,000	875,000	977,580	102,580
Motor vehicle licenses	940,000	940,000	850,319	(89,681)
Taxes on recordation and wills	630,000	630,000	761,318	131,318
Hotel and motel room taxes	220,000	220,000	210,189	(9,811)
Meal taxes	1,000,000	1,000,000	898,042	(101,958)
Total other local taxes	\$ 8,497,276	\$ 8,575,410	\$ 9,138,178	\$ 562,768
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 45,000	\$ 45,000	\$ 32,557	\$ (12,443)
Building and related permits	375,000	448,996	380,975	(68,021)
Zoning, subdivision fees and rezoning permits	30,000	30,000	31,518	1,518
Land use application fees	-	-	430	430
Transfer fees	1,500	1,500	1,807	307
Weapon permits	-	-	34,613	34,613
Bank franchise fees	10,000	10,000	43,694	33,694
Septage fees	95,000	95,000	106,144	11,144
Other fees	-	-	2,553	2,553
Total permits, privilege fees, and regulatory licenses	\$ 556,500	\$ 630,496	\$ 634,291	\$ 3,795
Fines and forfeitures:				
Court fines and forfeitures	\$ 110,000	\$ 110,000	\$ 58,350	\$ (51,650)
Other fines	-	-	3,375	3,375
Total fines and forfeitures	\$ 110,000	\$ 110,000	\$ 61,725	\$ (48,275)
Revenue from use of money and property:				
Revenue from use of money	\$ 440,000	\$ 440,000	\$ 517,378	\$ 77,378
Revenue from use of property	384,480	384,480	335,649	(48,831)
Total revenue from use of money and property	\$ 824,480	\$ 824,480	\$ 853,027	\$ 28,547

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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)				
Charges for services:				
Excess fees of clerk	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Sheriff's fees	-	-	2,396	2,396
Courthouse security fees	70,000	70,000	45,530	(24,470)
Administrative fee	225,000	225,000	169,867	(55,133)
Charges for Commonwealth's Attorney	4,200	4,200	4,426	226
Airport hangar rental fees and fuel sales	194,423	194,423	186,933	(7,490)
Charges for sanitation and waste removal	1,150,000	1,150,000	1,228,912	78,912
Other charges for services	22,500	22,500	26,039	3,539
Golf club membership dues, golf fees, shop sales	123,000	123,000	111,534	(11,466)
Parks and rec user fees	338,650	338,650	178,290	(160,360)
Courthouse maintenance fees	40,000	40,000	31,343	(8,657)
Cost recovery	700,000	700,000	967,994	267,994
Charges for law library	24,000	24,000	8,286	(15,714)
Other court charges	-	-	3,160	3,160
Total charges for services	\$ 2,899,273	\$ 2,899,273	\$ 2,964,710	\$ 65,437
Miscellaneous:				
Miscellaneous	\$ 235,000	\$ 572,998	\$ 438,366	\$ (134,632)
Sale of recyclable materials	90,000	90,000	56,705	(33,295)
Total miscellaneous	\$ 325,000	\$ 662,998	\$ 495,071	\$ (167,927)
Recovered costs:				
Other recovered costs	\$ 220,122	\$ 246,378	\$ 213,750	\$ (32,628)
Expenditure refunds	18,000	18,000	40,222	22,222
Total recovered costs	\$ 238,122	\$ 264,378	\$ 253,972	\$ (10,406)
Total revenue from local sources	\$ 64,943,863	\$ 65,716,216	\$ 67,852,716	\$ 2,136,500
Intergovernmental:				
Revenue from Local Government				
Town of Front Royal - project costs	\$ -	\$ 147,504	\$ 147,504	\$ -
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 60,000	\$ 60,000	\$ 62,244	\$ 2,244
Mobile home titling tax	1,000	1,000	12,707	11,707
State recordation tax	150,000	150,000	115,517	(34,483)
Personal property tax relief funds	4,541,220	4,541,220	4,541,220	-
Communication taxes	900,000	900,000	738,247	(161,753)
Total noncategorical aid	\$ 5,652,220	\$ 5,652,220	\$ 5,469,935	\$ (182,285)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 431,943	\$ 431,943	\$ 488,698	\$ 56,755
Sheriff	1,762,633	1,762,633	1,751,230	(11,403)
Commissioner of revenue	161,915	161,915	161,757	(158)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

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 Commonwealth: (Continued)				
Categorical aid: (Continued)				
Shared expenses: (Continued)				
Treasurer	\$ 121,748	\$ 121,748	\$ 111,920	\$ (9,828)
Registrar/electoral board	40,000	40,000	68,361	28,361
Clerk of the Circuit Court	313,842	313,842	333,649	19,807
Total shared expenses	<u>\$ 2,832,081</u>	<u>\$ 2,832,081</u>	<u>\$ 2,915,615</u>	<u>\$ 83,534</u>
Other categorical aid:				
Welfare administration and public assistance	\$ 1,192,677	\$ 1,192,677	\$ 1,131,478	\$ (61,199)
Children services act	1,040,442	1,040,442	866,288	(174,154)
Emergency medical services	42,855	42,855	-	(42,855)
Litter control grant	-	10,842	10,842	-
Abandoned vehicle program	20,000	20,000	2,950	(17,050)
VA domestic violence victims grant	45,000	45,000	45,000	-
Victim-witness grant	16,000	16,000	15,054	(946)
Fire programs funds	77,344	77,344	84,261	6,917
Juvenile crime control	35,000	35,000	36,630	1,630
Airport grants	-	10,942	9,894	(1,048)
Revenue sharing	-	832,030	832,030	-
Other categorical aid	32,000	77,070	61,277	(15,793)
Total other categorical aid	<u>\$ 2,501,318</u>	<u>\$ 3,400,202</u>	<u>\$ 3,095,704</u>	<u>\$ (304,498)</u>
Total categorical aid	<u>\$ 5,333,399</u>	<u>\$ 6,232,283</u>	<u>\$ 6,011,319</u>	<u>\$ (220,964)</u>
Total revenue from the Commonwealth	<u>\$ 10,985,619</u>	<u>\$ 11,884,503</u>	<u>\$ 11,481,254</u>	<u>\$ (403,249)</u>
Revenue from the Federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 52,500	\$ 52,500	\$ 58,620	\$ 6,120
Total noncategorical aid	<u>\$ 52,500</u>	<u>\$ 52,500</u>	<u>\$ 58,620</u>	<u>\$ 6,120</u>
Categorical aid:				
Welfare administration and public assistance	\$ 1,686,198	\$ 1,686,198	\$ 2,009,396	\$ 323,198
Juvenile justice and delinquency prevention	-	1,985	1,985	-
Emergency management performance grant	-	13,837	7,949	(5,888)
Disaster grants - Public Assistance	-	3,463	-	(3,463)
Crime victims assistance	48,000	48,000	29,357	(18,643)
Airport improvement program	-	50,615	50,615	-
Total categorical aid	<u>\$ 1,734,198</u>	<u>\$ 1,804,098</u>	<u>\$ 2,099,302</u>	<u>\$ 295,204</u>
Total revenue from the federal government	<u>\$ 1,786,698</u>	<u>\$ 1,856,598</u>	<u>\$ 2,157,922</u>	<u>\$ 301,324</u>
Total General Fund	<u>\$ 77,716,180</u>	<u>\$ 79,604,821</u>	<u>\$ 81,639,396</u>	<u>\$ 2,034,575</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Drug Forfeiture Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Drug forfeiture funds	\$ -	\$ -	\$ 14,167	\$ 14,167
Total categorical aid	\$ -	\$ -	\$ 14,167	\$ 14,167
Total revenue from the Commonwealth	\$ -	\$ -	\$ 14,167	\$ 14,167
Total Drug Forfeiture Fund	\$ -	\$ -	\$ 14,167	\$ 14,167
Proffers Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 26,242	\$ 26,242
Total miscellaneous	\$ -	\$ -	\$ 26,242	\$ 26,242
Total revenue from local sources	\$ -	\$ -	\$ 26,242	\$ 26,242
Total Proffers Fund	\$ -	\$ -	\$ 26,242	\$ 26,242
Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 1,886,750	\$ 1,886,750	\$ 2,061,992	\$ 175,242
Total general property taxes	\$ 1,886,750	\$ 1,886,750	\$ 2,061,992	\$ 175,242
Miscellaneous:				
New construction fee	\$ -	\$ 4,721	\$ 108,582	\$ 103,861
Total miscellaneous	\$ -	\$ 4,721	\$ 108,582	\$ 103,861
Total revenue from local sources	\$ 1,886,750	\$ 1,891,471	\$ 2,170,574	\$ 279,103
Total Sanitary District Fund	\$ 1,886,750	\$ 1,891,471	\$ 2,170,574	\$ 279,103
Capital Projects Funds:				
School Bond Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 45,566	\$ 45,566
Total revenue from use of money and property	\$ -	\$ -	\$ 45,566	\$ 45,566
Total revenue from local sources	\$ -	\$ -	\$ 45,566	\$ 45,566
Total School Bond Construction Fund	\$ -	\$ -	\$ 45,566	\$ 45,566
Total Primary Government	\$ 79,602,930	\$ 81,496,292	\$ 83,895,945	\$ 2,399,653

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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	\$ 28,166	\$ 28,166	\$ 28,166	\$ -
Total revenue from use of money and property	\$ 28,166	\$ 28,166	\$ 28,166	\$ -
Charges for services:				
Other charges for services	\$ 460,551	\$ 460,551	\$ 460,551	\$ -
Total charges for services	\$ 460,551	\$ 460,551	\$ 460,551	\$ -
Miscellaneous:				
Other miscellaneous	\$ 324,854	\$ 500,202	\$ 105,534	\$ (394,668)
Total miscellaneous	\$ 324,854	\$ 500,202	\$ 105,534	\$ (394,668)
Total revenue from local sources	\$ 813,571	\$ 988,919	\$ 594,251	\$ (394,668)
Intergovernmental:				
Revenues from local governments:				
Contribution from Warren, Virginia	\$ 26,442,631	\$ 26,442,631	\$ 24,062,266	\$ (2,380,365)
Total revenues from local governments	\$ 26,442,631	\$ 26,442,631	\$ 24,062,266	\$ (2,380,365)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,945,309	\$ 7,005,578	\$ 7,118,939	\$ 113,361
Basic school aid	12,915,541	13,094,075	13,007,607	(86,468)
Remedial summer education	-	17,443	17,443	-
Gifted and talented	148,844	150,722	150,403	(319)
Remedial education	464,042	469,899	468,903	(996)
Homebound education	11,619	8,512	8,476	(36)
Textbook payment	293,864	297,573	296,943	(630)
Vocational SOQ payments	582,165	609,740	555,294	(54,446)
Social security fringe benefits	843,448	854,093	852,284	(1,809)
Retirement fringe benefits	1,859,088	1,882,552	1,878,563	(3,989)
Group life insurance benefits	58,370	59,107	58,982	(125)
Compensation supplement	833,929	828,120	828,120	-
State lottery payments	1,064,869	1,079,681	1,114,153	34,472
Early reading intervention	116,440	126,143	183,200	57,057
Jail education	134,044	136,789	136,789	-
GED program	16,710	16,772	16,773	1
School food	-	-	30,060	30,060
Special education - foster children	-	-	21,625	21,625
At risk payments	716,561	721,440	720,480	(960)
Technology	284,000	284,000	284,000	-
Standards of Learning algebra readiness	55,037	57,894	57,894	-
Mentor teacher program	9,286	8,426	14,426	6,000
English as a second language	92,022	101,380	101,380	-
K-3 initiative	518,561	548,965	548,965	-
Special education	1,435,904	1,560,201	1,531,108	(29,093)
Other state funds	248,888	263,806	465,950	202,144
Total categorical aid	\$ 29,648,541	\$ 30,182,911	\$ 30,468,760	\$ 285,849
Total revenue from the Commonwealth	\$ 29,648,541	\$ 30,182,911	\$ 30,468,760	\$ 285,849

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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:				
Interest rate subsidy - Qualified Energy Conservation Bonds	\$ -	\$ -	\$ 275,028	\$ 275,028
Total noncategorical aid	\$ -	\$ -	\$ 275,028	\$ 275,028
Categorical aid:				
Federal land use	\$ -	\$ -	\$ 1,201	\$ 1,201
Title I; Grants to local educational agencies	738,986	738,986	1,088,250	349,264
Title VI-B; Special education grants to states	1,156,961	1,156,961	1,129,584	(27,377)
Title VI-B; Special education preschool grants	29,588	29,588	33,140	3,552
Vocational education	77,177	77,177	91,800	14,623
English language acquisition grant	11,798	11,798	13,230	1,432
School improvement grants	-	-	23,417	23,417
Title II Part A; Improving teacher quality state grants	173,824	173,824	195,679	21,855
Student support and academic enrichment	-	-	72,792	72,792
National school lunch and breakfast program	-	-	1,956,897	1,956,897
State admin expenses for child nutrition	-	-	368	368
Total categorical aid	\$ 2,188,334	\$ 2,188,334	\$ 4,606,358	\$ 2,418,024
Total revenue from the federal government	\$ 2,188,334	\$ 2,188,334	\$ 4,881,386	\$ 2,693,052
Total School Operating Fund	\$ 59,093,077	\$ 59,802,795	\$ 60,006,663	\$ 203,868
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 1,312,007	\$ 1,312,007	\$ 958,547	\$ (353,460)
Total charges for services	\$ 1,312,007	\$ 1,312,007	\$ 958,547	\$ (353,460)
Total revenue from local sources	\$ 1,312,007	\$ 1,312,007	\$ 958,547	\$ (353,460)
Total School Cafeteria Fund	\$ 1,312,007	\$ 1,312,007	\$ 958,547	\$ (353,460)
Capital Improvements Fund				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 5,000	\$ 5,000
Total miscellaneous	\$ -	\$ -	\$ 5,000	\$ 5,000
Total revenue from local sources	\$ -	\$ -	\$ 5,000	\$ 5,000
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Warren, Virginia	\$ -	\$ 1,752,079	\$ 2,828,279	\$ 1,076,200
Total revenues from local governments	\$ -	\$ 1,752,079	\$ 2,828,279	\$ 1,076,200
Total Capital Improvements Fund	\$ -	\$ 1,752,079	\$ 2,833,279	\$ 1,081,200
Total Component Unit - School Board	\$ 60,405,084	\$ 62,866,881	\$ 63,798,489	\$ 931,608

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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	\$ 236,902	\$ 1,365,062	\$ 2,404,330	\$ (1,039,268)
General and financial administration:				
County administrator	\$ 643,122	\$ 651,136	\$ 627,555	\$ 23,581
County attorney	296,184	226,161	168,365	57,796
Commissioner of revenue	696,482	708,089	683,315	24,774
Reassessment	123,500	123,500	1,882	121,618
Treasurer	541,582	534,435	498,997	35,438
Finance and purchasing	370,562	355,322	296,188	59,134
Total general and financial administration	\$ 2,671,432	\$ 2,598,643	\$ 2,276,302	\$ 322,341
Board of elections:				
Electoral board and officials	\$ 306,538	\$ 314,152	\$ 262,463	\$ 51,689
Total board of elections	\$ 306,538	\$ 314,152	\$ 262,463	\$ 51,689
Total general government administration	\$ 3,214,872	\$ 4,277,857	\$ 4,943,095	\$ (665,238)
Judicial administration:				
Courts:				
Circuit court	\$ 24,868	\$ 23,988	\$ 35,751	\$ (11,763)
General district court	25,984	27,984	17,870	10,114
Special magistrates	5,898	5,991	4,583	1,408
Clerk of the circuit court	543,928	558,689	577,066	(18,377)
Juvenile and domestic relations court	19,365	21,090	18,467	2,623
Sheriff - court security	1,106,080	1,038,615	960,998	77,617
Law library	50,193	53,095	54,093	(998)
Total courts	\$ 1,776,316	\$ 1,729,452	\$ 1,668,828	\$ 60,624
Commonwealth's attorney:				
Commonwealth's attorney	\$ 823,752	\$ 940,923	\$ 952,916	\$ (11,993)
Total commonwealth's attorney	\$ 823,752	\$ 940,923	\$ 952,916	\$ (11,993)
Total judicial administration	\$ 2,600,068	\$ 2,670,375	\$ 2,621,744	\$ 48,631
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	\$ 4,133,256	\$ 4,186,199	\$ 4,092,111	\$ 94,088
School resource officers	738,805	750,799	725,799	25,000
E - 911 system	585,726	655,023	622,599	32,424
Total law enforcement and emergency services	\$ 5,457,787	\$ 5,592,021	\$ 5,440,509	\$ 151,512
Fire and rescue services:				
Other fire and rescue costs	\$ 324,300	\$ 268,664	\$ 228,920	\$ 39,744
Cost recovery fees	65,000	65,000	66,891	(1,891)
Contributions to fire and rescue squads	974,242	1,034,560	1,024,677	9,883
Disaster reimbursement	-	-	1,977	(1,977)
Emergency services	3,132,372	3,221,657	3,336,947	(115,290)
Total fire and rescue services	\$ 4,495,914	\$ 4,589,881	\$ 4,659,412	\$ (69,531)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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:				
Regional jail	\$ 4,250,000	\$ 3,293,067	\$ 3,293,067	\$ -
Probation office	67,557	67,557	43,330	24,227
Juvenile detention center	344,769	258,576	344,769	(86,193)
Total correction and detention	<u>\$ 4,662,326</u>	<u>\$ 3,619,200</u>	<u>\$ 3,681,166</u>	<u>\$ (61,966)</u>
Inspections:				
Building	\$ 616,112	\$ 690,955	\$ 669,739	\$ 21,216
Total inspections	<u>\$ 616,112</u>	<u>\$ 690,955</u>	<u>\$ 669,739</u>	<u>\$ 21,216</u>
Other protection:				
Animal control	\$ 676,977	\$ 695,661	\$ 685,432	\$ 10,229
Medical examiner	500	780	780	-
Total other protection	<u>\$ 677,477</u>	<u>\$ 696,441</u>	<u>\$ 686,212</u>	<u>\$ 10,229</u>
Total public safety	<u>\$ 15,909,616</u>	<u>\$ 15,188,498</u>	<u>\$ 15,137,038</u>	<u>\$ 51,460</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Management of sanitary districts	\$ 367,138	\$ 371,306	\$ 372,848	\$ (1,542)
Streets and highways	20,748	17,726	17,818	(92)
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 387,886</u>	<u>\$ 389,032</u>	<u>\$ 390,666</u>	<u>\$ (1,634)</u>
Sanitation and waste removal:				
Refuse collection	\$ 869,615	\$ 885,472	\$ 936,870	\$ (51,398)
Refuse disposal	2,651,975	2,668,952	2,695,473	(26,521)
Total sanitation and waste removal	<u>\$ 3,521,590</u>	<u>\$ 3,554,424</u>	<u>\$ 3,632,343</u>	<u>\$ (77,919)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,296,321	\$ 1,387,412	\$ 1,484,047	\$ (96,635)
Total maintenance of general buildings and grounds	<u>\$ 1,296,321</u>	<u>\$ 1,387,412</u>	<u>\$ 1,484,047</u>	<u>\$ (96,635)</u>
Total public works	<u>\$ 5,205,797</u>	<u>\$ 5,330,868</u>	<u>\$ 5,507,056</u>	<u>\$ (176,188)</u>
Health and welfare:				
Health:				
Local health department	\$ 376,824	\$ 376,824	\$ 376,824	\$ -
Total health	<u>\$ 376,824</u>	<u>\$ 376,824</u>	<u>\$ 376,824</u>	<u>\$ -</u>
Mental health and mental retardation:				
Northwestern community services	\$ 348,463	\$ 348,463	\$ 348,463	\$ -
Warren association for retarded citizens	2,500	2,500	2,500	-
Total mental health and mental retardation	<u>\$ 350,963</u>	<u>\$ 350,963</u>	<u>\$ 350,963</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 4,097,871	\$ 4,097,871	\$ 3,818,576	\$ 279,295
Shenandoah area agency on aging	54,000	54,000	54,000	-
Warren county council on domestic violence	12,500	12,500	12,500	-
Other social services	48,989	50,974	52,974	(2,000)
Rental of property - Health and Human Services Complex	161,680	-	-	-
Property tax relief for the elderly and handicapped	-	-	477,464	(477,464)
Children's Services Act	1,816,930	1,817,745	1,678,561	139,184
Total welfare	\$ 6,191,970	\$ 6,033,090	\$ 6,094,075	\$ (60,985)
Total health and welfare	\$ 6,919,757	\$ 6,760,877	\$ 6,821,862	\$ (60,985)
Education:				
Contribution to local school board	\$ 26,442,631	\$ 26,442,631	\$ 24,062,266	\$ 2,380,365
Contribution to local school board - capital improvement	-	1,705,391	1,705,391	-
Contributions to community college	41,583	41,583	41,583	-
Total education	\$ 26,484,214	\$ 28,189,605	\$ 25,809,240	\$ 2,380,365
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	\$ 2,631,225	\$ 2,575,353	\$ 2,225,327	\$ 350,026
Golf club operations	250,559	250,359	381,745	(131,386)
Total parks and recreation	\$ 2,881,784	\$ 2,825,712	\$ 2,607,072	\$ 218,640
Cultural enrichment:				
Browntown community center	\$ 2,500	\$ 2,500	\$ 2,500	-
Blue ridge arts council	9,500	9,500	9,500	-
4-H center	3,000	3,000	3,000	-
Other cultural enrichment	-	75,842	75,842	-
Total cultural enrichment	\$ 15,000	\$ 90,842	\$ 90,842	-
Library:				
Contribution to Samuels Public Library	\$ 991,758	\$ 991,758	\$ 991,758	-
Total library	\$ 991,758	\$ 991,758	\$ 991,758	-
Total parks, recreation, and cultural	\$ 3,888,542	\$ 3,908,312	\$ 3,689,672	\$ 218,640
Community development:				
Planning and community development:				
Planning and zoning administration	\$ 468,632	\$ 490,386	\$ 419,520	\$ 70,866
Enterprise zone grant - IDA	1,711,586	36,586	-	36,586
Industrial development authority	108,234	108,234	108,234	-
Route 340/522 trolley	25,000	57,000	58,906	(1,906)
Other community development	132,000	132,000	41,882	90,118
Total planning and community development	\$ 2,445,452	\$ 824,206	\$ 628,542	\$ 195,664
Environmental management:				
Contribution to soil and water conservation district	\$ 12,000	\$ 12,000	\$ 12,000	-
Other environmental management	25,000	25,000	6,530	18,470
Total environmental management	\$ 37,000	\$ 37,000	\$ 18,530	\$ 18,470
Airport:				
Airport Commission operations	\$ 189,465	\$ 104,597	\$ 100,898	\$ 3,699
Total airport	\$ 189,465	\$ 104,597	\$ 100,898	\$ 3,699

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
VPI extension service	\$ 121,572	\$ 123,801	\$ 114,737	\$ 9,064
Total cooperative extension program	\$ 121,572	\$ 123,801	\$ 114,737	\$ 9,064
Total community development	\$ 2,793,489	\$ 1,089,604	\$ 862,707	\$ 226,897
Nondepartmental:				
Retiree medical insurance and unemployment insurance	\$ 133,294	\$ 133,294	\$ 155,126	\$ (21,832)
Route 340/522 Revenue Sharing Agreement Payment	240,000	240,000	258,878	(18,878)
Central equipment and maintenance	175,725	175,725	177,869	(2,144)
Other nondepartmental	449,949	125,609	89,639	35,970
Total nondepartmental	\$ 998,968	\$ 674,628	\$ 681,512	\$ (6,884)
Capital projects:				
Economic development	\$ 106,489	\$ 396,193	\$ 396,193	\$ -
Soccer fields	25,000	-	-	-
Fishnet property	150,000	92,500	74,849	17,651
Bing crosby stadium renovations	15,000	15,375	3,651	11,724
Route 522 beautification project	-	2,799	2,799	-
Airport capital projects	200	55,256	49,318	5,938
Building improvement fund	150,000	150,000	105,048	44,952
Purchase of second street property	100,000	104,800	16,260	88,540
Revenue sharing projects	250,000	1,229,233	842,775	386,458
Simpsons Landing	25,000	13,855	17,640	(3,785)
Health and Human Services building	110,000	157,491	-	157,491
Voter registration facility renovation	25,000	206,560	103,348	103,212
School renovations	100,000	129,994	1,167	128,827
Other capital projects	2,903,400	5,129,621	4,624,009	505,612
Total capital projects	\$ 3,960,089	\$ 7,683,677	\$ 6,237,057	\$ 1,446,620
Debt service:				
Principal retirement	\$ 6,635,897	\$ 6,635,897	\$ 6,635,897	\$ -
Interest	1,237,951	4,140,718	5,094,224	(953,506)
Total debt service	\$ 7,873,848	\$ 10,776,615	\$ 11,730,121	\$ (953,506)
Total General Fund	\$ 79,849,260	\$ 86,550,916	\$ 84,041,104	\$ 2,509,812
Special Revenue Funds:				
Drug Forfeiture Fund:				
Public safety:				
Other protection				
Drug forfeiture	\$ -	\$ -	\$ 26,741	\$ (26,741)
Total other protection	\$ -	\$ -	\$ 26,741	\$ (26,741)
Total public safety	\$ -	\$ -	\$ 26,741	\$ (26,741)
Total Drug Forfeiture Fund	\$ -	\$ -	\$ 26,741	\$ (26,741)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
Proffers Funds:				
Education				
Contribution to local school board	\$ -	\$ 733,286	\$ 733,286	\$ -
Total Proffers Funds	\$ -	\$ 733,286	\$ 733,286	\$ -
Sanitary Districts Fund:				
Public works				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,752,172	\$ 1,618,450	\$ 1,611,408	\$ 7,042
Total maintenance of highways, streets, bridges and sidewalks	\$ 1,752,172	\$ 1,618,450	\$ 1,611,408	\$ 7,042
Total public works	\$ 1,752,172	\$ 1,618,450	\$ 1,611,408	\$ 7,042
Debt service:				
Principal retirement	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Interest	6,500	5,027	5,027	-
Total debt service	\$ 36,500	\$ 35,027	\$ 35,027	\$ -
Total Sanitary District Fund	\$ 1,788,672	\$ 1,653,477	\$ 1,646,435	\$ 7,042
Capital Projects Fund:				
Special Projects Fund				
Capital projects expenditures:				
Contribution to local school board	\$ -	\$ -	\$ 389,602	\$ (389,602)
Total Special Projects Fund	\$ -	\$ -	\$ 389,602	\$ (389,602)
School Bond Construction Fund:				
Capital projects expenditures:				
School construction	\$ -	\$ -	\$ 2,144,745	\$ (2,144,745)
Total capital projects	\$ -	\$ -	\$ 2,144,745	\$ (2,144,745)
Total School Bond Construction Fund	\$ -	\$ -	\$ 2,144,745	\$ (2,144,745)
Total Capital Projects Funds	\$ -	\$ -	\$ 2,534,347	\$ (2,534,347)
Total Primary Government	\$ 81,637,932	\$ 88,937,679	\$ 88,981,913	\$ (44,234)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 44,543,782	\$ 44,437,485	\$ 44,427,637	\$ 9,848
Administration, attendance and health	2,370,714	2,364,468	2,287,611	76,857
Pupil transportation	2,516,994	2,510,362	2,428,763	81,599
Operation and maintenance	6,342,150	6,310,442	6,119,833	190,609
Technology	1,821,644	1,816,845	1,757,788	59,057
Total education	\$ 57,595,284	\$ 57,439,602	\$ 57,021,632	\$ 417,970

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Capital projects:				
School capital projects	\$ -	\$ 255,954	\$ 255,954	\$ -
Total capital projects	\$ -	\$ 255,954	\$ 255,954	\$ -
Debt service:				
Principal retirement	\$ -	\$ 273,000	\$ 273,000	\$ -
Interest and other fiscal charges	-	336,446	336,446	-
Total debt service	\$ -	\$ 609,446	\$ 609,446	\$ -
Total School Operating Fund	\$ 57,595,284	\$ 58,305,002	\$ 57,887,032	\$ 417,970
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 2,809,800	\$ 2,809,800	\$ 2,654,758	\$ 155,042
Total school food services	\$ 2,809,800	\$ 2,809,800	\$ 2,654,758	\$ 155,042
Total education	\$ 2,809,800	\$ 2,809,800	\$ 2,654,758	\$ 155,042
Total School Cafeteria Fund	\$ 2,809,800	\$ 2,809,800	\$ 2,654,758	\$ 155,042
Vocational Building Fund:				
Education:				
Vocational building	\$ -	\$ -	\$ 6,651	\$ (6,651)
Total education	\$ -	\$ -	\$ 6,651	\$ (6,651)
Total Vocational Building Fund	\$ -	\$ -	\$ 6,651	\$ (6,651)
School Textbook Fund:				
Education:				
Textbook expenditures	\$ -	\$ -	\$ 143,110	\$ (143,110)
Total education	\$ -	\$ -	\$ 143,110	\$ (143,110)
Total School Textbook Fund	\$ -	\$ -	\$ 143,110	\$ (143,110)
Capital Improvements Fund:				
Capital projects expenditures:				
School capital projects	\$ -	\$ 1,752,079	\$ 1,300	\$ 1,750,779
Total Capital Improvements Fund	\$ -	\$ 1,752,079	\$ 1,300	\$ 1,750,779
Total Discretely Presented Component Unit - School Board	\$ 60,405,084	\$ 62,866,881	\$ 60,692,851	\$ 2,174,030

Other Statistical Information

Contents

Tables

Financial Trends

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

1 - 6

Revenue Capacity

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

7 - 11

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.

12 - 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.

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

COUNTY OF WARREN, VIRGINIA

Table 1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 33,051,889	\$ 39,807,455	\$ 41,283,508	\$ 44,643,308	\$ 50,608,195	\$ 50,390,918	\$ 47,493,851	\$ 46,396,078	\$ 53,144,977	\$ 56,236,417
Restricted	404,906	472,751	462,122	501,786	392,770	609,053	1,102,483	1,368,387	1,291,771	572,153
Unrestricted	42,626,162	38,133,808	39,289,581	39,844,691	31,397,108	23,597,887	29,397,300	25,619,321	27,770,044	26,581,523
Total governmental activities net position	\$ 76,082,957	\$ 78,414,014	\$ 81,035,211	\$ 84,989,785	\$ 82,398,073	\$ 74,597,858	\$ 77,993,634	\$ 73,383,786	\$ 82,206,792	\$ 83,390,093
Primary government										
Net investment in capital assets	\$ 33,051,889	\$ 39,807,455	\$ 41,283,508	\$ 44,643,308	\$ 50,608,195	\$ 50,390,918	\$ 47,493,851	\$ 46,396,078	\$ 53,144,977	\$ 56,236,417
Restricted	404,906	472,751	462,122	501,786	392,770	609,053	1,102,483	1,368,387	1,291,771	572,153
Unrestricted	42,626,162	38,133,808	39,289,581	39,844,691	31,397,108	23,597,887	29,397,300	25,619,321	27,770,044	26,581,523
Total primary government net position	\$ 76,082,957	\$ 78,414,014	\$ 81,035,211	\$ 84,989,785	\$ 82,398,073	\$ 74,597,858	\$ 77,993,634	\$ 73,383,786	\$ 82,206,792	\$ 83,390,093

COUNTY OF WARREN, VIRGINIA

Table 2
Page 1 of 2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government administration	\$ 3,911,301	\$ 4,763,989	\$ 3,325,816	\$ 3,851,326	\$ 3,955,083	\$ 3,833,474	\$ 3,871,325	\$ 3,897,066	\$ 4,857,017	\$ 5,705,438
Judicial administration	1,377,697	1,409,961	1,337,703	1,410,337	1,378,138	2,311,765	2,392,659	2,495,716	2,499,541	2,774,389
Public safety	11,302,344	12,298,117	12,715,103	14,381,005	13,964,875	15,056,861	14,860,539	15,249,315	14,131,400	16,156,532
Public works	5,226,893	4,770,471	5,184,861	6,365,453	6,462,172	8,652,338	10,922,208	8,335,668	6,964,539	8,730,730
Health and welfare	7,072,800	7,693,313	6,372,322	6,329,760	6,270,332	6,465,553	6,947,264	6,944,616	7,111,589	7,255,801
Education	20,702,750	19,409,698	20,616,162	21,089,704	22,694,712	33,441,555	22,500,264	25,533,790	28,389,802	29,429,249
Parks, recreation and cultural	3,681,010	3,154,449	3,321,806	3,488,039	3,802,849	3,565,915	3,713,029	3,946,163	3,826,634	3,955,750
Community development	1,200,522	1,257,830	1,215,861	1,020,028	1,444,078	1,287,614	1,348,846	1,473,827	1,539,067	1,661,861
Non-departmental	136,821	-	-	-	-	-	-	-	-	-
Interest on long-term debt	5,535,466	4,699,187	4,687,949	4,349,138	5,281,135	5,436,533	5,538,416	5,675,570	6,446,381	4,897,997
Total governmental activities expenses	\$ 60,147,604	\$ 59,457,015	\$ 58,777,583	\$ 62,284,790	\$ 65,253,374	\$ 80,051,608	\$ 72,094,550	\$ 73,551,731	\$ 75,765,970	\$ 80,567,747
Total primary government expenses	\$ 60,147,604	\$ 59,457,015	\$ 58,777,583	\$ 62,284,790	\$ 65,253,374	\$ 80,051,608	\$ 72,094,550	\$ 73,551,731	\$ 75,765,970	\$ 80,567,747
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 489,180	\$ 477,385	\$ 173,887	\$ 258,425	\$ 264,237	\$ 267,603	\$ 236,808	\$ 180,987	\$ 311,603	\$ 239,658
Judicial administration	375,716	332,962	248,492	243,901	225,746	216,225	185,489	226,015	262,090	142,809
Public safety	1,919,051	2,299,296	1,266,792	1,341,592	937,881	1,053,953	1,211,691	1,104,443	1,321,886	1,430,286
Public works	951,891	891,139	855,074	965,738	982,071	1,045,223	1,096,644	1,148,332	1,151,032	1,337,461
Health and welfare	250,371	293,177	-	-	-	-	-	-	-	-
Parks, recreation and cultural	549,381	570,267	429,712	423,860	439,677	476,834	439,608	411,263	361,368	289,824
Community development	213,341	241,298	218,494	214,921	206,823	210,051	221,604	214,604	229,846	220,688
Operating grants and contributions	8,784,738	7,984,270	7,533,944	8,402,853	6,693,201	7,541,835	7,422,626	7,279,271	7,277,890	7,230,236
Capital grants and contributions	630,340	295,688	261,197	473,284	387,573	795,626	1,096,324	1,437,532	1,090,036	1,042,054
Total governmental activities program revenues	\$ 14,164,009	\$ 13,385,482	\$ 10,987,592	\$ 12,324,574	\$ 10,137,209	\$ 11,607,350	\$ 11,910,794	\$ 12,002,447	\$ 12,005,751	\$ 11,933,016
Total primary government program revenues	\$ 14,164,009	\$ 13,385,482	\$ 10,987,592	\$ 12,324,574	\$ 10,137,209	\$ 11,607,350	\$ 11,910,794	\$ 12,002,447	\$ 12,005,751	\$ 11,933,016
Net (expense) / revenue										
Governmental activities	\$ (45,983,595)	\$ (46,071,533)	\$ (47,789,991)	\$ (49,960,216)	\$ (55,116,165)	\$ (68,444,258)	\$ (60,183,756)	\$ (61,549,284)	\$ (63,760,219)	\$ (68,634,731)
Total primary government net expense	\$ (45,983,595)	\$ (46,071,533)	\$ (47,789,991)	\$ (49,960,216)	\$ (55,116,165)	\$ (68,444,258)	\$ (60,183,756)	\$ (61,549,284)	\$ (63,760,219)	\$ (68,634,731)

COUNTY OF WARREN, VIRGINIA

Table 2
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Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 33,922,048	\$ 34,768,063	\$ 35,453,198	\$ 40,170,018	\$ 43,218,932	\$ 46,462,723	\$ 48,028,934	\$ 49,130,661	\$ 54,934,806	\$ 53,463,608
Local sales and use taxes	2,931,450	3,281,603	6,351,573	3,765,595	3,459,402	3,339,288	3,707,397	3,785,913	3,925,330	4,575,698
Taxes on recordation and wills	418,073	321,394	579,111	460,515	371,886	451,634	470,302	611,171	595,099	761,318
Consumer utility taxes	683,604	687,180	692,508	708,592	696,551	649,156	764,170	728,834	735,999	741,898
Business licenses taxes	569,485	906,752	928,778	858,661	773,355	765,773	837,612	811,476	831,320	977,437
Meals tax	690,672	724,799	757,306	824,351	874,721	917,662	940,928	947,737	1,015,726	898,042
Other local taxes	775,901	890,048	788,039	913,505	1,099,486	1,132,119	1,120,689	1,109,861	1,089,681	1,183,785
Unrestricted grants and contributions (1)	5,312,483	5,781,049	5,818,324	5,789,093	5,672,161	5,672,279	5,781,070	5,628,301	5,562,228	5,528,557
Unrestricted revenues from use of money and property	459,208	392,301	373,583	374,038	323,996	519,420	741,230	489,390	985,531	898,593
Miscellaneous	4,199,746	649,401	372,120	470,422	359,978	503,214	1,187,200	1,229,050	2,837,153	629,895
Gain on disposal of assets	-	-	-	-	-	230,775	-	-	70,352	-
Transfers	-	-	35,740	-	-	-	-	-	-	-
Total governmental activities	\$ 49,962,670	\$ 48,402,590	\$ 52,150,280	\$ 54,334,790	\$ 56,850,468	\$ 60,644,043	\$ 63,579,532	\$ 64,472,394	\$ 72,583,225	\$ 69,658,831
Total primary government	\$ 49,962,670	\$ 48,402,590	\$ 52,150,280	\$ 54,334,790	\$ 56,850,468	\$ 60,644,043	\$ 63,579,532	\$ 64,472,394	\$ 72,583,225	\$ 69,658,831
Change in Net Position										
Governmental activities	\$ 3,979,075	\$ 2,331,057	\$ 4,360,289	\$ 4,374,574	\$ 1,734,303	\$ (7,800,215)	\$ 3,395,776	\$ 2,923,110	\$ 8,823,006	\$ 1,024,100
Total primary government	\$ 3,979,075	\$ 2,331,057	\$ 4,360,289	\$ 4,374,574	\$ 1,734,303	\$ (7,800,215)	\$ 3,395,776	\$ 2,923,110	\$ 8,823,006	\$ 1,024,100

(1) The County implemented GASB Statement 63 and 65, effective July 1, 2012 - the implementation required the reclassification of certain expense items

(2) Commencing in fiscal year 2016, expenses related to court security is reported under judicial administration. Previously the costs were reported under public safety.

COUNTY OF WARREN, VIRGINIA

Table 3

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,374	\$ 30,312	\$ 29,550	\$ 219,913	\$ 164,386
Restricted	-	-	-	-	-	-	-	-	6,698,497	3,031,433
Unassigned	13,566,706	13,757,149	17,132,916	16,693,295	15,505,815	15,710,784	15,736,735	13,528,579	11,989,240	12,712,426
Total general fund	<u>\$ 13,566,706</u>	<u>\$ 13,757,149</u>	<u>\$ 17,132,916</u>	<u>\$ 16,693,295</u>	<u>\$ 15,505,815</u>	<u>\$ 15,742,158</u>	<u>\$ 15,767,047</u>	<u>\$ 13,558,129</u>	<u>\$ 18,907,650</u>	<u>\$ 15,908,245</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,979	\$ 1,182
Restricted	4,994,702	726,981	462,122	1,274,248	50,257,532	41,433,694	12,500,725	4,073,726	3,734,506	915,709
Committed	27,769,270	23,205,218	22,852,130	24,285,633	21,044,453	16,328,334	19,035,093	20,108,849	19,415,149	20,403,587
Assigned	195,965	195,965	153,514	153,514	153,514	-	-	-	-	-
Unassigned	-	-	(183,904)	(183,904)	-	-	-	-	-	-
Total all other governmental funds	<u>32,959,937</u>	<u>24,128,164</u>	<u>23,283,862</u>	<u>25,529,491</u>	<u>71,455,499</u>	<u>57,762,028</u>	<u>31,535,818</u>	<u>24,182,575</u>	<u>23,151,634</u>	<u>21,320,478</u>
Total fund balance, governmental funds	<u>\$ 46,526,643</u>	<u>\$ 37,885,313</u>	<u>\$ 40,416,778</u>	<u>\$ 42,222,786</u>	<u>\$ 86,961,314</u>	<u>\$ 73,504,186</u>	<u>\$ 47,302,865</u>	<u>\$ 37,740,704</u>	<u>\$ 42,059,284</u>	<u>\$ 37,228,723</u>

COUNTY OF WARREN, VIRGINIA

Table 4

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
General property taxes	\$ 33,878,123	\$ 34,090,051	\$ 36,109,920	\$ 39,547,607	\$ 43,189,446	\$ 45,985,664	\$ 48,137,667	\$ 49,007,643	\$ 51,898,098	\$ 55,513,734
Other local taxes (1)	6,069,186	6,811,776	10,097,315	7,531,219	7,275,401	7,255,632	7,841,098	7,994,992	8,193,155	9,138,178
Permits, privilege fees and regulatory licenses	555,982	527,806	665,598	679,907	685,234	818,327	525,014	497,776	565,796	634,291
Fines and forfeitures	49,216	24,776	80,083	97,416	100,564	103,259	103,806	85,029	94,467	61,725
Revenue from use of money and property	459,208	392,301	373,913	374,038	324,091	741,230	489,390	898,532	985,532	898,593
Charges for services	2,237,108	2,408,251	2,446,770	2,671,114	2,270,637	2,348,303	2,763,023	2,702,838	2,977,561	2,964,710
Miscellaneous	4,199,744	649,404	372,110	470,423	359,882	1,025,720	1,357,198	1,229,049	824,957	629,895
Recovered costs	317,422	14,514	83,270	72,885	139,172	65,608	93,762	193,809	911,569	253,972
Intergovernmental:										
Local government	-	-	-	-	-	501,468	375,200	149,175	157,705	147,504
Commonwealth	11,787,400	11,954,053	11,745,823	12,385,077	10,565,562	10,834,673	11,132,178	11,927,767	11,444,285	11,495,421
Federal	2,940,161	2,106,954	1,867,311	2,280,153	2,187,373	2,151,099	2,792,642	2,268,163	2,328,164	2,157,922
Total revenues	\$ 62,493,550	\$ 58,979,886	\$ 63,842,113	\$ 66,109,839	\$ 67,097,362	\$ 71,609,173	\$ 75,862,818	\$ 76,545,631	\$ 80,381,289	\$ 83,895,945
Expenditures										
General government administration	\$ 3,023,745	\$ 2,671,164	\$ 2,680,167	\$ 2,905,847	\$ 3,123,371	\$ 3,211,580	\$ 2,902,896	\$ 3,239,276	\$ 3,812,613	\$ 4,943,095
Judicial administration	1,387,022	1,448,578	1,534,198	1,578,791	1,611,596	2,242,720	2,285,963	2,418,499	2,465,679	2,621,744
Public safety	10,192,987	10,453,211	11,689,025	13,538,746	13,807,508	14,728,230	14,471,085	15,031,937	14,751,413	15,163,779
Public works	4,127,601	4,199,431	4,720,519	4,906,211	5,427,334	5,209,182	5,191,279	6,387,113	6,530,130	7,118,464
Health and welfare	6,688,564	6,706,491	6,245,724	6,213,147	6,313,085	6,444,670	6,628,743	6,730,444	6,835,174	6,821,862
Education	20,687,963	18,643,244	19,150,024	20,039,108	21,498,329	20,728,369	20,228,390	23,037,768	24,855,431	26,542,526
Parks, recreation and cultural	2,779,555	2,828,558	3,036,924	3,451,896	3,410,727	3,299,722	3,437,329	3,549,814	3,699,590	3,689,672
Community development	781,834	734,419	792,613	977,696	1,055,488	1,046,953	1,093,351	953,282	798,721	862,707
Non-departmental	197,336	249,404	235,430	250,523	269,080	276,784	515,049	511,636	913,208	681,512
Capital projects	13,537,702	11,760,452	3,507,383	5,000,468	7,531,305	24,512,900	33,472,111	14,724,613	5,247,282	8,771,404
Debt service										
Principal	4,490,955	3,458,550	3,499,383	11,010,125	5,470,583	6,607,594	5,649,214	5,861,999	13,931,283	6,665,897
Interest	5,231,529	6,758,827	4,478,371	4,591,060	5,429,201	6,554,940	6,018,728	5,882,155	5,677,957	5,099,251
Total expenditures	\$ 73,126,793	\$ 69,912,329	\$ 61,569,761	\$ 74,463,618	\$ 74,947,607	\$ 94,863,644	\$ 101,894,138	\$ 88,328,536	\$ 89,518,481	\$ 88,981,913
Excess of revenues over (under) expenditures	\$ (10,633,243)	\$ (10,932,443)	\$ 2,272,352	\$ (8,353,779)	\$ (7,850,245)	\$ (23,254,471)	\$ (26,031,320)	\$ (11,782,905)	\$ (9,137,192)	\$ (5,085,968)
Other financing sources (uses)										
Transfers in	\$ 15,793,316	\$ 12,805,447	\$ 5,321,020	\$ 7,009,008	\$ 8,363,969	\$ 13,313,568	\$ 8,684,074	\$ 4,112,437	\$ 7,204,194	\$ 2,538,197
Transfers out	(15,721,064)	(12,360,880)	(5,061,907)	(6,849,221)	(8,139,798)	(13,260,255)	(8,854,074)	(4,110,393)	(7,204,194)	(2,538,197)
Insurance proceeds	-	-	-	-	-	-	-	-	-	250,000
Issuance of bonds	-	77,000,000	-	10,000,000	48,325,000	8,691,000	-	-	11,248,000	57,270,000
Issuance of line of credit	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	10,859,925	-	-	3,298,094	-	-	2,218,700	1,954,931	-
Payments to refunded bond escrow agent	-	(86,013,379)	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	(56,766,810)
Insurance capital leases	318,628	-	-	-	-	409,650	-	-	-	(503,190)
Sale of capital assets	-	-	-	-	741,508	643,380	-	-	252,841	-
Total other financing sources (uses)	\$ 390,880	\$ 2,291,113	\$ 259,113	\$ 10,159,787	\$ 52,588,773	\$ 9,797,343	\$ (170,000)	\$ 2,220,744	\$ 13,455,772	\$ 250,000
Net change in fund balances	\$ (10,242,363)	\$ (8,641,330)	\$ 2,531,465	\$ 1,806,008	\$ 44,738,528	\$ (13,457,128)	\$ (26,201,320)	\$ (9,562,161)	\$ 4,318,580	\$ (4,835,968)
Debt service as a percentage of noncapital expenditures	16.08%	16.85%	13.43%	22.07%	15.97%	17.88%	15.68%	15.40%	23.23%	14.25%

(1) Commencing in fiscal year 2016, expenses related to court security is reported under judicial administration. Previously the costs were reported under public safety.

COUNTY OF WARREN, VIRGINIA

Table 5

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural			Community Development	Non-departmental	Debt Service	Total
						Education (2)	Cultural					
2011	\$ 3,023,745	1,387,022	10,192,987	4,127,601	6,688,564	47,736,047	2,779,555	\$	781,834	197,336	11,356,255	\$ 88,270,946
2012	2,671,164	1,448,578	10,453,211	4,199,431	6,706,491	46,365,366	2,828,558		734,419	249,404	11,887,803	87,544,425
2013	2,680,167	1,534,198	11,689,025	4,720,519	6,245,724	49,243,217	3,036,924		1,060,749	235,430	9,512,920	89,958,873
2014	2,905,847	1,578,791	13,538,746	4,906,211	6,213,147	50,871,698	3,451,896		977,696	250,523	17,070,079	101,764,634
2015	3,123,371	1,611,596	13,807,508	5,427,334	6,313,085	53,445,414	3,410,727		1,055,488	269,080	11,346,629	99,810,232
2016	3,211,580	2,242,720	14,728,230	5,209,182	6,444,670	54,041,635	3,299,722		1,046,953	276,784	12,819,206	103,320,682
2017	2,902,896	2,285,963	14,471,085	5,191,279	6,628,743	54,469,709	3,437,329		1,093,351	515,049	11,667,942	102,663,346
2018	3,239,276	2,418,499	15,031,937	6,387,113	6,730,444	57,521,859	3,549,814		953,282	511,636	12,349,213	108,693,073
2019	3,812,613	2,465,679	14,751,413	6,530,130	6,835,174	60,694,527	3,699,590		798,721	913,208	19,609,240	120,110,295
2020	4,943,095	2,621,744	15,163,779	7,118,464	6,821,862	62,486,923	3,689,672		862,707	681,512	11,765,148	116,154,906

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

(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

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

Activity of the school self-insurance fund is not reported in the above table.

(3) Commencing in fiscal year 2016, expenses related to court security is reported under judicial administration. Previously the costs were reported under public safety.

COUNTY OF WARREN, VIRGINIA

Table 6

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (4)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2011	\$ 33,878,123	\$ 6,069,186	\$ 555,982	\$ 49,216	\$ 424,507	\$ 3,509,824	\$ 4,452,764	\$ 17,463	\$ 42,024,470	\$ 90,981,535
2012	34,090,051	6,811,776	527,806	24,776	386,991	3,739,774	885,906	14,514	41,811,690	88,293,284
2013	36,109,920	10,097,315	665,598	80,083	373,913	3,762,802	791,223	45,031	43,652,258	95,578,143
2014	39,547,607	7,531,219	679,907	97,416	372,850	3,975,882	931,270	72,885	44,860,064	98,069,100
2015	43,189,446	7,275,401	685,234	100,564	319,441	3,797,728	691,423	139,172	43,946,990	100,145,399
2016	45,985,664	7,255,632	818,327	103,259	379,854	4,058,886	1,419,020	65,608	45,071,412	105,157,662
2017	48,137,667	7,841,098	822,761	103,806	608,402	4,058,999	1,674,542	93,762	46,901,146	110,242,183
2018	49,007,643	7,994,992	497,776	85,029	438,756	4,255,101	1,477,412	193,809	47,666,392	111,616,910
2019	51,898,098	8,193,155	565,796	94,467	1,019,398	4,529,824	1,073,320	911,569	47,251,441	115,537,068
2020	55,513,734	9,138,178	634,291	61,725	926,759	4,383,808	740,429	253,972	49,150,993	120,803,889

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.

(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

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

COUNTY OF WARREN, VIRGINIA

Table 7

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	Recordation and Wills Tax	Business License Tax	Meals Tax (1)	Other Local Taxes (2)	Total
2011	\$ 33,922,049	\$ 2,931,450	\$ 683,604	\$ 313,489	\$ 569,485	\$ 690,672	\$ 880,485	\$ 39,991,234
2012	34,768,063	3,281,603	687,180	321,394	906,752	724,799	890,048	41,579,839
2013	36,109,920	6,351,573	692,508	579,111	928,778	757,306	788,039	46,207,235
2014	39,547,607	3,765,595	708,592	460,515	858,661	824,351	913,505	47,078,826
2015	43,189,446	3,459,402	696,551	482,158	773,357	871,933	992,000	50,464,847
2016	45,985,664	3,339,288	649,156	571,197	765,773	917,662	1,012,556	53,241,296
2017	48,137,667	3,707,397	764,170	599,921	837,612	940,928	991,070	55,978,765
2018	49,007,643	3,785,913	728,834	611,171	811,476	947,737	1,109,861	57,002,635
2019	51,898,098	3,925,330	735,999	595,099	831,320	1,015,726	1,089,681	60,091,253
2020	55,513,734	4,575,698	741,898	761,318	977,580	898,042	1,183,642	64,651,912

COUNTY OF WARREN, VIRGINIA

Table 8

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

Fiscal Year	Personal Property and Mobile			Machinery and Tools	Public Service	Total Taxable Assessed Value	Overlapping Tax Rate Town of Front Royal			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Estate	Homes					Pers. Prop.	Mach. - Tools	Real Estate		
2011	\$ 4,816,929,300	\$ 336,375,506	\$ 55,042,750	\$ 83,128,930	\$ 5,291,476,486	\$ 0.64	\$ 0.64	\$ 0.11	\$ 5,291,476,486	100.00%	
2012	3,783,054,400	338,756,346	51,946,980	95,214,200	4,268,971,926	0.64	0.64	0.11	4,268,971,926	100.00%	
2013	3,795,435,900	345,186,421	52,915,970	93,483,110	4,287,021,401	0.64	0.64	0.11	4,287,021,401	100.00%	
2014	3,813,780,900	361,209,652	53,266,515	384,518,870	4,612,775,937	0.64	0.64	0.13	4,612,775,937	100.00%	
2015	3,924,829,100	367,502,458	53,266,515	693,556,225	5,039,154,298	0.64	0.64	0.13	5,039,154,298	100.00%	
2016	4,039,047,050	379,410,581	60,371,995	960,963,480	5,439,793,106	0.64	0.64	0.13	5,439,793,106	100.00%	
2017	4,068,221,600	392,547,103	63,065,930	1,072,950,545	5,596,785,178	0.64	0.64	0.135	5,596,785,178	100.00%	
2018	4,117,282,950	402,113,393	68,125,550	1,017,740,775	5,605,262,668	0.64	0.64	0.135	5,605,262,668	100.00%	
2019	4,394,054,150	423,738,556	84,411,975	953,592,583	5,855,797,264	0.64	0.64	0.131	5,855,797,264	100.00%	
2020	4,660,813,450	443,939,299	94,697,880	991,420,935	6,190,871,564	0.64	0.64	0.131	6,190,871,564	100.00%	

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.

Fiscal Year 2011 is comprised of the 2010 calendar year assessment.

Fiscal Year 2012 is comprised of the 2011 calendar year assessment.

Fiscal Year 2013 is comprised of the 2012 calendar year assessment.

Fiscal Year 2014 is comprised of the second half of calendar year 2013 and first half of calendar year 2014

Fiscal Year 2015 is comprised of the second half of calendar year 2014 and first half of calendar year 2015

Fiscal Year 2016 is comprised of the second half of calendar year 2015 and first half of calendar year 2016

COUNTY OF WARREN, VIRGINIA

Table 9

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Direct Rates			
	Real Estate (3)	Personal Property (2)(3)	Mobile Homes (3)	Machinery and Tools (2)(3)
2011	\$ 0.46/0.59	\$ 4.00/4.00	\$ 0.46/0.59	\$ 1.30/1.30
2012	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30
2013	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30
2014	0.59/0.61	4.00/4.00	0.59/0.61	1.30/1.95
2015	0.61/0.595	4.00/4.00	0.61/0.595	1.95/1.95
2016	0.595/0.62	4.00/4.00	0.595/0.62	1.95/1.95
2017	0.62/0.65	4.00/4.00	0.62/0.65	1.95/1.95
2018	0.65/0.66	4.00/4.00	0.65/0.66	1.95/2.05
2019	0.66/0.655	4.00/4.00	0.66/0.655	2.05/2.05
2020	0.655/0.655	4.00/4.00	0.655/0.655	2.05/2.05

(1) Per \$100 of assessed value

(2) In fiscal year 1996, assessments for personal property changed from 40% to 100% of value base. Additionally, value base changed from retail to loan NADA value.

(3) The County collects taxes semi-annually commencing fiscal year 2010.

COUNTY OF WARREN, VIRGINIA

Table 10

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Original Tax Levy (1,2,4,5)	Collected within the Fiscal			Collections in Subsequent Years (1)	Total Collections to Date	
		Year of the Levy		Percentage of Levy		Amount (1) (2)	Percentage of Levy (5)
		Collections (1,3,4)					
2011	\$ 37,294,301	\$	35,493,841	95.17%	\$ 1,603,290	\$ 37,097,131	99.47%
2012	37,825,616		35,949,106	95.04%	23,713	35,972,819	95.10%
2013	38,819,912		36,920,536	95.11%	1,071,837	37,992,373	97.87%
2014	41,713,051		41,073,133	98.47%	665,155	41,738,288	100.06%
2015	44,253,098		43,363,126	97.99%	1,021,354	44,384,480	100.30%
2016	47,761,913		46,775,488	97.93%	1,075,644	47,851,132	100.19%
2017	51,446,487		49,128,746	95.49%	2,056,680	51,185,426	99.49%
2018	52,980,354		50,483,164	95.29%	1,887,655	52,370,819	98.85%
2019	55,668,393		52,528,130	94.36%	1,471,698	53,999,828	97.00%
2020	58,793,454		56,562,316	96.21%	-	56,562,316	96.21%

(1) Exclusive of penalties and interest.

(2) Includes personal property tax relief from the Commonwealth of Virginia.

(3) Original assessments, does not include supplemental or abatement assessments

COUNTY OF WARREN, VIRGINIA

Principal Property Taxpayers - Real Estate
Last Ten Fiscal YearsTable 11
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Taxpayer	Fiscal Year 2020				Fiscal Year 2019				Fiscal Year 2018			
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer
Sysco Mdse & Supply Chain Svcs (Baugh Northeast)	\$ 61,328,500	1	1.37%	Sysco Mdse & Supply Chain Svcs (Baugh Northeast)	\$ 61,328,500	1	1.40%	Sysco Mdse & Supply Chain Svcs (Bi)	\$ 64,942,100	1	1.58%	
Family Dollar Services Inc	44,743,600	2	0.96%	Family Dollar Services Inc	44,320,600	2	1.01%	Family Dollar Services Inc	57,633,600	2	1.40%	
Cole FG Front Royal VA LLC	30,583,800	3	0.66%	Cole FG Front Royal VA LLC	30,583,500	3	0.70%	Cole FG Front Royal VA LLC	37,869,800	3	0.92%	
Interbake Foods LLC	24,076,200	4	0.52%	Interbake Foods LLC	23,410,800	4	0.53%	Interbake Foods LLC	21,678,700	4	0.53%	
Axalta (DuPont Performance Coatings)	19,313,900	5	0.41%	Toray Plastics (America) The	20,924,500	5	0.48%	Axalta (DuPont Performance Coatings)	20,164,700	5	0.49%	
Toray Plastics (America) The	20,924,500	6	0.35%	Axalta (DuPont Performance Coatings)	19,313,900	6	0.44%	Walmart	18,495,800	6	0.45%	
Boisseau Family LC (The) et al	16,492,000	7	0.35%	Boisseau Family LC (The) et al	16,492,000	7	0.38%	Boisseau Family LC (The) et al	17,496,200	7	0.42%	
Walmart	16,208,300	8	0.31%	Walmart	16,208,300	8	0.37%	Toray Plastics (America) The	16,620,900	8	0.40%	
Crooked Run LLC	14,575,400	9	0.45%	Crooked Run LLC	16,164,900	9	0.37%	Crooked Run LLC	14,880,300	9	0.36%	
JCR Riverton Investors	12,977,900	10	0.28%	Green Mountain Hospitality	13,046,600	10	0.30%	Green Mountain Hospitality	12,158,600	10	0.30%	
	<u>\$ 261,224,100</u>		<u>5.60%</u>		<u>\$ 261,793,600</u>		<u>5.96%</u>		<u>\$ 281,940,700</u>		<u>6.85%</u>	
Taxpayer	Fiscal Year 2017				Fiscal Year 2016				Fiscal Year 2015			
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer
Sysco Mdse & Supply Chain Svcs	\$ 64,942,100	1	1.60%	Sysco Mdse & Supply Chain Svcs	\$ 64,942,100	1	1.61%	Sysco Mdse & Supply Chain Svcs	\$ 65,680,300	1	1.67%	
Family Dollar Services Inc	57,633,600	2	1.42%	Family Dollar Services Inc	57,633,600	2	1.43%	Family Dollar Services Inc	57,413,750	2	1.46%	
Cole FG Front Royal VA LLC	37,719,800	3	0.93%	Cole FG Front Royal VA LLC	37,719,800	3	0.93%	Cole FG Front Royal VA LLC	37,016,550	3	0.94%	
Interbake Foods LLC	21,678,700	4	0.53%	Interbake Foods LLC	21,678,700	4	0.54%	Interbake Foods LLC	21,953,150	4	0.56%	
Axalta (DuPont Perf. Coatings)	20,164,700	5	0.50%	Axalta (DuPont Perf. Coatings)	20,164,700	5	0.50%	Axalta (DuPont Perf. Coatings)	20,141,450	5	0.51%	
Walmart	18,430,800	6	0.45%	Boisseau Family LC (The) et al	17,464,700	6	0.43%	Boisseau Family LC (The) et al	18,481,000	6	0.47%	
Boisseau Family LC (The) et al	17,496,200	7	0.43%	Walmart	18,430,800	7	0.46%	Walmart	16,752,250	7	0.43%	
Toray Plastics (America) The	16,620,900	8	0.41%	Crooked Run LLC	14,880,300	8	0.37%	Crooked Run LLC	14,795,500	8	0.38%	
Crooked Run LLC	14,880,300	9	0.37%	Toray Plastics (America) The	15,530,400	9	0.38%	Toray Plastics (America) The	14,796,650	9	0.38%	
JCR Riverton Investors	13,006,300	10	0.32%	Green Mountain Hospitality	11,768,700	10	0.29%	Winchester Road (E&A) LLC	11,073,050	10	0.28%	
	<u>\$ 282,573,400</u>		<u>6.95%</u>		<u>\$ 280,213,800</u>		<u>6.94%</u>		<u>\$ 278,103,650</u>		<u>7.09%</u>	

COUNTY OF WARREN, VIRGINIA

Principal Property Taxpayers - Real Estate
Last Ten Fiscal Years

Table 11
Page 2 of 2

Taxpayer	Fiscal Year 2014				Fiscal Year 2013				Fiscal Year 2012			
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	
Baugh Northeast Co-op Inc.	\$ 66,418,500	1	1.74%	Baugh Northeast Co-op Inc.	\$ 66,418,500	1	1.75%	Baugh Northeast Co-op Inc.	\$ 66,418,500	1	1.76%	
Family Dollar Services Inc	57,173,900	2	1.50%	Family Dollar Services Inc	57,173,900	2	1.51%	Family Dollar Services Inc	57,173,900	2	1.51%	
Cole FG Front Royal VA LLC	36,313,300	3	0.95%	Cole FG Front Royal VA LLC	36,313,300	3	0.96%	Cole FG Front Royal VA LLC	36,313,300	3	0.96%	
Interbake Foods LLC	22,227,600	4	0.58%	Interbake Foods LLC	22,227,600	4	0.59%	Interbake Foods LLC	22,227,600	4	0.59%	
Dupont E I De Nemours & Co.	20,118,200	5	0.53%	Dupont E I De Nemours & Co.	20,118,200	5	0.53%	Dupont E I De Nemours & Co.	20,118,200	5	0.53%	
Boisseau Family LC (The) et al	19,528,800	6	0.51%	Boisseau Family LC (The) et al	19,670,400	6	0.52%	Boisseau Family LC (The) et al	19,658,000	6	0.52%	
Walmart	15,073,300	7	0.40%	Walmart	15,073,300	7	0.40%	Walmart	15,073,300	7	0.40%	
Crooked Run LLC	14,710,700	8	0.39%	Crooked Run LLC	14,710,700	8	0.39%	Crooked Run LLC	14,710,700	8	0.39%	
Toray Plastics (America) The	14,062,900	9	0.37%	Toray Plastics (America) The	14,062,900	9	0.37%	Toray Plastics (America) The	14,072,900	9	0.37%	
Winchester Road (E&A) LLC	11,722,500	10	0.31%	Winchester Road (E&A) LLC	11,722,500	10	0.31%	Winchester Road (E&A) LLC	11,722,500	10	0.31%	
	<u>\$ 277,349,700</u>		<u>7.27%</u>		<u>\$ 277,491,300</u>		<u>7.31%</u>		<u>\$ 277,488,900</u>		<u>7.34%</u>	

Taxpayer	Fiscal Year 2011			
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	
Baugh Northeast Co-op Inc.	\$ 66,418,500	1	1.38%	
Family Dollar Services Inc	57,173,900	2	1.19%	
Cole FG Front Royal VA LLC	36,313,300	3	0.75%	
Interbake Foods LLC	22,227,600	4	0.46%	
Dupont E I De Nemours & Co.	20,118,200	5	0.42%	
Boisseau Family LC (The) et al	19,658,000	6	0.41%	
Crooked Run LLC	16,727,000	7	0.35%	
Walmart	15,073,300	8	0.31%	
Toray Plastics (America) The	14,072,900	9	0.29%	
Winchester Road (E&A) LLC	11,627,600	10	0.24%	
	<u>\$ 279,410,300</u>		<u>5.80%</u>	

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.

Fiscal Year 2010 is comprised of the 2009 calendar year assessment.

Fiscal Year 2011 is comprised of the 2010 calendar year assessment.

Fiscal Year 2012 is comprised of the 2011 calendar year assessment.

Fiscal Year 2013 is comprised of the 2012 calendar year assessment.

Fiscal Year 2014 is comprised of the second half of calendar year 2013 and first half of calendar year 2014 assessment.

Fiscal Year 2015 is comprised of the second half of calendar year 2014 and first half of calendar year 2015 assessment.

Fiscal Year 2016 is comprised of the second half of calendar year 2015 and first half of calendar year 2016 assessment.

COUNTY OF WARREN, VIRGINIA

Table 12

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities										
	General Obligation Bonds	Lease Revenue and Revenue Bonds	Line of Credit	Premium on Bonds	Other Notes/ Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Overlapping Debt (2)	Overlapping Percent
2011	\$ 28,075,211	\$ 87,320,985	\$ -	\$ 14,597,900	\$ 482,652	\$ 742,336	\$ 131,219,084	9.24%	\$ 3,482	n/a	n/a
2012	15,521,800	92,468,265	-	14,546,493	454,145	496,150	123,486,853	8.77%	3,243	n/a	n/a
2013	14,079,600	89,443,928	-	13,934,950	424,503	307,945	118,190,926	7.72%	3,113	n/a	n/a
2014	14,432,500	87,410,000	-	13,326,444	393,681	244,670	115,807,295	7.50%	3,000	n/a	n/a
2015	54,817,386	89,230,000	-	12,679,166	-	844,392	157,570,944	10.20%	4,042	n/a	n/a
2016	51,938,076	93,126,000	-	11,818,496	-	1,135,758	158,018,330	9.67%	4,043	15,274,979	37%
2017	50,029,634	89,566,000	-	10,983,988	-	954,986	151,534,608	9.13%	3,868	16,894,846	37%
2018	48,052,204	85,639,000	6,501,558	10,159,588	-	770,417	151,122,767	8.44%	3,820	17,240,561	37%
2019	46,005,806	92,804,000	586,270	9,346,450	398,812	581,938	149,723,276	8.01%	3,743	16,690,666	37%
2020	43,875,632	92,942,000	541,071	9,346,450	392,017	871,118	147,968,288	7.69%	3,681	16,181,333	37%

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

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

(2) Overlapping debt for those Warren County residents that reside in the Town of Front Royal - general obligation debt

n/a - Information not available

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation		Net Bonded Debt per Capita (1)
			Debt to Assessed Value (2)	Debt to Assessed Value (2)	
2011	\$ 129,994,096	\$ 129,994,096	2.46%	2.46%	3,449
2012	122,536,558	122,536,558	2.87%	2.87%	3,218
2013	117,458,478	117,458,478	2.74%	2.74%	3,094
2014	115,168,944	115,168,944	2.50%	2.50%	2,983
2015	156,726,552	156,726,552	3.11%	3.11%	4,020
2016	156,882,572	156,882,572	2.88%	2.88%	4,014
2017	150,579,622	150,579,622	2.69%	2.69%	3,843
2018	150,352,350	150,352,350	2.68%	2.68%	3,800
2019	148,742,526	148,742,526	2.54%	2.54%	3,718
2020	146,705,153	146,705,153	2.37%	2.37%	3,649

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

(2) See the Table of Assessed Value and Estimated Actual Value of Taxable Property - Table 8

(3) Includes all long-term general obligation bonded debt, lease revenue bonds and line of credit. Excludes capital leases, revenue bonds, OPEB liabilities, net pension liabilities, landfill related liabilities, notes payable and compensated absences.

The County is not subject to a legal debt margin

The County has no legally pledged revenue sources for long-term debt.

COUNTY OF WARREN, VIRGINIA

Table 14

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	September 30 School K-12 Membership	Unemploy- ment Rate
2011	37,688	\$ 1,419,556	\$ 37,666	39	5,340	6.20%
2012	38,077	1,408,315	36,986	39	5,329	5.00%
2013	37,963	1,530,374	39,867	39	5,414	4.90%
2014	38,607	1,544,352	39,907	39	5,408	4.80%
2015	38,987	1,544,352	39,907	39	5,341	4.81%
2016	39,083	1,634,254	41,815	41	5,296	4.10%
2017	39,181	1,659,160	42,374	41	5,277	3.40%
2018	39,563	1,790,520	45,257	41	5,171	2.80%
2019	40,003	1,869,873	46,743	41	5,242	2.90%
2020	40,202	1,925,126	47,932	41	4,964	4.30%

Source: Weldon Cooper Center, Annual school report - prepared by the County, www.census.gov, www.bea.gov

COUNTY OF WARREN, VIRGINIA

Table 15

Principal Employers
Current Year

Employer	Industry	2020		
		Employees	Rank	% of Total Employment
Warren County School Board	Educational Services	750 - 950	1	7.5% - 9.0%
Valley Health System-WMH	Hospitals	400 - 500	2	4.0% - 5.3%
Family Dollar Services	Warehousing and Storage	300 - 400	3	3.1% - 4.7%
Walmart	General Merchandise Stores	250 - 350	4	2.1% - 4.5%
Warren County Government	General Government	250 - 350	5	2.1% - 4.5%
Rural King	General Merchandise Stores	250 - 350	6	2.1% - 4.5%
Axalta Coating Systems (Dupont)	Chemical Manufacturing	250 - 350	7	2.1% - 4.5%
Interbake Foods LLC	Food Manufacturing	250 - 350	8	2.1% - 4.5%
Baugh Northeast (Sysco)	Administrative and Support Services	250 - 300	9	2.1% - 4.2%
Ferguson Enterprises Inc	Merchant Wholesalers, Durable Goods	250 - 300	10	2.1% - 4.2%
Total Employed		11,921		

Source: Virginia Labor Market Services, Area Profile Summary, QCEW Data US Bureau of Labor Statistics

Note: Information nine years prior is unavailable. As information is available the data will be reported.

COUNTY OF WARREN, VIRGINIA

Table 16
Page 1 of 2

Full-Time County Government Employees By Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary Government										
Department:										
General government administration	32	32	32	32	34	34	34	34	34	33
Board of Supervisors	0	0	0	0	0	0	0	0	0	0
County Administration	6	6	6	6	7	7	7	7	7	6
County Attorney's Office	3	3	3	3	3	3	3	3	3	3
Office of the Commissioner of Revenue	10	10	10	10	10	10	10	10	10	10
Reassessment	0	0	0	0	0	0	0	0	0	0
Treasurer's Office	7	7	7	7	7	7	7	7	7	7
Finance and Purchasing	4	4	4	4	5	5	5	5	5	5
Elections	2	2	2	2	2	2	2	2	2	2
Judicial administration	15	15	16	16	16	18	19	19	19	21
Circuit Court	0	0	0	0	0	0	0	0	0	0
General District Court	0	0	0	0	0	0	0	0	0	0
Magistrates	0	0	0	0	0	0	0	0	0	0
Juvenile and Domestic Court	0	0	0	0	0	0	0	0	0	0
Clerk of Circuit Court	7	7	8	8	8	9	9	9	9	9
Law Library	0	0	0	0	0	0	1	1	1	1
Commonwealth's Attorney	8	8	8	8	8	9	9	9	9	11
Public safety	125	125	128	130	109	111	112	118	122	122
Sheriff's Office	53	53	54	54	53	53	54	54	48	48
School Resource	0	0	0	0	0	0	0	0	10	10
Court Security	2	2	2	2	0	0	0	0	0	0
E-911 System	6	6	6	6	6	7	7	7	7	7
Volunteer Fire and Rescue	0	0	0	0	0	0	0	0	0	0
Corrections	31	31	31	31	10	10	10	10	10	10
Probation	1	1	1	1	1	1	1	1	1	1
Building Inspections	6	6	6	6	6	7	7	7	7	7
Animal Control	4	4	4	4	4	4	4	4	4	4
Medical Examiner	0	0	0	0	0	0	0	0	0	0
Fire and Rescue Department	22	22	24	26	29	29	29	35	35	35
Cost Recovery	0	0	0	0	0	0	0	0	0	0
Public works	5	5	7	8	10	11	12	12	13	18
Public Works/Sanitary Districts	0	0	0	0	0	0	1	1	3	4
Streets and Highways	0	0	0	0	0	0	0	0	0	0
Refuse Collection	1	0	0	0	0	0	0	0	0	0
Refuse Disposal	2	3	3	4	5	5	5	5	4	4
General Services	2	2	4	4	5	6	6	6	6	10

COUNTY OF WARREN, VIRGINIA

Table 16
Page 2 of 2

Full-Time County Government Employees By Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary Government: (Continued)										
Department: (Continued)										
Health and welfare	39	39	39	39	42	42	42	42	42	42
Health	0	0	0	0	0	0	0	0	0	0
Mental Health and Retardation	0	0	0	0	0	0	0	0	0	0
Social Services	38	38	38	38	41	41	41	41	41	41
Other Social Services	0	0	0	0	0	0	0	0	0	0
Comprehensive Youth Service Act	1	1	1	1	1	1	1	1	1	1
Education	0	0	0	0	0	0	0	0	0	0
Community College	0	0	0	0	0	0	0	0	0	0
Parks, recreation and cultural	15	14	14	16	18	18	19	19	18	17
Parks and recreation	15	14	14	16	18	18	19	19	18	17
Library Museum Cultural Enrichment	0	0	0	0	0	0	0	0	0	0
Community development	5	5	4	4	5	5	6	6	6	6
Planning and Zoning	4	4	3	3	4	4	5	5	5	5
Economic Development	0	0	0	0	0	0	0	0	0	0
Front Royal/Warren County Airport	0	0	0	0	0	0	0	0	0	0
Environmental Management	0	0	0	0	0	0	0	0	0	0
Gypsy Moth Control	0	0	0	0	0	0	0	0	0	0
VPI Extension Service	1	1	1	1	1	1	1	1	1	1
Total	236	235	240	245	234	239	244	250	254	259
Component Unit - School Board										
Function:										
Education - full-time	754	754	748	750	720	723	742	742	755	740
Total Full-Time Employees	990	989	988	995	954	962	986	992	1009	999

Source: Warren County Fiscal Year Budget Documents and other payroll reports

COUNTY OF WARREN, VIRGINIA

Table 17

Operating Indicators By Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Sheriffs department:										
Physical arrests	603	779	467	454	369	438	403	457	322	430
Traffic violations	853	1,358	1,163	1,523	1,385	1,304	1,111	1,188	874	1,645
Court security manhours worked	7,506	7,520	7,420	7,419	5,083	5,136	4,447	4,848	4,900	4,652
Prisoner transports	826	959	1,315	579	579	748	445	456	495	158
DUIs	64	84	61	64	73	84	49	49	55	129
Fire and rescue:										
Number of calls answered****	8,357	7,163	5,666	8,137	5,526	5,867	5,962	6,300	6,133	6,322
Building Inspections:										
Permits issued	1,827	1,815	2,106	2,097	2,178	2,634	2,567	2,274	2,121	2,453
Public works										
General maintenance:										
Trucks/vehicles	2	3	3	3	3	3	5	3	3	3
Landfill:										
Refuse collected (tons/day)	76.44	78.51	78.51	89.96	94.11	99.45	103.64	105.13	108.57	119.61
Parks, recreation and cultural										
Parks and recreation attendees/participants:										
Youth sports participants	2,439	2,134	2,663	2,254	3,453	4,292	3,007	2,500	1,902	1,321
Adult sports participants (individuals)	281	237	241	360	443	644	790	1,055	856	453
Adult sports participants (teams)	26	26	20	22	18	9	4	-	-	-
Dance and crafts - youth and adult	50	50	50	50	160	233	236	837	890	197
Trips	336	102	108	431	178	550	609	404	192	199
CPR, Lifeguard, Dog Obedience classes	43	26	26	101	30	21	35	9	51	26
Open special events	112	423	1,942	2,351	1,793	1,729	1,988	2,069	2,073	1,244
Component Unit - School Board										
Education:										
School age population***	7,847	7,847	7,706	7,675	7,567	7,500	7,466	7,385	7,422	7,419
Sept. 30 K-12 school membership	5,340	5,329	5,414	5,408	5,398	5,309	5,313	5,186	5,242	5,244

Source: Recreation & Parks, Fire and Rescue, Sheriff's Department annual report, Solid Waste receiving facilities' record, and Warren County Budget Book.

*** Source from Virginia Department of Education and the Weldon Cooper Center, 2008, and 2010-2015 numbers available.

**** 2013 does not include all CAD sheets from dispatch

COUNTY OF WARREN, VIRGINIA

Table 18

Capital Asset Statistics By Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Vehicles	6	6	6	6	6	4	6	5	4	4
Public safety - insured vehicles										
Law enforcement										
Vehicles	61	57	57	65	67	68	74	69	80	80
Other public safety										
Vehicles	3	3	3	3	3	2	0	0	0	0
Building inspections										
Vehicles	5	5	5	5	6	6	6	6	5	5
Animal control										
Vehicles	5	4	4	4	5	4	4	5	4	4
Emergency services										
Vehicles	13	13	13	14	15	20	17	21	20	21
Public works										
Refuse										
Vehicles	2	1	1	1	2	2	5	4	4	6
Buildings and Grounds										
Vehicles	0	2	2	2	2	2	2	2	2	3
Health and welfare										
Department of Social Services										
Vehicles	8	8	8	8	8	8	8	8	8	8
Parks, recreation and cultural										
Parks and recreation										
Vehicles	13	13	13	14	17	22	23	21	23	26
Community development										
Planning and Zoning										
Vehicles	1	1	1	1	1	1	1	1	1	1
Other										
Vehicles	1	1	1	1	1	2	4	6	6	6

Source: Finance Department motor vehicle insurance reports

- Compliance -



**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 Warren, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component unit-school board, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Warren, Virginia's basic financial statements, and have issued our report thereon dated March 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Warren, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Warren, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Warren, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedules of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2020-001 and 2020-02).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Warren, 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*.

County's Response to Findings

County of Warren, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Warren, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no such opinion on it.

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, Farnum, Cox Associates

Charlottesville, Virginia
March 3, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Warren, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Warren, Virginia's major federal programs for the year ended June 30, 2020. County of Warren, 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 the County of Warren, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Warren, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Warren, 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, 2020.

Report on Internal Control over Compliance

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

Charlottesville, Virginia

March 3, 2021

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119/0950120	\$ 14,243
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	0400119/0400120	241,723
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500119/0500120	436
Low-Income Home Energy Assistance	93.568	0600419/0600420	45,926
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760120	45,022
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900119/0900120	432
Foster Care - Title IV-E	93.658	1100119/1100120	286,372
Adoption Assistance	93.659	1120119/1120120	254,805
Social Services Block Grant	93.667	1000119/1000120	258,717
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120	2,205
Children's Health Insurance Program	93.767	0540119/0540120	7,123
Medicaid Cluster:			
Medical Assistance Program	93.778	1200119/1200120	435,886
Total Department Health and Human Services			\$ 1,592,890
Department of Agriculture:			
Child Nutrition Cluster:			
Pass-Through Payments:			
Department of Agriculture:			
Food distribution - Summer Food Service Program for Children	10.559	APE40254000	\$ 6,288
Subtotal CFDA 10.559			\$ 6,288
Food distribution - National School Lunch Program	10.555	APE40254000	\$ 238,627
Subtotal CFDA 10.555			\$ 238,627
Department of Education:			
Summer Food Service Program for Children	10.559	201919N109941/202020N109941	\$ 14,758
COVID-19 - Summer Food Service Program for Children	10.559	202020N85034	399,626
Subtotal CFDA 10.559			\$ 414,384
School Breakfast Program	10.553	201919N109941/202020N109941	\$ 353,120
COVID-19 - School Breakfast Program	10.553	202020N85034	29,643
Subtotal CFDA 10.553			\$ 382,763
National School Lunch Program	10.555	201919N109941/202020N109941	846,802
COVID-19 - National School Lunch Program	10.555	202020N85034	66,858
Subtotal CFDA 10.555			\$ 913,660
Subtotal Child Nutrition Cluster			\$ 1,955,722
Forest Services Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE43841	\$ 1,201
Child and Adult Care Food Program	10.558	201919N109941/202020N109941	\$ 1,102
COVID-19 - Child and Adult Care Food Program	10.558	202020N85034	73
Subtotal CFDA 10.558			\$ 1,175
State Administrative Expenses for Child Nutrition	10.560	201919N253341	\$ 368
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	416,506
Total Department of Agriculture			\$ 2,374,972

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass-Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	17VAGX0018	\$ 29,357
Juvenile Justice and Delinquency Prevention	16.540	17JFFX0018	1,985
Total Department of Justice			\$ 31,342
Department of Transportation:			
Direct Payments:			
Airport Improvement Program	20.106	Not applicable	\$ 50,615
Total Department of Transportation			\$ 50,615
Department of Homeland Security:			
Pass-Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	EMP-2018-SS-00088/EMP-2019-SS-0093	\$ 1,472
Emergency Management Performance Grants	97.042	EMP-2018-EP-00006/EMP-2019-EP-00007	6,477
Total Department of Homeland Security			\$ 7,949
Department of Education:			
Pass-Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A180046/S010A190046	\$ 1,088,250
Special Education Cluster:			
Special Education Grants to States	84.027	H027A180107/H027A190107	1,129,584
Special Education Preschool Grants	84.173	H173A180112/H173A190112	33,140
Subtotal Special Education Cluster			\$ 1,162,724
Career and Technical Education: Basic Grants to States	84.048	V048A180046/V048A190046	\$ 91,800
English Language Acquisition State Grants	84.365	S365A190046	13,230
Supporting Effective Instruction State Grants (formerly Improvement Teacher Quality State Grants)	84.367	S367A180044/S367A190044	195,679
School Improvement Grants	84.377	Unavailable	23,417
Student Support and Academic Enrichment Program	84.424	S424A180048/S424A190048	72,792
Total Department of Education			\$ 2,647,892
Total Expenditures of Federal Awards			\$ 6,705,660

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF WARREN, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of the County of Warren, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County of Warren, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Warren, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. 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) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

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

Note 4 - Indirect Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 7 - 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:

General fund	\$ 2,157,922
Less: Department of the Interior - Payments in lieu of taxes	(58,620)
Total Primary Government	<u>\$ 2,099,302</u>

Component Unit - Warren County School Board:

School operating fund	\$ 4,881,386
Less: Federal Interest Rate Subsidy - Qualified Energy Conservation Bonds	(275,028)
Total Component Unit - Warren County School Board	<u>\$ 4,606,358</u>

Total expenditures of federal awards per basic financial statements	<u>\$ 6,705,660</u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 6,705,660</u></u>
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Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified: governmental activities; discretely presented component unit - School Board;
each major fund; and aggregate remaining fund information

Disclaimer: discretely presented component unit - IDA

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027 / 84.173	Special Education Cluster
10.553 / 10.555 / 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II - Financial Statement Findings**2020-001 - Material Audit Adjustments Proposed by External Auditor**

Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The financial statements required material adjustments proposed by the Auditor to ensure such statements complied with Generally Accepted Account Principles (GAAP).
Cause:	The County failed to identify and record all year-end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	We recommend the County implement procedures to ensure the financial statements are materially correct in accordance with Generally Accepted Accounting Principles.
Management's Response:	Management recognize that some adjustments were not made timely, which is attributed to the lack of staffing in the finance office. Management agrees that internal procedures and timely adjustments need to be made, and will develop the necessary internal steps to ensure the financial statements are completed on a timely manner. Given Finance is now adequately, timely entries and segregation of duties will resolve this finding.

2020-002 - Inadequate Year-End Controls Over Capital Assets/Projects and Long-Term Obligations

Criteria:	The County is responsible for maintaining an effective system of internal controls over financial closing and reporting that provides reasonable assurance for the reliability of the reported financial information.
Condition:	It was necessary for the Auditor to compile the information at year-end relevant to the identification of capital asset additions and tracking of capital projects for the fiscal year ended June 30, 2020. Additionally, it was necessary for the Auditor to reconcile debt service payments to the corresponding outstanding long-term obligations at year-end.
Cause:	The County did not have adequate controls in place over the year-end close process to identify capital asset additions, track capital projects, and reconcile debt service payments to the corresponding outstanding long-term obligations.
Effect:	There is a reasonable possibility that unidentified capital assets and debt service payments not reconciled to the corresponding long-term obligations could result in a material misstatement of the financial statements.
Recommendation:	We recommend the County Finance Department develop year-end procedures to aid in the identification, tracking, and reconciliation of capital assets, capital projects, and long-term obligations.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II - Financial Statement Findings: (Continued)

2020-002 - Inadequate Year-End Controls Over Capital Assets/Projects and Long-Term Obligations: (Continued)

Management's Response:

Management recognizes that Finance processes all payments for Capital projects, and the projects were managed by a different department. This led to finance having partial responsibility in the tracking of capital projects, in particular the project expenditures. Finance will work with the Administration to define appropriate responsibilities for ongoing capital project.

Finance recognizes that information was not compiled to prepare the reconciliation of debt service. Going forward, Finance will work to complete the reconciliation of debt service payments and prepare a schedule tracking the balance of outstanding long-term obligations.

The County is developing a process where all leases are channeled through Finance before being executed.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None