

COUNTY OF WASHINGTON, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF WASHINGTON, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

COUNTY OF WASHINGTON, VIRGINIA

BOARD OF SUPERVISORS

Saul A. Hernandez, Chair
Allison B. Mays, Vice-Chair
J. Eddie Copenhaver
Phillip B. McCall
Randy L. Pennington
Dwayne Ball
G. Michael Rush
Jason N. Berry, Clerk

COUNTY SCHOOL BOARD

Tom Musick, Chair
Terry D. Fleenor, Vice-Chair
Billy W. Brooks
Elizabeth P. Lowe
Dr. Douglas E. Arnold
J. Sanders Henderson, III
Dayton Owens
Melissa Caudill, Clerk

SOCIAL SERVICES BOARD

Kathy Roark, Chair
Janet Combs, Vice-Chair
Debbie Anderson
Doris Wells
Kay Poole
Daniel Ruble
David Winship

OTHER OFFICIALS

Clerk of the Circuit Court..... Patricia S. Moore
Commonwealth's Attorney Joshua S. Cumbow
Commissioner of the Revenue..... Layton David Henry
Treasurer Fred W. Parker
Sheriff..... Fred P. Newman
Superintendent of Schools Dr. Brian Ratliff
Director of Social Services Kathy M. Johnson
County Administrator Jason N. Berry
Finance Director..... Tammy Copenhaver
County Attorney Lucy E. Phillips

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 29 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-11, 110, and 111-131 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 Washington, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019, on our consideration of the County of Washington, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Washington, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Washington, Virginia's internal control over financial reporting and compliance.

Robinson, Fauer, Cox Associates

Blacksburg, Virginia
November 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Washington, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,144,563 (net position). Of this amount, \$17,835,796 was considered unrestricted.
- The change in net position of the County's governmental activities was \$5,956,046 for the current fiscal year. In the prior fiscal year, the change in net position of the County's governmental activities was \$1,550,702.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$23,770,550. Of the amount \$17,263,893 was considered unassigned, \$727,814 was considered assigned, \$5,501,041 was considered committed, \$234,121 was considered restricted and \$43,681 was considered nonspendable.
- During the year, the County had revenues in excess of expenditures in the General Fund of \$2,165,620. In the prior fiscal year, the revenues were in excess of the expenditures for the General Fund by \$553,045.

Overview of the Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison and presentation of combining financial statements for the discretely presented component units and the non-major funds.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$28,144,563 at the close of the most recent fiscal year.

A significant portion of the County's net position \$10,074,646 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position \$234,121, are subject to restrictions on how they may be used. The remaining balance of net position \$17,835,796 may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Position and Statement of Activities for 2019 and 2018.

Statement of Net Position

	Governmental Activities	Governmental Activities
	2019	2018
Current and other assets	\$ 46,084,792	\$ 42,629,528
Capital and other assets	30,484,745	30,935,234
Total assets	<u>\$ 76,569,537</u>	<u>\$ 73,564,762</u>
Deferred outflows of resources	<u>\$ 2,509,747</u>	<u>\$ 2,645,415</u>
Current and other liabilities	\$ 4,940,147	\$ 3,876,514
Long-term liabilities	29,886,535	34,620,320
Total liabilities	<u>\$ 34,826,682</u>	<u>\$ 38,496,834</u>
Deferred inflows of resources	<u>\$ 16,108,039</u>	<u>\$ 15,524,826</u>
Net position:		
Net investment in capital assets	\$ 10,074,646	\$ 8,043,186
Restricted	234,121	759,069
Unrestricted	17,835,796	13,386,262
Total net position	<u>\$ 28,144,563</u>	<u>\$ 22,188,517</u>

Statement of Activities

	Governmental Activities 2019	Governmental Activities 2018
Program revenues		
Charges for services	\$ 2,455,107	\$ 2,245,836
Operating grants and contributions	11,061,620	10,776,143
Capital grants and contributions	100,686	137,679
General revenues		
Property taxes	38,688,720	38,072,161
Other taxes	10,048,347	10,014,078
Revenue from use of money and property	546,431	216,464
Miscellaneous	1,346,362	1,317,667
Gain on disposal of capital assets	-	-
Grants and contributions not restricted to specific programs	4,218,527	4,337,419
Total revenues	<u>68,465,800</u>	<u>67,117,447</u>
Expenses		
General government	3,484,548	3,689,352
Judicial administration	1,520,934	1,604,907
Public safety	12,337,009	13,065,517
Public works	3,649,087	3,595,141
Health and welfare	8,481,758	8,951,575
Education	28,729,896	29,877,348
Parks, recreation and cultural	2,041,937	2,195,660
Community development	1,513,061	1,815,211
Interest on debt	751,524	772,034
Total expenses	<u>62,509,754</u>	<u>65,566,745</u>
Change in net position	<u>\$ 5,956,046</u>	<u>\$ 1,550,702</u>

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

Financial Analysis of the County's Funds

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

Governmental Funds – The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County’s net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$23,770,550; .2% or \$43,681 constitutes nonspendable fund balance, 1.0% or \$234,121 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately 23.1% or \$5,501,041 has been committed by action of the Board of Supervisors and 3.1% or \$727,814 has been assigned by the Board of Supervisors. The remaining balance, \$17,263,893 or 72.6% is unassigned, meaning there is no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$23,332,325 of this amount \$17,267,385 was considered unassigned.

Total general fund revenues increased \$2,303,772 and expenditures increased \$7,186 over prior year amounts. For fiscal year ended June 30, 2019, revenues exceeded expenditures by \$2,165,620 for the general fund, as compared to the fiscal year ended June 30, 2018, revenues exceeded expenditures by \$553,045 for the general fund.

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year. The County budgeted revenues of \$67,755,565 for fiscal year 2019. The actual revenues were \$69,637,789 which is a favorable variance of \$1,882,224. The favorable variance is attributed to revenue from general property taxes, other local taxes, revenue from the use of money and property, and charges for services received in excess of the budgeted amount. The budgeted expenditures were \$71,570,510 for the County. The actual expenditures were \$66,851,830 which is a favorable variance of \$4,718,680 which is attributed largely to expenditures for all departments budgeted for more than was actually spent.

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds activities as of June 30, 2019 amounts to \$30,484,745 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The main capital expenditures during fiscal year 2019 were for the purchase of vehicles for the sheriff’s department and the purchase of trash truck and equipment for solid waste department.

Additional information on the County of Washington’s capital assets can be found in Note 15 of this report.

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

Primary Government:	
Compensated absences	\$ 1,402,215
Net OPEB liabilities	2,273,009
Net pension liability	4,338,018
General obligation bonds	8,550,498
Lease revenue notes	12,293,695
Capital lease	31,219
Landfill post-closure costs	58,906
Literary loans	938,975
Total	<u>\$ 29,886,535</u>

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

Economic Factors

The June 2019 unemployment rate for the County of Washington, Virginia was 3.4%, which is a moderate decrease from a rate of 3.7% in June 2018. This is slightly above the state’s average unemployment rate of 2.9% and below the national average rate of 3.8%.

Request for Information

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

Basic Financial Statements

County of Washington, Virginia
Statement of Net Position
June 30, 2019

	Primary Government		Component	
	Governmental		Units	
	<u>Activities</u>		<u>School Board</u>	<u>Other</u>
ASSETS				
Cash and cash equivalents	\$	18,908,127	\$ 6,151,955	\$ 3,151,151
Investments		6,272,414	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable		17,191,361	-	-
Accounts receivable		641,839	700,028	83,914
Notes receivable		-	-	10,891,693
Rent receivable		-	-	22,752
Grants receivable		-	-	2,796,713
Due from primary government		-	4,081,030	30,000
Due from other governmental units		3,010,370	1,641,746	44,982
Inventories		-	-	46,985
Prepaid items		43,681	742,092	26,708
Net OPEB asset		17,000	-	-
Capital assets (net of accumulated depreciation):				
Land		1,828,672	2,819,475	28,978,232
Buildings and system		27,142,310	8,000,630	3,401,256
Improvements other than buildings		63,940	-	7,529,536
Machinery and equipment		1,381,128	5,904,098	(318,183)
Construction in progress		68,695	185,556	8,699,535
Total assets	\$	76,569,537	\$ 30,226,610	\$ 65,385,274
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	\$	1,404,288	\$ -	\$ 1,749,441
Pension related items		998,459	7,426,155	32,318
OPEB related items		107,000	1,120,790	4,493
Total deferred outflows of resources	\$	2,509,747	\$ 8,546,945	\$ 1,786,252
LIABILITIES				
Accounts payable	\$	229,284	\$ 278,213	\$ 2,955,110
Accrued liabilities		-	858,283	-
Accrued wages		87,162	6,324,811	26,525
Accrued interest payable		122,715	-	64,842
Due to other governmental units		299,956	-	-
Due to component unit		4,111,030	-	-
Unearned revenue		90,000	-	59,469
Long-term liabilities:				
Due within one year		3,636,092	2,349,361	2,150,387
Due in more than one year		26,250,443	79,894,153	15,245,041
Total liabilities	\$	34,826,682	\$ 89,704,821	\$ 20,501,374
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$	13,817,748	\$ -	\$ -
Pension related items		1,563,144	9,910,477	18,016
OPEB related items		727,147	1,859,661	2,000
Total deferred inflows of resources	\$	16,108,039	\$ 11,770,138	\$ 20,016
NET POSITION				
Net investment in capital assets	\$	10,074,646	\$ 16,909,759	\$ 46,026,244
Restricted		234,121	508,461	-
Unrestricted		17,835,796	(80,119,624)	623,892
Total net position	\$	28,144,563	\$ (62,701,404)	\$ 46,650,136

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

County of Washington, Virginia
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Unit	
			Grants and Contributions	Capital Grants and Contributions		School Board	Other Component Units
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 3,484,548	\$ 207,570	\$ 483,717	\$ -	\$ (2,793,261)	\$ -	\$ -
Judicial administration	1,520,934	20,237	875,624	-	(625,073)	-	-
Public safety	12,337,009	1,588,182	2,850,809	100,686	(7,797,332)	-	-
Public works	3,649,087	534,653	37,624	-	(3,076,810)	-	-
Health and welfare	8,481,758	-	6,339,070	-	(2,142,688)	-	-
Education	28,729,896	-	-	-	(28,729,896)	-	-
Parks, recreation, and cultural	2,041,937	102,571	160,522	-	(1,778,844)	-	-
Community development	1,513,061	1,894	314,254	-	(1,196,913)	-	-
Interest on long-term debt	751,524	-	-	-	(751,524)	-	-
Total government activities	\$ 62,509,754	\$ 2,455,107	\$ 11,061,620	\$ 100,686	\$ (48,892,341)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 77,226,786	\$ 2,652,163	\$ 49,853,086	\$ -	\$ -	\$ (24,721,537)	\$ -
Other Component Units	3,186,346	1,468,340	344,066	5,923,832	-	-	4,549,892
Total component units	\$ 80,413,132	\$ 4,120,503	\$ 50,197,152	\$ 5,923,832	\$ -	\$ (24,721,537)	\$ 4,549,892
General revenues:							
General property taxes					\$ 38,688,720	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					6,957,945	-	-
Consumers' utility taxes					1,136,652	-	-
Franchise license taxes					40,380	-	-
Utility license taxes					111,856	-	-
Motor vehicle licenses					1,128,996	-	-
Bank stock taxes					45,846	-	-
Taxes on recordation and wills					474,567	-	-
Hotel and motel room taxes					152,105	-	-
Unrestricted revenues from use of money and property					546,431	11,308	610,376
Miscellaneous					1,346,362	1,221,158	17,036
Payments from Washington County					-	27,956,237	745,353
Grants and contributions not restricted to specific programs					4,218,527	-	-
Total general revenues					\$ 54,848,387	\$ 29,188,703	\$ 1,372,765
Change in net position					\$ 5,956,046	\$ 4,467,166	\$ 5,922,657
Net position - beginning					22,188,517	(67,168,570)	40,727,479
Net position - ending					\$ 28,144,563	\$ (62,701,404)	\$ 46,650,136

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

County of Washington, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General</u>	<u>County Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 18,456,693	\$ -	\$ 451,434	\$ 18,908,127
Investments	6,272,414	-	-	6,272,414
Receivables (net of allowance for uncollectibles):				
Taxes receivable	17,191,361	-	-	17,191,361
Other local taxes receivable	7,668	-	-	7,668
Other receivables	634,171	-	-	634,171
Due from other governmental units	3,010,370	-	-	3,010,370
Prepaid items	43,681	-	-	43,681
Total assets	<u>\$ 45,616,358</u>	<u>\$ -</u>	<u>\$ 451,434</u>	<u>\$ 46,067,792</u>
LIABILITIES				
Accounts payable	\$ 216,075	\$ 3,492	9,717	\$ 229,284
Accrued wages	87,162	-	-	87,162
Due to other governmental units	299,956	-	-	299,956
Due to component unit	4,111,030	-	-	4,111,030
Unearned revenue	90,000	-	-	90,000
Total liabilities	<u>\$ 4,804,223</u>	<u>\$ 3,492</u>	<u>\$ 9,717</u>	<u>\$ 4,817,432</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 17,479,810	\$ -	\$ -	\$ 17,479,810
FUND BALANCES				
Nonspendable	\$ 43,681	\$ -	\$ -	\$ 43,681
Restricted	234,121	-	-	234,121
Committed	5,059,324	-	441,717	5,501,041
Assigned	727,814	-	-	727,814
Unassigned	17,267,385	(3,492)	-	17,263,893
Total fund balances	<u>\$ 23,332,325</u>	<u>\$ (3,492)</u>	<u>\$ 441,717</u>	<u>\$ 23,770,550</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,616,358</u>	<u>\$ -</u>	<u>\$ 451,434</u>	<u>\$ 46,067,792</u>

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

County of Washington, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	23,770,550
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	1,828,672
Buildings and system		27,142,310
Improvements other than buildings		63,940
Machinery and equipment		1,381,128
Construction in progress		68,695
		30,484,745
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue	\$	3,662,062
Net OPEB asset		17,000
		3,679,062
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Deferred charge on refunding	\$	1,404,288
Pension related items		998,459
OPEB related items		107,000
		2,509,747
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds and note	\$	(8,408,352)
General obligation bond premium		(142,146)
Literary loans		(938,975)
Lease revenue notes		(11,579,420)
Lease revenue notes premium		(714,275)
Capital lease		(31,219)
Landfill post-closure liability		(58,906)
Net OPEB liabilities		(2,273,009)
Net pension liability		(4,338,018)
Compensated absences		(1,402,215)
Accrued interest payable		(122,715)
		(30,009,250)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds		
Pension related items	\$	(1,563,144)
OPEB related items		(727,147)
		(2,290,291)
Net position of governmental activities		\$ 28,144,563

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

County of Washington, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General</u>	<u>County Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 38,910,431	\$ -	\$ -	\$ 38,910,431
Other local taxes	10,048,347	-	-	10,048,347
Permits, privilege fees, and regulatory licenses	205,690	-	-	205,690
Fines and forfeitures	1,379,152	-	-	1,379,152
Revenue from the use of money and property	546,431	-	-	546,431
Charges for services	870,265	-	-	870,265
Miscellaneous	1,346,362	-	-	1,346,362
Recovered costs	1,005,019	-	-	1,005,019
Intergovernmental:				
Commonwealth	12,060,773	54,741	-	12,115,514
Federal	3,265,319	-	-	3,265,319
Total revenues	<u>\$ 69,637,789</u>	<u>\$ 54,741</u>	<u>\$ -</u>	<u>\$ 69,692,530</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,364,364	\$ -	\$ -	\$ 3,364,364
Judicial administration	1,756,598	-	-	1,756,598
Public safety	13,674,623	54,741	-	13,729,364
Public works	3,539,434	320,128	-	3,859,562
Health and welfare	8,832,336	-	-	8,832,336
Education	28,288,651	-	105,283	28,393,934
Parks, recreation, and cultural	2,140,850	-	-	2,140,850
Community development	1,546,997	-	-	1,546,997
Nondepartmental	436,931	-	-	436,931
Debt service:				
Principal retirement	2,449,453	-	-	2,449,453
Interest and other fiscal charges	821,593	-	-	821,593
Total expenditures	<u>\$ 66,851,830</u>	<u>\$ 374,869</u>	<u>\$ 105,283</u>	<u>\$ 67,331,982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,785,959</u>	<u>\$ (320,128)</u>	<u>\$ (105,283)</u>	<u>\$ 2,360,548</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 620,339	\$ 335,000	\$ 955,339
Transfers out	(620,339)	(335,000)	-	(955,339)
Total other financing sources (uses)	<u>\$ (620,339)</u>	<u>\$ 285,339</u>	<u>\$ 335,000</u>	<u>\$ -</u>
Net change in fund balances	\$ 2,165,620	\$ (34,789)	\$ 229,717	\$ 2,360,548
Fund balances - beginning	21,166,705	31,297	212,000	21,410,002
Fund balances - ending	<u>\$ 23,332,325</u>	<u>\$ (3,492)</u>	<u>\$ 441,717</u>	<u>\$ 23,770,550</u>

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

County of Washington, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds		\$	2,360,548
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.</p>			
Capital Outlay		\$	1,096,825
Depreciation Expense			(1,529,250)
			(432,425)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>			
			(18,064)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Property taxes			(221,711)
<p>The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term obligations and related items.</p>			
<p>Debt issued or incurred:</p>			
Increase in landfill post-closure liability		\$	(1,324)
<p>Principal repayments:</p>			
General obligation bonds and note			1,453,465
Literary loans			282,023
Lease revenue notes			684,438
Capital lease			29,527
			2,448,129
<p>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.</p>			
Amortization of bond premium		\$	100,998
Amortization of deferred amount on refunding			(68,502)
Change in compensated absences			132,695
Change in OPEB related items			409,141
Change in pension related items			1,207,664
Change in accrued interest payable			37,573
			1,819,569
Change in net position of governmental activities		\$	5,956,046

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

County of Washington, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2019

	Internal Service <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>3,628,496</u>
LIABILITIES	
Current liabilities:	
Incurred but unpaid liability	\$ <u>858,283</u>
NET POSITION	
Unrestricted	\$ 2,770,213
Total net position	<u>\$ 2,770,213</u>

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

County of Washington, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 10,362,615
OPERATING EXPENSES	
Insurance claims and expenses	\$ 10,214,570
Operating income (loss)	\$ 148,045
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 30,610
Change in net position	\$ 178,655
Total net position - beginning	2,591,558
Total net position - ending	\$ 2,770,213

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

County of Washington, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 10,362,615
Payments for premiums	(10,206,913)
Net cash provided by (used for) operating activities	\$ 155,702
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 30,610
Net cash provided by (used for) investing activities	\$ 30,610
Net increase (decrease) in cash and cash equivalents	\$ 186,312
Cash and cash equivalents - beginning	3,442,184
Cash and cash equivalents - ending	\$ 3,628,496
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 148,045
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in amounts incurred but unpaid	\$ 7,657
Net cash provided by (used for) operating activities	\$ 155,702

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

County of Washington, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 246,051
Accounts receivable	4,797
Total assets	\$ 250,848
LIABILITIES	
Amounts held for social services clients	\$ 61,817
Amounts held for school board employee fringe benefits	23,878
Amounts held for soil erosion deposits	27,380
Amounts held for Commonwealth Attorney collection program	137,773
Total liabilities	\$ 250,848

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

The Washington County School Board operates the elementary and secondary public schools in the County. School Board members are elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue separate financial statements.

Other Discretely Presented Component Units:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

A. Financial Reporting Entity (Continued)

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

Jointly Governed Organizations - The County, in conjunction with other local jurisdictions, participates in supporting the Southwest Virginia Regional Jail Authority, Appalachian Juvenile Commission, and the Highlands Community Services. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$3,780,455 to the Regional Jail, \$254,240 to the Juvenile Commission, and \$250,000 to the Community Services Board. The County does not have any ongoing financial responsibility for these Organizations.

B. Government-wide and fund financial statements

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

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

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

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

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

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

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Forfeited Asset, Law Library, Road Improvement, Economic Development Fund, Traffic Enforcement, Anthem County Health Fund, and IDA Revenue Bond.

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

The County reports the following nonmajor governmental fund:

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

The County reports the following internal service fund:

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. The Internal Service Funds consist of the School Board's Self-health Insurance Fund.

Additionally, the County reports the following fund type:

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

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

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

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

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

1. Cash and cash equivalents

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

2. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

3. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$894,903 at June 30, 2019 and is comprised solely of property taxes.

6. Use of Estimates

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

7. Capital assets

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

7. Capital assets (Continued)

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

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

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

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

8. Compensated Absences

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

9. Long-term obligations

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

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

10. Fund Balance

The County of Washington, Virginia evaluated its funds at June 30, 2019 and classified fund balance into the following five categories:

Nonspendable -amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund);

Restricted -amounts that are restricted by external parties such as creditors or imposed by grants, law or legislation;

Committed -amounts that have been committed (establish, modify or rescind) by formal action by the entity's "highest level of decision-making authority"; which the County of Washington, Virginia considers to be the Board of Directors; 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 -amounts that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Washington, Virginia considers this level of authority to be the Board of Directors or any Committee granted such authority by the Board of Directors;

Unassigned -this category is for any balances that have no restrictions placed upon them; positive amounts are only reported in the general fund.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the short of the life of the refunded or refunding debt. The other item is comprised of certain items related to the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

12. Pensions

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

13. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

14. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

15. Net Position Flow Assumption

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All nonfiduciary funds have legally adopted budgets.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

A. Budgetary information (Continued)

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

B. Excess of expenditures over appropriations

For fiscal year 2019, no departments had an excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2019, no funds had deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 3-Deposits and Investments: (Continued)

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County’s investments at June 30, 2019 were held in the County’s name by the County’s custodial bank. The Local Government Investment (LGIP) Pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2019 were rated by Standard and Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale for LGIP investments and Moody’s rating scale for commercial paper.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAAm		AAf/S1
LGIP	\$	566	\$ -
VIP Stable NAV Liq. Pool		4,162,758	-
VIP 1-3 Yr High Quality Bond Fund		-	2,109,090

Concentration of Credit Risk

At June 30, 2019, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

Investment Type	Fair Value	Less than 1 yr
Local Government Investment Pool (LGIP)	\$ 566	\$ 566
Virginia Investment Pool	6,271,848	6,271,848

External Investment Pools

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 4 - Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments that are measured using net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Investments in the VIP are using the NAV per share, which is determined by dividing the total value of the VIP Trust by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the VIP Trust. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days written notice.

The County has the following recurring fair value measurements as of June 30, 2019:

Investment	6/30/2019
Investments measured at the net asset value (NAV):	
VACO/VML VIP Stable Nav Liquidity Pool	\$ 4,162,758
VACO/VML VIP 1-3 Year High Quality Bond Fund	2,109,090
Total investments measured at NAV	\$ 6,271,848

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit- School Board
<u>Local Government:</u>		
Southwest Virginia Regional Jail	\$ 459,915	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,293,524	-
State sales tax	-	958,366
Categorical aid-shared expenses	146,190	-
Categorical aid-other	258,627	-
Noncategorical aid	90,178	-
Categorical aid-VPA funds	206,878	-
Categorical aid-CSA funds	186,011	-
<u>Federal Government:</u>		
Categorical aid-VPA funds	261,792	-
Categorical aid-other	107,255	683,380
Totals	\$ 3,010,370	\$ 1,641,746

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 6-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ 4,111,030	\$ -
Component Unit - School Board:		
School Fund	\$ -	\$ 4,081,030
Component Unit - Park Authority:		
Washington Park Authority	\$ -	\$ 30,000

Note 7-Interfund Transfers and Balances:

Interfund transfers and remaining balances for the year ended June 30, 2019, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 620,339
County Capital Improvements Fund	620,339	335,000
School Capital Projects Fund	335,000	-
Total	<u>\$ 955,339</u>	<u>\$ 955,339</u>

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 8-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2019:

	Balance Balance July 1, 2018	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Direct Borrowings and Placements				
General Obligation bonds and note	\$ 9,861,817	\$ -	\$ (1,453,465)	\$ 8,408,352
General Obligation bond premium	165,015	-	(22,869)	142,146
Literary loans	1,220,998	-	(282,023)	938,975
Total Direct Borrowings and Placements	\$ 11,247,830	\$ -	\$ (1,758,357)	\$ 9,489,473
Lease revenue notes	12,263,858	-	(684,438)	11,579,420
Lease revenue premium	792,404	-	(78,129)	714,275
Capital lease	60,746	-	(29,527)	31,219
Landfill post-closure liability	57,582	1,324	-	58,906
Net OPEB liabilities	3,158,790	384,668	(1,270,449)	2,273,009
Net pension liability	5,504,200	4,353,959	(5,520,141)	4,338,018
Compensated absences	1,534,910	1,018,488	(1,151,183)	1,402,215
Total	\$ 34,620,320	\$ 5,758,439	\$ (10,492,224)	\$ 29,886,535

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

Year Ending June 30,	Direct Borrowings and Placements				Lease Revenue Notes	
	Literary Loans		GO Bonds and Note		Principal	Interest
	Principal	Interest	Principal	Interest		
2020	\$ 282,023	\$ 28,169	\$ 1,467,610	\$ 150,170	\$ 703,966	\$ 381,538
2021	279,260	19,709	1,297,369	121,739	732,008	360,779
2022	234,068	11,331	971,566	98,734	752,036	339,318
2023	57,555	4,309	901,898	81,656	772,064	314,232
2024	57,567	2,582	906,873	66,120	796,099	288,506
2025-2029	28,502	855	2,863,036	116,997	3,928,443	998,779
2030-2034	-	-	-	-	1,819,178	444,657
2035-2039	-	-	-	-	1,702,975	193,711
2040-2041	-	-	-	-	372,651	5,823
Totals	\$ 938,975	\$ 66,955	\$ 8,408,352	\$ 635,416	\$ 11,579,420	\$ 3,327,343

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Advanced Refunding:

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

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

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

A breakdown of the outstanding balance by entity as of June 30, 2019 follows:

	Primary Government	Component Unit - IDA	Total
Lease revenue notes	\$ 10,257,920	\$ 2,542,080	\$ 12,800,000
Premium	714,275	177,008	891,283
Total	<u>10,972,195</u>	<u>2,719,088</u>	<u>13,691,283</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
Bonds and Note						
GO Bond	4.1-5.225%	5/13/1999	2020	\$ 1,400,000	\$ 70,000	\$ 70,000
GO Bond	3.1-5.35%	11/15/2001	2022	1,217,614	206,031	67,971
GO Bond	3.1-5.35%	12/23/2003	2024	972,237	273,818	52,791
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a	15,594	3,118
GO Bond	5.05%	11/1/2007	2027	1,565,886	764,672	79,439
GO Bond	5.05%	11/1/2007	2027	1,204,508	588,204	61,107
GO Bond	5.05%	11/1/2007	2027	1,243,435	607,211	63,081
GO Bond	5.05%	11/1/2007	2027	989,925	483,416	50,221
Premium on \$5,003,754 bonds	n/a	n/a	n/a	n/a	126,552	18,795
Early retirement refunding note	2.50%	9/15/2014	2020	1,854,000	655,000	323,000
QSC Bond	5.31%	7/1/2010	2027	8,145,000	4,760,000	700,000
Total Direct Borrowings and Placements					<u>\$ 8,550,498</u>	<u>\$ 1,489,523</u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness: (Continued)

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
State Literary Fund Loan	3%	12/15/2000	2021	\$ 957,237	\$ 93,237	\$ 48,000
State Literary Fund Loan	3%	10/1/2001	2022	1,001,149	150,180	50,057
State Literary Fund Loan	3%	10/1/2001	2022	1,172,618	175,908	58,630
State Literary Fund Loan	3%	10/1/2001	2022	530,000	79,500	26,500
State Literary Fund Loan	3%	10/1/2001	2022	661,338	99,216	33,066
State Literary Fund Loan	3%	10/1/2001	2022	164,300	24,645	8,215
State Literary Fund Loan	3%	3/15/2004	2024	302,206	75,556	15,110
State Literary Fund Loan	3%	3/15/2004	2024	279,506	69,881	13,975
State Literary Fund Loan	3%	5/1/2005	2025	439,616	131,896	21,980
State Literary Fund Loan	3%	5/1/2005	2025	129,816	38,956	6,490
Total Direct Borrowings and Placements					\$ 938,975	\$ 282,023
Lease Revenue Notes						
Lease Revenue Note	2%-4%	6/16/2016	2041	\$ 3,969,636	\$ 3,435,520	\$ 185,196
Lease Revenue Note	2%-4%	6/16/2016	2041	7,883,070	6,822,400	367,770
Premium on \$7,883,070 bonds	n/a	n/a	n/a	n/a	714,275	77,700
Lease Revenue Note	2.49%	9/24/2015	2026	1,612,500	1,321,500	151,000
Total Lease Revenue Notes					\$ 12,293,695	\$ 781,666
Other Obligations						
Capital lease	5.59%	7/20/2017	7/20/2020	\$ 88,672	\$ 31,219	\$ 31,219
Landfill Post-closure liability	n/a	n/a	n/a	n/a	58,906	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,273,009	-
Net pension liability	n/a	n/a	n/a	n/a	4,338,018	-
Compensated Absences	n/a	n/a	n/a	n/a	1,402,215	1,051,661
Total Other Obligations					\$ 8,103,367	\$ 1,082,880
Total Long-term Obligations					\$ 29,886,535	\$ 3,636,092

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 8-Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2019.

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Compensated absences	\$ 2,918,298	\$ 2,402,907	\$ (2,188,724)	\$ 3,132,481
Net OPEB liabilities	15,427,660	2,024,870	(2,921,761)	14,530,769
Net pension liability	57,345,606	12,153,604	(16,842,362)	52,656,848
Supplemental Retirement Program	12,863,282	1,389,429	(2,329,295)	11,923,416
Total	\$ 88,554,846	\$ 17,970,810	\$ (24,282,142)	\$ 82,243,514

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 3,132,481	\$ 2,349,361
Net OPEB liabilities	n/a	n/a	n/a	n/a	14,530,769	-
Net pension liability	n/a	n/a	n/a	n/a	52,656,848	-
Supplemental Retirement Program	n/a	n/a	n/a	n/a	11,923,416	-
Total Other Obligations					\$ 82,243,514	\$ 2,349,361

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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 creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- 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 creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- 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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee’s average final compensation multiplied by the employee’s total creditable service. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee’s 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee’s 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service 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 creditable service 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government (1)	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	196	132
Inactive members:		
Vested inactive members	44	11
Non-vested inactive members	36	18
Inactive members active elsewhere in VRS	76	13
Total inactive members	156	42
Active members	254	94
Total covered employees	606	268

(1) Includes Component Unit Washington Park Authority

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 9.58% 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 \$998,459 and \$1,106,407 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit Washington County Park Authority's (WCPA) contractually required contribution rate for the year ended June 30, 2018 was 9.58% 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 WCPA were \$3,889 and \$4,336 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 7.91% 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 were \$203,223 and \$284,527 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's, Component Unit WCPA, and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% 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.

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 WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

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

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, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

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

* 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% 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.

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

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

Mortality rates: (Continued)

Largest 10 - 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

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

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY2012 for 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, 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, 2018 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.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 46,927,118	\$ 41,422,918	\$ 5,504,200
Changes for the year:			
Service cost	\$ 1,130,197	\$ -	\$ 1,130,197
Interest	3,194,594	-	3,194,594
Differences between expected and actual experience	(866,196)	-	(866,196)
Impact in change of proportion	471	416	55
Contributions - employer	-	1,106,411	(1,106,411)
Contributions - employee	-	516,069	(516,069)
Net investment income	-	3,031,464	(3,031,464)
Benefit payments, including refunds of employee contributions	(2,581,055)	(2,581,055)	-
Administrative expenses	-	(26,416)	26,416
Other changes	-	(2,696)	2,696
Net changes	\$ 878,011	\$ 2,044,193	\$ (1,166,182)
Balances at June 30, 2018	\$ 47,805,129	\$ 43,467,111	\$ 4,338,018

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit Washington County Park Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 184,205	\$ 162,599	\$ 21,606
Changes for the year:			
Service cost	\$ 4,425	\$ -	\$ 4,425
Interest	12,508	-	12,508
Differences between expected and actual experience	(3,391)	-	(3,391)
Impact in change of proportion	(471)	(416)	(55)
Contributions - employer	-	4,332	(4,332)
Contributions - employee	-	2,021	(2,021)
Net investment income	-	11,869	(11,869)
Benefit payments, including refunds of employee contributions	(10,106)	(10,106)	-
Administrative expenses	-	(103)	103
Other changes	-	(11)	11
Net changes	<u>\$ 2,965</u>	<u>\$ 7,586</u>	<u>\$ (4,621)</u>
Balances at June 30, 2018	<u>\$ 187,170</u>	<u>\$ 170,185</u>	<u>\$ 16,985</u>

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 14,690,118	\$ 12,710,512	\$ 1,979,606
Changes for the year:			
Service cost	\$ 264,484	\$ -	\$ 264,484
Interest	994,338	-	994,338
Differences between expected and actual experience	(787,021)	-	(787,021)
Contributions - employer	-	284,527	(284,527)
Contributions - employee	-	122,797	(122,797)
Net investment income	-	925,330	(925,330)
Benefit payments, including refunds of employee contributions	(970,576)	(970,576)	-
Administrative expenses	-	(8,284)	8,284
Other changes	-	(811)	811
Net changes	\$ (498,775)	\$ 352,983	\$ (851,758)
Balances at June 30, 2018	\$ 14,191,343	\$ 13,063,495	\$ 1,127,848

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COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

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

The following presents the net pension liability of the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability	\$ 10,295,937	\$ 4,338,018	\$ (636,349)
Component Unit Washington County Park Authority			
Net Pension Liability	\$ 40,311	\$ 16,985	\$ (2,491)
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 2,582,403	\$ 1,127,848	\$ (113,677)

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

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

For the year ended June 30, 2019, the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) recognized pension expense of \$(209,388), \$(592), and \$(466,900), respectively. At June 30, 2019, the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit- Washington County Park Authority		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,176,848	\$ -	\$ 4,607	\$ -	\$ 543,846
Net difference between projected and actual earnings on pension plan investments	-	339,926	-	1,400	-	95,519
Change in assumptions	-	46,061	-	181	-	8,406
Change in proportionate share	-	309	309	-	-	-
Employer contributions subsequent to the measurement date	998,459	-	3,889	-	203,223	-
Total	\$ 998,459	\$ 1,563,144	\$ 4,198	\$ 6,188	\$ 203,223	\$ 647,771

\$998,459, \$3,889, and \$203,223 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit Washington County Park Authority	Component Unit School Board (nonprofessional)
2020	\$ (599,249)	\$ (2,178)	\$ (380,036)
2021	(441,066)	(1,638)	(125,182)
2022	(489,550)	(1,935)	(131,427)
2023	(33,279)	(128)	(11,126)
Thereafter	-	-	-

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employee contribution rate for the year ended June 30, 2019 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 Board were \$5,431,000 and \$5,665,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$51,529,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.43818% as compared to 0.45021% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$1,785,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,406,000
Net difference between projected and actual earnings on pension plan investments	-	1,093,000
Change of assumptions	615,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,132,000
Employer contributions subsequent to the measurement date	5,431,000	-
Total	\$ 6,046,000	\$ 8,631,000

\$5,431,000 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Component Unit School Board (professional)
2020	\$ (1,904,000)
2021	(1,994,000)
2022	(2,753,000)
2023	(1,021,000)
Thereafter	(344,000)

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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

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, 2018, 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	\$ 46,679,555
Plan Fiduciary Net Position	34,919,563
Employers' Net Pension Liability (Asset)	<u>\$ 11,759,992</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 74.81%

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 78,713,000	\$ 51,529,000	\$ 29,029,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10- Primary Government Other Postemployment Benefits - Healthcare:

Plan Description

In addition to the pension benefits described in Note 9, the County administers a single-employer defined benefit healthcare plan, The Washington County OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 10-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	251
Total active employees without coverage	-
Total retirees with coverage	5
Total retirees without coverage	-
	<hr/>
Total	<u>256</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2019 was \$30,916.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increases	Non-Law Officers 5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 7.00% in 2019 and gradually declines to 4.10% by the year 2098
Discount Rate	3.87% for accounting and funding disclosures as of June 30, 2018 3.50% for accounting and funding disclosures as of June 30, 2019
Retirement Age	The average age at retirement is 62

Mortality Rates (General Employees)

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service related.
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 year.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates (Public Safety Employees)

- Pre-Retirement: RP-2014 Employee Rates to age 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service related.
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 year.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 year; unisex using 100% male.
-

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

Discount Rate

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

Changes in Total OPEB Liability

		<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2018	\$	2,308,790
Changes for the year:		
Service cost		129,553
Interest		89,054
Effect of plan changes		(411,822)
Difference between expected and actual experience		(121,903)
Changes in assumptions		(551,747)
Benefit payments		(30,916)
Net changes	\$	<u>(897,781)</u>
Balances at June 30, 2019	\$	<u><u>1,411,009</u></u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 10-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

Rate		
1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
\$ 1,564,332	\$ 1,411,009	\$ 1,275,507

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (-0.30%) or one percentage point higher (1.70%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (-0.30%)	Trend (0.70%)	1% Increase (1.70%)
\$ 1,230,207	\$ 1,411,099	\$ 1,626,447

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

For the year ended June 30, 2019, the County recognized OPEB expense in the amount of \$(318,383). At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 102,241
Changes in assumptions	-	518,906
Total	\$ -	\$ 621,147

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 10-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

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

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

<u>Year Ended June 30</u>	
2020	\$ (125,168)
2021	(125,168)
2022	(125,168)
2023	(115,258)
2024	(108,653)
Thereafter	(21,732)

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

Note 11-Component Unit School Board Other Postemployment Benefits - Healthcare:

Plan Description

In addition to the pension benefits described in Note 9, the Schools administer a single-employer defined benefit healthcare plan, the Washington County Public Schools OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Schools' pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	823
Total active employees without coverage	-
Total retirees with coverage	55
Total retirees without coverage	-
	<hr style="width: 100%;"/>
Total	<u>878</u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 11-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$359,368.

Total OPEB Liability

The Schools' net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increases	Non-law officers 5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 6.50% in 2019 and gradually declines to 4.20% by the year 2077
Discount Rate	3.87% for accounting and funding disclosures as of June 30, 2018 3.50% for accounting and funding disclosures as of June 30, 2019
Retirement Age	The average age at retirement is 62

Mortality Rates

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.
- Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
- Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

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

Discount Rate

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 11-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

Changes in Total OPEB Liability

		<u>Component Unit School Board Total OPEB Liability</u>
Balances at June 30, 2018	\$	6,335,660
Changes for the year:		
Service cost		273,552
Interest		263,845
Difference between expected and actual experience		386,473
Changes in assumptions		(1,217,393)
Benefit payments		(359,368)
Net changes	\$	<u>(652,891)</u>
Balances at June 30, 2019	\$	<u><u>5,682,769</u></u>

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
\$ 6,139,294	\$ 5,682,769	\$ 5,257,627

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>1% Decrease (5.50%)</u>	<u>Healthcare Cost Trend (6.50%)</u>	<u>1% Increase (7.50%)</u>
\$ 5,107,020	\$ 5,682,769	\$ 6,359,432

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 11-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

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

For the year ended June 30, 2019, the Schools will recognize OPEB expense in the amount of \$388,771. At June 30, 2019, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 328,790	\$ -
Changes in assumptions	-	1,163,661
Total	<u>\$ 328,790</u>	<u>\$ 1,163,661</u>

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

Year Ended June 30	
2020	\$ (148,626)
2021	(148,626)
2022	(148,626)
2023	(148,626)
2024	(148,626)
Thereafter	(91,741)

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

Note 12-Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Program 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 Program 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 Program. 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 program, it is not included as part of the GLI Program OPEB.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Program 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 program 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 creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program 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 Program 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% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 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 Program from the County were \$57,000 and \$56,158 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit-School Board (non-professional) were \$14,000 and \$14,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the Group Life Insurance Program from the Component Unit-School Board (professional) were \$184,000 and \$183,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the County reported a liability of \$862,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit-School Board (nonprofessional) reported a liability of \$209,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit-School Board (professional) reported a liability of \$2,818,000 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2018, the County's proportion was 0.05680% as compared to 0.056478% at June 30, 2017.

At June 30, 2018, the Component Unit-School Board (nonprofessional) proportion was 0.01376% as compared to 0.01473% at June 30, 2017.

At June 30, 2018, the Component Unit-School Board (professional) proportion was 0.18551% as compared to 0.19188% at June 30, 2017.

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$3,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2019, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$(2,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2019, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$(1,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component-Unit School Board (Non-professional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,000	\$ 15,000	\$ 10,000	\$ 3,000	\$ 138,000	\$ 51,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	28,000	-	7,000	-	92,000
Change in assumptions	-	36,000	-	9,000	-	117,000
Changes in proportion	5,000	17,000	-	14,000	-	108,000
Employer contributions subsequent to the measurement date	57,000	-	14,000	-	184,000	-
Total	\$ 104,000	\$ 96,000	\$ 24,000	\$ 33,000	\$ 322,000	\$ 368,000

\$57,000, \$14,000, and \$184,000 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (Non-professional), and Component-Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit- School Board (Non-professional)	Component Unit- School Board (Professional)
2020	\$ (16,000)	\$ (6,000)	\$ (63,000)
2021	(16,000)	(6,000)	(63,000)
2022	(16,000)	(6,000)	(63,000)
2023	(8,000)	(4,000)	(36,000)
2024	3,000	(1,000)	(10,000)
Thereafter	4,000	-	5,000

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program 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, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 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.

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COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 12-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,127,000	\$ 862,000	\$ 648,000
Component Unit-School Board (Nonprofessional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 274,000	\$ 209,000	\$ 157,000
Component Unit-School Board (Professional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 3,682,000	\$ 2,818,000	\$ 2,116,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>Component Unit - School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	30	51
Inactive members:		
Vested inactive members	5	2
Total inactive members	35	53
Active members	80	94
Total covered employees	115	147

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2019 was 0.10% of covered employee compensation. The Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2019 was 0.80% 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Program were \$3,000 and \$2,000 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions from the Component Unit - School board (Nonprofessional) to the Health Insurance Credit Program were \$22,000 and \$21,000 for the year ended June 30, 2019 and June 30, 2018, respectively.

Net HIC OPEB Liability (Asset)

The County and Component Unit-School Board's (Nonprofessional) net HIC OPEB liability(asset) were measured as of June 30, 2018. The total HIC OPEB liability(asset) was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.30%</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 216,000	\$ 231,000	\$ (15,000)
Changes for the year:			
Service cost	\$ 3,000	\$ -	\$ 3,000
Interest	14,000	-	14,000
Differences between expected and actual experience	(3,000)	-	-
Contributions - employer		2,000	(2,000)
Net investment income	-	16,000	(16,000)
Benefit payments	(19,000)	(19,000)	-
Other changes	1,000	(1,000)	2,000
Net changes	\$ (4,000)	\$ (2,000)	\$ (2,000)
Balances at June 30, 2018	\$ 212,000	\$ 229,000	\$ (17,000)

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 304,000	\$ 10,000	\$ 294,000
Changes for the year:			
Service cost	\$ 4,000	\$ -	\$ 4,000
Interest	20,000	-	20,000
Differences between expected and actual experience	(15,000)	-	-
Contributions - employer	-	21,000	(21,000)
Net investment income	-	1,000	(1,000)
Benefit payments	(26,000)	(26,000)	-
Other changes	1,000	(1,000)	2,000
Net changes	\$ (16,000)	\$ (5,000)	\$ (11,000)
Balances at June 30, 2018	\$ 288,000	\$ 5,000	\$ 283,000

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

The following presents the County's HIC Program net HIC OPEB liability (asset) using the discount rate of 7.00%, as well as what the County's net HIC OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County Net HIC OPEB Liability (Asset)	\$ (3,000)	\$ (17,000)	\$ 35,000

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

The following presents the Component Unit-School Board's (Nonprofessional) HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the Component Unit-School Board's (Nonprofessional) net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Component Unit-School Board (Nonprofessional)			
Net HIC OPEB Liability	\$ 307,000	\$ 283,000	\$ 262,000

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

For the year ended June 30, 2019, the County and Component Unit-School Board (Nonprofessional) recognized Health Insurance Credit Program OPEB expense of \$0 and \$19,000, respectively. At June 30, 2019, the County and Component Unit-School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit-School Board's (Nonprofessional) Health Insurance Credit Program from the following sources:

	Primary Government		Component-Unit School Board (Non-professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,000	\$ -	\$ 11,000
Net difference between projected and actual earnings on HIC OPEB plan investments	-	6,000	-	-
Change in assumptions	-	2,000	-	2,000
Employer contributions subsequent to the measurement date	3,000	-	22,000	-
Total	<u>\$ 3,000</u>	<u>\$ 10,000</u>	<u>\$ 22,000</u>	<u>\$ 13,000</u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 13-Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

\$3,000 and \$22,000 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and Component Unit-School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit- School Board (Non-professional)
2020	\$ (3,000)	\$ (5,000)
2021	(3,000)	(5,000)
2022	(3,000)	(3,000)
2023	(1,000)	-
2024	-	-
Thereafter	-	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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 Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 14-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

Eligible Employees

The Teacher Employee Retiree HIC Program 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 Program 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 Program Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 HIC Program were \$424,000 and \$434,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

At June 30, 2019, the school division reported a liability of \$5,538,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.43617% as compared to 0.44848% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$420,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 28,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	4,000
Change in assumptions	-	48,000
Change in proportion	-	202,000
Employer contributions subsequent to the measurement date	<u>424,000</u>	<u>-</u>
Total	<u>\$ 424,000</u>	<u>\$ 282,000</u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

Note 14-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

\$424,000 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2020	\$	(46,000)
2021		(46,000)
2022		(46,000)
2023		(44,000)
2024		(45,000)
Thereafter		(55,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program 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, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,269,674</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 14-Teacher Employee Health Insurance Credit (HIC) Program (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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

Note 14-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 6,185,000	\$ 5,538,000	\$ 4,987,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 15-Capital Assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,828,672	\$ -	\$ -	\$ 1,828,672
Construction in progress	-	68,695	-	68,695
Total capital assets not being depreciated	<u>\$ 1,828,672</u>	<u>\$ 68,695</u>	<u>\$ -</u>	<u>\$ 1,897,367</u>
Capital assets, being depreciated:				
Buildings	\$ 36,113,859	\$ 110,006	\$ -	\$ 36,223,865
Improvements other than buildings	264,395	6,050	-	270,445
Machinery and equipment	8,890,217	912,074	(50,632)	9,751,659
Total capital assets being depreciated	<u>\$ 45,268,471</u>	<u>\$ 1,028,130</u>	<u>\$ (50,632)</u>	<u>\$ 46,245,969</u>
Accumulated depreciation:				
Buildings	\$ (8,358,468)	\$ (723,087)	\$ -	\$ (9,081,555)
Improvements other than buildings	(194,772)	(11,733)	-	(206,505)
Machinery and equipment	(7,608,669)	(794,430)	32,568	(8,370,531)
Total accumulated depreciation	<u>\$ (16,161,909)</u>	<u>\$ (1,529,250)</u>	<u>\$ 32,568</u>	<u>\$ (17,658,591)</u>
Total capital assets being depreciated, net	<u>\$ 29,106,562</u>	<u>\$ (501,120)</u>	<u>\$ (18,064)</u>	<u>\$ 28,587,378</u>
Governmental activities capital assets, net	<u>\$ 30,935,234</u>	<u>\$ (432,425)</u>	<u>\$ (18,064)</u>	<u>\$ 30,484,745</u>

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

Governmental activities:	
General government administration	\$ 132,414
Judicial administration	214
Public safety	413,795
Public works	515,442
Health and welfare	20,306
Education	335,962
Parks, recreation, and cultural	<u>111,117</u>
Total depreciation expense-primary government	<u>\$ 1,529,250</u>

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 15-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2019 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,819,475	\$ -	\$ -	\$ 2,819,475
Construction in progress	92,000	242,256	(148,700)	185,556
Total capital assets not being depreciated	\$ 2,911,475	\$ 242,256	\$ (148,700)	\$ 3,005,031
Capital assets, being depreciated:				
Buildings	\$ 43,748,965	\$ 267,363	\$ -	\$ 44,016,328
Machinery and equipment	23,022,586	1,163,039	(179,025)	24,006,600
Total capital assets being depreciated	\$ 66,771,551	\$ 1,430,402	\$ (179,025)	\$ 68,022,928
Accumulated depreciation:				
Buildings	\$ (35,227,418)	\$ (788,280)	\$ -	\$ (36,015,698)
Machinery and equipment	(17,096,578)	(1,167,958)	162,034	(18,102,502)
Total accumulated depreciation	\$ (52,323,996)	\$ (1,956,238)	\$ 162,034	\$ (54,118,200)
Total capital assets being depreciated, net	\$ 14,447,555	\$ (525,836)	\$ (16,991)	\$ 13,904,728
Governmental activities capital assets, net	\$ 17,359,030	\$ (283,580)	\$ (165,691)	\$ 16,909,759

Note 16-Capital Leases:

The County has entered into a lease agreement to finance the acquisition of three vehicles. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at the date of inception.

The cost and accumulated depreciation associated with the above mentioned machinery and equipment acquired through a capital lease are as follows:

	Governmental Activities
Machinery & Equipment	\$ 88,672
Accumulated Depreciation	(44,336)
Total	\$ 44,336

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 16-Capital Leases: (Continued)

Annual requirements to amortize lease agreements and related interest are as follows:

Fiscal Year Ended	Governmental Activities
2020	\$ 32,172
Total minimum lease payments	\$ 32,172
Less: amount representing interest	(953)
Present value of minimum lease payments	<u>\$ 31,219</u>

Note 17-Risk Management:

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

Note 18-Contingent Liabilities:

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

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 19-Surety Bonds:

Primary Government:

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

Component Unit - School Board:

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

Note 20-Landfill Liability:

State and federal laws and regulations required the County to place a final cover on its landfill site which was closed on March 20, 1995, and to perform certain maintenance and monitoring functions at the site for ten years after closure. While the County has completed its required 10 year monitoring period, its landfill has not been released from (Department of Environmental Quality) DEQ monitoring requirements. The \$58,906 liability is the total estimated post-closure care liability at June 30, 2019 and represents what it would cost to perform all post-closure care in 2019. Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the DEQ's assurance requirements for landfill post-closure costs.

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 21-School Board Supplemental Retirement Program:

Defined Benefit Plan

Plan Description:

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

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

- Participant is a former employee of Washington County, Virginia public school system and has retired for purposes of eligibility to receive retirement benefits under the Virginia Retirement System;
- Participant has a bona fide separation from service of at least 30 days during a period of time the employee would normally be working;
- Participant is not eligible for disability retirement benefits under the Virginia Retirement System or Social Security; and
- Participant has at least 10 consecutive years of employment with the Washington County Public Schools immediately preceding retirement.

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 21-School Board Supplemental Retirement Program: (Continued)

Contributions Policy

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

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

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

Actuarial Methods:

- Actuarial Cost Method—The actuarial cost method used to determine the actuarial accrued liability and the normal cost for both funding and financial reporting purposes is the Entry Age Actuarial Cost Method. The accrued liability and the normal cost are used to determine the School’s contribution requirement. Under this method, the cost of each individual’s pension is allocated on a level percent of payroll basis between the time employment starts (entry age) and the assumed retirement date. The normal cost is the amount allocated for a given year and actuarial liability is the accumulation of prior normal costs as of the determination date. The total actuarial liability for retirement benefits is the sum of the actuarial liability for all members.
- Asset Cost Method—
 - GASB 68--Market value of assets
 - Actuarially determined contribution—Market value of assets
- Amortization Method—
 - GASB 68 recognition period—For differences between expected and actual experience with regard to economic or demographic factors and for changes in assumptions, the amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all employees determined at the beginning of the measurement period. The differences between projected and actual earnings on pension plan investments will be recognized over a closed five-year period.
 - Actuarially determined contribution—The unfunded liability will be amortized as a level dollar method over an open 20 year period.

Actuarial Assumptions for GASB 68 Results:

- Valuation date—June 30, 2019
- Measurement date—June 30, 2019
- Mortality table—
 - Pre-retirement—RP 2000 Combined Mortality Table projected with Scale AA to 2020 with males set back three years and females set back five years.
 - Post-retirement—RP 2000 Combined Mortality Table projected with Scale AA to 2020 with males set back two years and females set back three years.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 21-School Board Supplemental Retirement Program: (Continued)

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

- Interest rate—
 - Discount rate—July 1, 2019 and 2018 valuations is 2.00%.
 - Expected long term rate of return—July 1, 2019 and 2018 valuations is 2.00%.
 - Municipal bond rate—July 1, 2019 valuation is 3.50%. July 1, 2018 valuation is 3.87%.
- Inflation—not applicable
- Salary increase—2.50% per year
- Ad-hoc COLA—None

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

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

- Discount rate—4.00% per year

Plan Membership

As of June 30, 2019, membership in the Supplemental Retirement Program was comprised as follows:

Active participants	956
Active in contract period	10
Participants receiving benefits	<u>116</u>
Total	1,082

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 21-School Board Supplemental Retirement Program: (Continued)

Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the Washington County School Board's obligation to the Defined Benefit Plan. The net pension liability at June 30, 2019 is as follows:

Total pension liability (TPL)	\$ 20,447,152
Plan fiduciary net position	<u>8,523,736</u>
Net pension liability (NPL)	11,923,416
Plan fiduciary net position as a percentage of the total pension liability	41.69%
Covered payroll	38,745,934
Net pension liability as a percentage of covered payroll	30.77%

Expected Rate of Return and Target Allocation

The long-term expected rate of return on pension plan investments was determined by the client using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the net pension liability. As an illustration, the following table presents the net pension liability for the Supplemental Retirement Program calculated using the discount rate of 2%, as well as what the Supplemental Retirement Program's net pension liability would be if it were calculated using a discount rate of one percentage point lower (1%) or one percentage point higher (3%) than the current rate:

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

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total Pension Liability	\$ 21,881,135	\$ 20,447,152	\$ 19,104,662
Plan Fiduciary Net Position	<u>8,523,736</u>	<u>8,523,736</u>	<u>8,523,736</u>
Net Pension Liability	13,357,399	11,923,416	10,580,926

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 21-School Board Supplemental Retirement Program: (Continued)

Summary of Deferred Outflows and Inflows of Resources

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,172,427	\$ 405,350
Net difference between projected and actual earnings on pension plan investments	4,505	226,356
Total	\$ 1,176,932	\$ 631,706

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 21-School Board Supplemental Retirement Program: (Continued)

Summary of Deferred Outflows and Inflows of Resources (Continued)

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

Amortization Schedule of Deferred Outflows and Inflows of Resources

<u>Year Ended June 30,</u>	
2020	\$ 82,521
2021	82,521
2022	92,685
2023	91,186
2024	116,346
Thereafter	79,967

Components of Pension Expense

	Pension Expense
Service Cost	\$ 948,677
Interest Cost	422,795
Projected Earnings on Plan Assets	(160,756)
Recognition of Outflow of Resources due to differences between expected and actual experience in the measurement of total pension liability	142,691
Recognition of Inflow of Resources due to differences between projected and actual earnings on plan investments	(60,170)
Administrative Expense	18,000
Pension Expense	\$ 1,311,237

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

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

Note 22-Summary of Pension Related Items:

County Pension Plan:

Primary Government				Component Unit Park Authority			
Net Pension				Net Pension			
Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense

VRS Pension Plans (Note 9):

County	\$ 998,459	\$ 1,563,144	\$ 4,338,018	\$ (209,388)	\$ 4,198	\$ 6,188	\$ 16,985	\$ (592)
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*The Virginia Highlands Airport Authority is a separately audited entity that participates in its own pension plan not related to Washington County.

School Board Pension Plan:

Component Unit School Board			
Net Pension			
Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense

VRS Pension Plans (Note 9):

School Board Nonprofessional	\$ 203,223	\$ 647,771	\$ 1,127,848	\$ (466,900)
School Board Professional	6,046,000	8,631,000	51,529,000	1,785,000
School Board Supplemental Retirement Plan (Note 21):	1,176,932	631,706	11,923,416	1,311,237
Totals	\$ 7,426,155	\$ 9,910,477	\$ 64,580,264	\$ 2,629,337

Note 23-Summary of OPEB Related Items:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 10)	\$ -	\$ 621,147	\$ 1,411,009	\$ (318,383)	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 11)	-	-	-	-	328,790	1,163,661	5,682,769	388,771
VRS OPEB Plans:								
Group Life Insurance Program (Note 12):								
County	104,000	96,000	862,000	3,000	-	-	-	-
School Board Nonprofessional	-	-	-	-	24,000	33,000	209,000	(2,000)
School Board Professional	-	-	-	-	322,000	368,000	2,818,000	(1,000)
County Health Insurance Credit Program (Note 13)	3,000	10,000	(17,000)	-	22,000	13,000	283,000	19,000
Teacher Health Insurance Credit Program (Note 14)	-	-	-	-	424,000	282,000	5,538,000	420,000
Totals	\$ 107,000	\$ 727,147	\$ 2,256,009	\$ (315,383)	\$ 1,120,790	\$ 1,859,661	\$ 14,530,769	\$ 824,771

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 24-Unavailable Revenue and Deferred Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 3,662,062
Tax assessments due after June 30	13,088,460	13,088,460
Prepaid property taxes due after June 30 but paid in advance by taxpayers	729,288	729,288
Total unavailable/deferred revenue	\$ 13,817,748	\$ 17,479,810

Note 25-Self Health Insurance:

The Washington County School Board established a limited risk management program for health insurance for School Board employees. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2019, a total of \$10,214,570 was paid in benefits and administrative costs. The risk assumed by the School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$858,283 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2019 were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2018-19	\$ <u>850,626</u>	\$ <u>10,222,227</u>	\$ <u>(10,214,570)</u>	\$ <u>858,283</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 26-Tax Abatement:

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

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

Under this ordinance, an application is submitted to the Commissioner of Revenue of Washington County, Virginia to determine the eligibility for partial tax exemption from real property tax for certain rehabilitated, renovated, or replacement commercial or industrial structures. The real estate taxes abated according to this ordinance for fiscal year 2019 is \$70,059.

Note 27-Litigation:

As of June 30, 2019, there were no matters of litigation involving the County which would materially affect the County's financial position should a court decision on pending matters not be favorable.

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COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 28-Fund Balance:

	General Fund	County Capital Improvements	School Capital Improvements	School Fund
Nonspendable:				
Prepaid items	\$ 43,681	\$ -	\$ -	\$ -
Restricted:				
Forfeited Asset Sharing	\$ 202,714	\$ -	\$ -	\$ -
Health Insurance	1,407	-	-	-
Washington County Park Authority	30,000	-	-	-
School Board - Food Service	-	-	-	508,461
Total	\$ 234,121	\$ -	\$ -	\$ 508,461
Committed:				
Road Improvements	\$ 9,391	\$ -	\$ -	\$ -
Law Library	49,933	-	-	-
Capital Improvements	-	-	441,717	-
Cash Flows	5,000,000	-	-	-
Total	\$ 5,059,324	\$ -	\$ 441,717	\$ -
Assigned:				
Economic Incentives	\$ 300,000	\$ -	\$ -	\$ -
Traffic Enforcement	422,214	-	-	-
School Board - Textbook	-	-	-	1,834,778
School Capital Needs	5,600	-	-	-
Total	\$ 727,814	\$ -	\$ -	\$ 1,834,778

Note 29-Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

Note 30-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, 2018.

COUNTY OF WASHINGTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 30-Upcoming Pronouncements: (Continued)

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 December 15, 2019.

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, 2019.

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, 2018.

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, 2020.

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

Required Supplementary Information

County of Washington, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 37,346,500	\$ 37,346,500	\$ 38,910,431	\$ 1,563,931
Other local taxes	9,499,000	9,499,000	10,048,347	549,347
Permits, privilege fees, and regulatory licenses	165,750	165,750	205,690	39,940
Fines and forfeitures	1,039,562	1,218,341	1,379,152	160,811
Revenue from the use of money and property	180,000	180,003	546,431	366,428
Charges for services	469,992	539,992	870,265	330,273
Miscellaneous	1,209,888	1,329,104	1,346,362	17,258
Recovered costs	640,705	871,822	1,005,019	133,197
Intergovernmental:				
Commonwealth	12,306,778	12,735,179	12,060,773	(674,406)
Federal	3,177,186	3,869,874	3,265,319	(604,555)
Total revenues	<u>\$ 66,035,361</u>	<u>\$ 67,755,565</u>	<u>\$ 69,637,789</u>	<u>\$ 1,882,224</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,566,452	\$ 3,918,768	\$ 3,364,364	\$ 554,404
Judicial administration	1,782,845	2,245,279	1,756,598	488,681
Public safety	13,469,732	14,714,454	13,674,623	1,039,831
Public works	3,599,661	3,878,189	3,539,434	338,755
Health and welfare	9,805,980	9,926,829	8,832,336	1,094,493
Education	27,507,066	28,628,358	28,288,651	339,707
Parks, recreation, and cultural	2,140,997	2,287,726	2,140,850	146,876
Community development	1,193,009	2,132,147	1,546,997	585,150
Nondepartmental	397,165	391,306	436,931	(45,625)
Debt service:				
Principal retirement	2,272,426	2,272,426	2,449,453	(177,027)
Interest and other fiscal charges	1,175,028	1,175,028	821,593	353,435
Total expenditures	<u>\$ 66,910,361</u>	<u>\$ 71,570,510</u>	<u>\$ 66,851,830</u>	<u>\$ 4,718,680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (875,000)</u>	<u>\$ (3,814,945)</u>	<u>\$ 2,785,959</u>	<u>\$ 6,600,904</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (25,000)</u>	<u>\$ (1,289,665)</u>	<u>\$ (620,339)</u>	<u>\$ 669,326</u>
Net change in fund balances	<u>\$ (900,000)</u>	<u>\$ (5,104,610)</u>	<u>\$ 2,165,620</u>	<u>\$ 7,270,230</u>
Fund balances - beginning	900,000	5,104,610	21,166,705	16,062,095
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,332,325</u>	<u>\$ 23,332,325</u>

County of Washington, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Measurement Dates June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,130,197	\$ 1,232,016	\$ 1,216,787	\$ 1,197,031	\$ 1,190,097
Interest	3,194,594	3,146,004	3,051,538	2,921,020	2,786,695
Differences between expected and actual experience	(866,196)	(1,148,228)	(543,493)	47,701	-
Impact of change in proportion	471	(2,775)	(2,340)	-	-
Changes in assumptions	-	(112,337)	-	-	-
Benefit payments, including refunds of employee contributions	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)	(1,996,668)
Net change in total pension liability	\$ 878,011	\$ 848,185	\$ 1,243,880	\$ 2,046,664	\$ 1,980,124
Total pension liability - beginning	46,927,118	46,078,933	44,835,054	42,788,390	40,808,274
Total pension liability - ending (a)	\$ 47,805,129	\$ 46,927,118	\$ 46,078,934	\$ 44,835,054	\$ 42,788,398
Plan fiduciary net position					
Impact of change in proportion	\$ 416	\$ (2,264)	\$ (1,963)	\$ -	\$ -
Contributions - employer	1,106,411	1,074,445	1,325,357	1,286,475	1,374,053
Contributions - employee	516,069	513,810	507,065	496,874	504,115
Net investment income	3,031,464	4,553,902	641,519	1,653,959	4,958,189
Benefit payments, including refunds of employee contributions	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)	(1,996,668)
Administrative expense	(26,416)	(26,409)	(23,371)	(22,642)	(26,594)
Other	(2,696)	(4,048)	(275)	(352)	262
Net change in plan fiduciary net position	\$ 2,044,193	\$ 3,842,941	\$ (30,280)	\$ 1,295,226	\$ 4,813,357
Plan fiduciary net position - beginning	41,422,918	37,579,977	37,610,257	36,315,031	31,501,680
Plan fiduciary net position - ending (b)	\$ 43,467,111	\$ 41,422,918	\$ 37,579,977	\$ 37,610,257	\$ 36,315,037
County's net pension liability - ending (a) - (b)	\$ 4,338,018	\$ 5,504,200	\$ 8,498,957	\$ 7,224,797	\$ 6,473,361
Plan fiduciary net position as a percentage of the total pension liability	90.93%	88.27%	81.56%	83.89%	84.87%
Covered payroll	\$ 10,742,040	\$ 10,344,991	\$ 10,341,453	\$ 9,974,884	\$ 9,957,113
County's net pension liability as a percentage of covered payroll	40.38%	53.21%	82.18%	72.43%	65.01%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, additional years will be included as they become available.

County of Washington, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit School Board - Supplemental Retirement Pension Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
Total pension liability			
Service cost	\$ 948,677	\$ 990,851	\$ 1,011,218
Interest	422,795	397,014	384,337
Differences between expected and actual experience	(472,908)	1,180,230	475,415
Benefit payments, including refunds of employee contributions	(1,284,839)	(1,189,082)	(1,244,478)
Net change in total pension liability	\$ (386,275)	\$ 1,379,013	\$ 626,492
Total pension liability - beginning	20,833,427	19,454,414	18,827,922
Total pension liability - ending (a)	\$ <u>20,447,152</u>	\$ <u>20,833,427</u>	\$ <u>19,454,414</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,438,098	\$ 1,457,080	\$ 1,116,599
Net investment income	418,289	146,385	188,569
Benefit payments, including refunds of employee contributions	(1,284,839)	(1,189,082)	(1,244,478)
Administrative expense	(17,957)	(9,954)	(2,208)
Net change in plan fiduciary net position	\$ 553,591	\$ 404,429	\$ 58,482
Plan fiduciary net position - beginning	7,970,145	7,565,716	7,507,234
Plan fiduciary net position - ending (b)	\$ <u>8,523,736</u>	\$ <u>7,970,145</u>	\$ <u>7,565,716</u>
School Board's net pension liability - ending (a) - (b)	\$ 11,923,416	\$ 12,863,282	\$ 11,888,698
Plan fiduciary net position as a percentage of the total pension liability	41.69%	38.26%	38.89%
Covered payroll	\$ 38,745,934	\$ 38,643,824	\$ 39,204,917
School Board's net pension liability as a percentage of covered payroll	30.77%	33.29%	30.32%

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

County of Washington, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit Washington County Park Authority
 For the Measurement Dates June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 4,425	\$ 4,836	\$ 4,703	\$ 4,564	\$ 4,537
Interest	12,508	12,349	11,794	11,136	10,624
Differences between expected and actual experience	(3,391)	(4,507)	(2,101)	182	-
Impact of change in proportion	(471)	2,775	2,340	-	-
Changes in assumptions	-	(441)	-	-	-
Benefit payments, including refunds of employee contributions	(10,106)	(8,897)	(9,580)	(8,079)	(7,612)
Net change in total pension liability	\$ 2,965	\$ 6,115	\$ 7,156	\$ 7,803	\$ 7,549
Total pension liability - beginning	184,205	178,090	170,933	163,130	155,573
Total pension liability - ending (a)	\$ 187,170	\$ 184,205	\$ 178,089	\$ 170,933	\$ 163,122
Plan fiduciary net position					
Impact of change in proportion	\$ (416)	\$ 2,264	\$ 1,963	\$ -	\$ -
Contributions - employer	4,332	4,218	5,122	4,905	5,238
Contributions - employee	2,021	2,017	1,960	1,894	1,922
Net investment income	11,869	17,876	2,479	6,306	18,902
Benefit payments, including refunds of employee contributions	(10,106)	(8,897)	(9,580)	(8,079)	(7,612)
Administrative expense	(103)	(104)	(90)	(86)	(101)
Other	(12)	(16)	(1)	(1)	1
Net change in plan fiduciary net position	\$ 7,585	\$ 17,358	\$ 1,853	\$ 4,939	\$ 18,350
Plan fiduciary net position - beginning	162,600	145,242	143,389	138,450	120,094
Plan fiduciary net position - ending (b)	\$ 170,185	\$ 162,600	\$ 145,242	\$ 143,389	\$ 138,444
Component Unit WCPA's net pension liability - ending (a) - (b)	\$ 16,985	\$ 21,605	\$ 32,847	\$ 27,544	\$ 24,678
Plan fiduciary net position as a percentage of the total pension liability	90.93%	88.27%	81.56%	83.89%	84.87%
Covered payroll	\$ 42,166	\$ 39,982	\$ 39,427	\$ 38,029	\$ 37,961
Component Unit WCPA's net pension liability as a percentage of covered payroll	40.28%	54.04%	83.31%	72.43%	65.01%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, additional years will be included as they become available.

County of Washington, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 264,484	\$ 279,258	\$ 293,270	\$ 279,645	\$ 286,590
Interest	994,338	1,015,129	991,923	969,365	949,439
Differences between expected and actual experience	(787,021)	(592,020)	8,966	46,177	-
Changes in assumptions	-	(55,104)	-	-	-
Benefit payments, including refunds of employee contributions	(970,576)	(917,986)	(1,007,279)	(938,586)	(964,155)
Net change in total pension liability	\$ (498,775)	\$ (270,723)	\$ 286,880	\$ 356,601	\$ 271,874
Total pension liability - beginning	14,690,118	14,960,841	14,673,961	14,317,360	14,045,486
Total pension liability - ending (a)	<u>\$ 14,191,343</u>	<u>\$ 14,690,118</u>	<u>\$ 14,960,841</u>	<u>\$ 14,673,961</u>	<u>\$ 14,317,360</u>
Plan fiduciary net position					
Contributions - employer	\$ 284,527	\$ 304,534	\$ 321,291	\$ 329,457	\$ 353,164
Contributions - employee	122,797	142,076	132,681	131,838	130,716
Net investment income	925,330	1,409,419	198,960	542,672	1,687,553
Benefit payments, including refunds of employee contributions	(970,576)	(917,986)	(1,007,279)	(938,586)	(964,155)
Administrative expense	(8,284)	(8,434)	(7,746)	(7,794)	(9,397)
Other	(811)	(1,242)	(87)	(112)	89
Net change in plan fiduciary net position	\$ 352,983	\$ 928,367	\$ (362,180)	\$ 57,475	\$ 1,197,970
Plan fiduciary net position - beginning	12,710,512	11,782,145	12,144,325	12,086,850	10,888,880
Plan fiduciary net position - ending (b)	<u>\$ 13,063,495</u>	<u>\$ 12,710,512</u>	<u>\$ 11,782,145</u>	<u>\$ 12,144,325</u>	<u>\$ 12,086,850</u>
School Division's net pension liability - ending (a) - (b)	\$ 1,127,848	\$ 1,979,606	\$ 3,178,696	\$ 2,529,636	\$ 2,230,510
Plan fiduciary net position as a percentage of the total pension liability	92.05%	86.52%	78.75%	82.76%	84.42%
Covered payroll	\$ 2,626,988	\$ 2,716,445	\$ 2,620,073	\$ 2,674,140	\$ 2,617,034
School Division's net pension liability as a percentage of covered payroll	42.93%	72.87%	121.32%	94.60%	85.23%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, additional years will be included as they become available.

County of Washington, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.43818%	0.45021%	0.45537%	0.46113%	0.48436%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 51,529,000	\$ 55,366,000	\$ 63,816,000	\$ 58,039,000	\$ 58,533,000
Employer's Covered Payroll	35,260,376	35,392,792	34,658,445	34,284,601	35,253,945
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	146.14%	156.43%	184.13%	169.29%	166.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

County of Washington, Virginia
 Schedule of Employer Contributions - Pension
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 998,459	\$ 998,459	\$ -	\$ 10,855,168	9.20%
2018	1,106,407	1,106,407	-	10,742,040	10.30%
2017	1,097,538	1,097,538	-	10,344,991	10.61%
2016	1,325,194	1,325,194	-	10,341,453	12.81%
2015	1,286,475	1,286,475	-	9,974,884	12.90%
2014	1,374,081	1,374,081	-	9,957,113	13.80%
2013	1,300,182	1,300,182	-	9,421,612	13.80%
2012	959,836	959,836	-	8,654,962	11.09%
2011	940,189	940,189	-	8,477,805	11.09%
2010	763,626	763,626	-	8,282,274	9.22%
Component Unit Washington County Park Authority					
2019	\$ 3,889	\$ 3,889	\$ -	\$ 42,501	9.15%
2018	4,336	4,336	-	42,166	10.28%
2017	4,308	4,308	-	39,982	10.77%
2016	5,176	5,176	-	39,427	13.13%
2015	4,905	4,905	-	38,029	12.90%
2014	5,239	5,239	-	37,961	13.80%
2013	4,957	4,957	-	35,920	13.80%
2012	3,659	3,659	-	32,997	11.09%
2011	3,584	3,584	-	32,321	11.09%
2010	2,911	2,911	-	31,576	9.22%
Component Unit School Board (nonprofessional)					
2019	\$ 203,223	\$ 203,223	\$ -	\$ 2,723,589	7.46%
2018	284,527	284,527	-	2,626,988	10.83%
2017	310,218	310,218	-	2,716,445	11.42%
2016	322,026	322,026	-	2,620,073	12.29%
2015	329,457	329,457	-	2,674,140	12.32%
2014	353,300	353,300	-	2,617,034	13.50%
2013	366,464	366,464	-	2,714,546	13.50%
2012	277,364	277,364	-	2,426,635	11.43%
2011	278,732	278,732	-	2,438,596	11.43%
2010	288,778	288,778	-	2,491,609	11.59%
Component Unit School Board (professional)					
2019	\$ 5,431,000	\$ 5,431,000	\$ -	\$ 35,583,475	15.26%
2018	5,665,000	5,665,000	-	35,260,376	16.07%
2017	5,123,000	5,123,000	-	35,392,792	14.47%
2016	4,848,000	4,848,000	-	34,658,445	13.99%
2015	4,960,000	4,960,000	-	34,284,601	14.47%
2014	4,110,610	4,110,610	-	35,253,945	11.66%
2013	4,145,991	4,145,991	-	35,557,384	11.66%
2012	2,047,185	2,047,185	-	32,340,995	6.33%
2011	1,269,544	1,269,544	-	32,303,919	3.93%
2010	2,266,366	2,266,366	-	25,724,926	8.81%
Component Unit School Board - Supplemental Retirement Pension Plan					
2019	\$ 1,438,098	\$ 1,438,098	\$ -	\$ 38,745,934	3.71%
2018	1,457,080	1,457,080	-	38,643,824	3.77%
2017	1,433,150	1,116,599	316,551	39,204,917	2.85%

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

County of Washington, Virginia
Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

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

Largest 10 - 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

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

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

County of Washington, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government - County OPEB
 For the Measurement Dates of June 30, 2018 through June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 129,553	\$ 147,277
Interest	89,054	82,392
Effect of Plan Changes	(411,822)	-
Changes in assumptions	(551,747)	(89,180)
Differences between expected and actual experience	(121,903)	-
Benefit payments	(30,916)	(76,284)
Net change in total OPEB liability	\$ (897,781)	\$ 64,205
Total OPEB liability - beginning	2,308,790	2,244,585
Total OPEB liability - ending	\$ <u>1,411,009</u>	\$ <u>2,308,790</u>
Covered payroll	\$ 10,703,126	\$ 10,514,119
County's total OPEB liability (asset) as a percentage of covered payroll	13.18%	21.96%

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

County of Washington, Virginia
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
Measurement Date: 6/30/2019

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:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	Non-Law Officers 5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.70% in 2019 and gradually declines to 4.10% by the year 2098
Discount Rate	3.87% for accounting and funding disclosures as of June 30, 2018
	3.50% for accounting and funding disclosures as of June 30, 2019
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service related
	Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
	Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.
Mortality Rates (Public Safety Employees)	Pre-Retirement: RP-2014 Employee Rates to age 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service related.
	Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
	Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

County of Washington, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2018 through June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 273,552	\$ 323,245
Interest	263,845	226,975
Changes in assumptions	(1,217,393)	(177,186)
Effect of economic/demographic gains or losses	386,473	-
Benefit payments	(359,368)	(394,844)
Net change in total OPEB liability	\$ (652,891)	\$ (21,810)
Total OPEB liability - beginning	6,335,660	6,357,470
Total OPEB liability - ending	\$ 5,682,769	\$ 6,335,660
Covered-employee or payroll	\$ 36,384,146	\$ 32,112,464
County's total OPEB liability (asset) as a percentage of covered-employee or payroll	15.62%	19.73%

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

County of Washington, Virginia
 Notes to Required Supplementary Information - School OPEB
 For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
 Measurement Date: 6/30/2019

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:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	Non-Law Officers 5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.50% in 2019 and gradually declines to 4.20% by the year 2077
Discount Rate	3.87% for accounting and funding disclosures as of June 30, 2018
	3.50% for accounting and funding disclosures as of June 30, 2019
Retirement Age	The average age at retirement is 62
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related
	Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
	Post Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Washington, Virginia
 Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2018	0.05680%	\$ 862,000	\$ 10,799,595	7.98%	51.22%
2017	0.05647%	850,000	10,416,753	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2018	0.01376%	\$ 209,000	\$ 2,617,104	7.99%	51.22%
2017	0.01473%	221,000	2,716,445	8.14%	48.86%
Component Unit School Board (professional)					
2018	0.18551%	\$ 2,818,000	\$ 35,275,151	7.99%	51.22%
2017	0.19188%	2,888,000	35,393,745	8.16%	48.86%

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

County of Washington, Virginia
 Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 57,000	\$ 57,000	\$ -	\$ 10,913,809	0.52%
2018	56,158	56,158	-	10,799,595	0.52%
2017	54,167	54,167	-	10,416,753	0.52%
2016	49,923	49,923	-	10,400,684	0.48%
2015	48,292	48,292	-	10,060,894	0.48%
2014	47,990	47,990	-	9,997,908	0.48%
2013	45,447	45,447	-	9,468,150	0.48%
2012	24,370	24,370	-	8,703,599	0.28%
2011	23,851	23,851	-	8,518,383	0.28%
2010	16,901	16,901	-	6,259,497	0.27%
Component Unit School Board (nonprofessional)					
2019	\$ 14,000	\$ 14,000	\$ -	\$ 2,723,587	0.51%
2018	14,000	14,000	-	2,617,104	0.53%
2017	14,000	14,000	-	2,716,445	0.52%
2016	12,607	12,607	-	2,626,388	0.48%
2015	12,836	12,836	-	2,674,140	0.48%
2014	12,562	12,562	-	2,617,034	0.48%
2013	13,030	13,030	-	2,714,546	0.48%
2012	6,795	6,795	-	2,426,635	0.28%
2011	6,828	6,828	-	2,438,596	0.28%
2010	5,059	5,059	-	1,873,733	0.27%
Component Unit School Board (professional)					
2019	\$ 184,000	\$ 184,000	\$ -	\$ 35,604,784	0.52%
2018	183,000	183,000	-	35,275,151	0.52%
2017	184,000	184,000	-	35,393,745	0.52%
2016	166,775	166,775	-	34,744,814	0.48%
2015	164,567	164,567	-	34,284,725	0.48%
2014	170,023	170,023	-	35,421,424	0.48%
2013	170,611	170,611	-	35,543,959	0.48%
2012	90,555	90,555	-	32,340,996	0.28%
2011	90,451	90,451	-	32,303,922	0.28%
2010	69,724	69,724	-	25,823,564	0.27%

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

County of Washington, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

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% to 20%

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% to 15%

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

County of Washington, Virginia
 Schedule of Changes in the Employer's Net OPEB Asset and Related Ratios
 Primary Government
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

	2018	2017
Total HIC OPEB Asset		
Service cost	\$ 3,000	\$ 3,000
Interest	14,000	14,000
Differences between expected and actual experience	(3,000)	-
Changes in assumptions	-	(4,000)
Benefit payments	(19,000)	(8,000)
Other changes	1,000	1,000
Net change in total HIC OPEB asset	\$ (4,000)	\$ 6,000
Total HIC OPEB Asset - beginning	216,000	210,000
Total HIC OPEB Asset - ending (a)	\$ 212,000	\$ 216,000
Plan fiduciary net position		
Contributions - employer	\$ 2,000	\$ 2,000
Net investment income	16,000	24,000
Benefit payments	(19,000)	(8,000)
Other	(1,000)	1,000
Net change in plan fiduciary net position	\$ (2,000)	\$ 19,000
Plan fiduciary net position - beginning	231,000	212,000
Plan fiduciary net position - ending (b)	\$ 229,000	\$ 231,000
Employer's net HIC OPEB asset - ending (a) - (b)	\$ (17,000)	\$ (15,000)
Plan fiduciary net position as a percentage of the total HIC OPEB asset	108.02%	106.94%
Covered payroll	\$ 3,136,197	\$ 3,039,394
Employer's net HIC OPEB asset as a percentage of covered payroll	-0.54%	-0.49%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
 Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
 School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

	2018	2017
Total HIC OPEB Liability		
Service cost	\$ 4,000	\$ 4,000
Interest	20,000	21,000
Differences between expected and actual experience	(15,000)	-
Changes in assumptions	-	(4,000)
Benefit payments	(26,000)	(25,000)
Other changes	1,000	(1,000)
Net change in total HIC OPEB liability	\$ (16,000)	\$ (5,000)
Total HIC OPEB Liability - beginning	304,000	309,000
Total HIC OPEB Liability - ending (a)	\$ <u>288,000</u>	\$ <u>304,000</u>
Plan fiduciary net position		
Contributions - employer	\$ 21,000	\$ 22,000
Net investment income	1,000	1,000
Benefit payments	(26,000)	(25,000)
Other	(1,000)	(1,000)
Net change in plan fiduciary net position	\$ (5,000)	\$ (3,000)
Plan fiduciary net position - beginning	10,000	13,000
Plan fiduciary net position - ending (b)	\$ <u>5,000</u>	\$ <u>10,000</u>
Employer's net HIC OPEB liability - ending (a) - (b)	\$ 283,000	\$ 294,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	1.74%	3.29%
Covered payroll	\$ 2,617,104	\$ 2,716,445
Employer's net HIC OPEB liability as a percentage of covered payroll	10.81%	10.82%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

County of Washington, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 3,000	\$ 3,000	-	\$ 3,045,660	0.10%
2018	2,000	2,000	-	3,136,197	0.06%
2017	2,000	2,000	-	3,039,394	0.07%
2016	3,413	3,413	-	3,102,845	0.11%
2015	3,232	3,232	-	2,938,344	0.11%
2014	1,230	1,230	-	3,074,512	0.04%
2013	3,772	3,772	-	9,430,471	0.04%
2012	2,605	2,605	-	8,684,692	0.03%
2011	2,553	2,553	-	8,510,201	0.03%
2010	6,651	6,651	-	8,313,524	0.08%
Component Unit School Board (nonprofessional)					
2019	\$ 22,000	\$ 22,000	-	\$ 2,723,587	0.81%
2018	20,000	20,000	-	2,617,104	0.76%
2017	21,000	21,000	-	2,716,445	0.77%
2016	18,602	18,602	-	2,620,073	0.71%
2015	18,986	18,986	-	2,674,140	0.71%
2014	22,506	22,506	-	2,617,034	0.86%
2013	23,345	23,345	-	2,714,546	0.86%
2012	18,928	18,928	-	2,426,635	0.78%
2011	19,021	19,021	-	2,438,596	0.78%
2010	33,157	33,157	-	2,493,033	1.33%

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

County of Washington, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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% to 20%

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% to 15%

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

County of Washington, Virginia
 Schedule of School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.43617% \$	5,538,000 \$	35,275,151	15.70%	8.08%
2017	0.44848%	5,689,000	35,393,745	16.07%	7.04%

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

County of Washington, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

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)
2019	\$ 424,000	\$ 424,000	\$ -	\$ 35,583,475	1.19%
2018	434,000	434,000	-	35,275,151	1.23%
2017	393,000	393,000	-	35,393,745	1.11%
2016	368,033	368,033	-	34,720,087	1.06%
2015	363,418	363,418	-	34,284,725	1.06%
2014	393,178	393,178	-	35,421,424	1.11%
2013	394,394	394,394	-	35,531,009	1.11%
2012	194,046	194,046	-	32,340,996	0.60%
2011	193,824	193,824	-	32,303,922	0.60%
2010	267,539	267,539	-	25,724,923	1.04%

Current year contributions are from School Board records and prior year contributions are from the VRS actuarial valuation performed each year.

County of Washington, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Other Supplementary Information

County of Washington, Virginia
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2019

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ -	\$ 86,741	\$ 54,741	\$ (32,000)
Total revenues	<u>\$ -</u>	<u>\$ 86,741</u>	<u>\$ 54,741</u>	<u>\$ (32,000)</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 3,687	\$ 54,741	\$ (51,054)
Public works	25,000	684,019	320,128	363,891
Parks, recreation, and cultural	-	32,000	-	32,000
Capital projects	-	301,565	-	301,565
Total expenditures	<u>\$ 25,000</u>	<u>\$ 1,021,271</u>	<u>\$ 374,869</u>	<u>\$ 646,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,000)</u>	<u>\$ (934,530)</u>	<u>\$ (320,128)</u>	<u>\$ 614,402</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 25,000	\$ 1,289,665	\$ 620,339	\$ (669,326)
Transfers out	-	(335,000)	(335,000)	-
Total other financing sources (uses)	<u>\$ 25,000</u>	<u>\$ 954,665</u>	<u>\$ 285,339</u>	<u>\$ (669,326)</u>
Net change in fund balances	\$ -	\$ 20,135	\$ (34,789)	\$ (54,924)
Fund balances - beginning	-	(20,135)	31,297	51,432
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,492)</u>	<u>\$ (3,492)</u>

County of Washington, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 School Capital Projects Fund
 For the Year Ended June 30, 2019

	School Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
EXPENDITURES				
Current:				
Education	\$ 695,000	\$ 547,000	\$ 105,283	\$ 441,717
Total expenditures	<u>\$ 695,000</u>	<u>\$ 547,000</u>	<u>\$ 105,283</u>	<u>\$ 441,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (695,000)</u>	<u>\$ (547,000)</u>	<u>\$ (105,283)</u>	<u>\$ 441,717</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 335,000	\$ 335,000	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ -</u>
Net change in fund balances	\$ (695,000)	\$ (212,000)	\$ 229,717	\$ 441,717
Fund balances - beginning	695,000	212,000	212,000	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 441,717</u></u>	<u><u>\$ 441,717</u></u>

FIDUCIARY FUNDS

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

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

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

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

County of Washington, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	Agency Funds			Commonwealth Attorney Collection Program	<u>Total</u>
	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>Soil Erosion Deposits</u>		
ASSETS					
Cash and cash equivalents	\$ 61,817	\$ 23,878	\$ 27,380	\$ 132,976	\$ 246,051
Accounts receivable	-	-	-	4,797	4,797
Total assets	<u>\$ 61,817</u>	<u>\$ 23,878</u>	<u>\$ 27,380</u>	<u>\$ 137,773</u>	<u>\$ 250,848</u>
LIABILITIES					
Amounts held for social services clients	\$ 61,817	\$ -	\$ -	\$ -	\$ 61,817
Amounts held for school board employee fringe benefits	-	23,878	-	-	23,878
Amounts held for soil erosion deposits	-	-	27,380	-	27,380
Amounts held for Commonwealth Attorney collection program	-	-	-	137,773	137,773
Total liabilities	<u>\$ 61,817</u>	<u>\$ 23,878</u>	<u>\$ 27,380</u>	<u>\$ 137,773</u>	<u>\$ 250,848</u>

County of Washington, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2019

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets				
Current Assets				
Cash and cash equivalents				
Special Welfare	\$ 80,871	\$ 20,830	\$ (39,884)	\$ 61,817
Fringe Benefits	25,936	117,889	(119,947)	23,878
Soil Erosion Deposits	32,114	8,583	(13,317)	27,380
Commonwealth Attorney Collection Program	142,992	138,942	(148,958)	132,976
Total cash and cash equivalents	<u>\$ 281,913</u>	<u>\$ 286,244</u>	<u>\$ (322,106)</u>	<u>\$ 246,051</u>
Accounts receivable				
Commonwealth Attorney Collection Program	<u>\$ 2,729</u>	<u>\$ 2,068</u>	<u>\$ -</u>	<u>\$ 4,797</u>
Total Assets	<u>\$ 284,642</u>	<u>\$ 288,312</u>	<u>\$ (322,106)</u>	<u>\$ 250,848</u>
Liabilities				
Amounts held for social services clients	\$ 80,871	\$ 20,830	\$ (39,884)	\$ 61,817
Amounts held for school board employees	25,936	117,889	(119,947)	23,878
Amounts held for soil erosion deposits	32,114	8,583	(13,317)	27,380
Amounts held for Commonwealth Attorney	145,721	141,010	(148,958)	137,773
Total Liabilities	<u>\$ 284,642</u>	<u>\$ 288,312</u>	<u>\$ (322,106)</u>	<u>\$ 250,848</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

County of Washington, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2019

		<u>School Operating Fund</u>
ASSETS		
Cash and cash equivalents	\$	2,523,459
Accounts receivable		700,028
Due from primary government		4,081,030
Due from other governmental units		1,641,746
Total assets		\$ 8,946,263
LIABILITIES		
Accounts payable	\$	278,213
Accrued wages		6,324,811
Total liabilities		\$ 6,603,024
FUND BALANCES		
Restricted	\$	508,461
Assigned		1,834,778
Total fund balances		\$ 2,343,239
Total liabilities and fund balances		\$ 8,946,263
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	2,343,239
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	2,819,475
Buildings and system		8,000,630
Improvements other than buildings		5,904,098
Construction in progress		185,556
		16,909,759
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.		
Prepaid items		742,092
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	7,426,155
OPEB related items		1,120,790
		8,546,945
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		2,770,213
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liabilities	\$	(14,530,769)
Net pension liability - VRS		(52,656,848)
Compensated absences		(3,132,481)
Net pension liability - supplemental retirement		(11,923,416)
		(82,243,514)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(9,910,477)
OPEB related items		(1,859,661)
		(11,770,138)
Net position of governmental activities		\$ (62,701,404)

County of Washington, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	<u>School Operating Fund</u>
REVENUES	
Revenue from the use of money and property	\$ 11,308
Charges for services	2,652,163
Miscellaneous	1,221,158
Recovered costs	230,170
Intergovernmental:	
Local government	27,956,237
Commonwealth	43,295,212
Federal	6,557,874
Total revenues	<u>\$ 81,924,122</u>
EXPENDITURES	
Current:	
Education	<u>\$ 81,563,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 360,848</u>
Net change in fund balances	\$ 360,848
Fund balances - beginning	1,982,391
Fund balances - ending	<u>\$ 2,343,239</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	\$ 360,848
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation expense in the current period.	
Capital Outlay	\$ 1,344,933
Depreciation Expense	<u>(1,794,204)</u> (449,271)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.	(27,506)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	
Change in compensated absences	\$ (214,183)
Pension expense	4,444,026
OPEB expense	<u>174,597</u> 4,404,440
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.	178,655
Change in net position of governmental activities	<u>\$ 4,467,166</u>

County of Washington, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 11,500	\$ 11,500	\$ 11,308	\$ (192)
Charges for services	2,496,907	2,345,796	2,652,163	306,367
Miscellaneous	1,201,300	1,201,296	1,221,158	19,862
Recovered costs	230,000	230,000	230,170	170
Intergovernmental:				
Local government	27,174,652	28,295,944	27,956,237	(339,707)
Commonwealth	43,629,209	43,629,209	43,295,212	(333,997)
Federal	8,270,046	8,270,046	6,557,874	(1,712,172)
Total revenues	<u>\$ 83,013,614</u>	<u>\$ 83,983,791</u>	<u>\$ 81,924,122</u>	<u>\$ (2,059,669)</u>
EXPENDITURES				
Current:				
Education	\$ 85,646,638	\$ 86,135,778	\$ 81,563,274	\$ 4,572,504
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,633,024)</u>	<u>\$ (2,151,987)</u>	<u>\$ 360,848</u>	<u>\$ 2,512,835</u>
Net change in fund balances	\$ (2,633,024)	\$ (2,151,987)	\$ 360,848	\$ 2,512,835
Fund balances - beginning	2,633,024	2,151,987	1,982,391	(169,596)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,343,239</u>	<u>\$ 2,343,239</u>

County of Washington, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 June 30, 2019

		Employee Early Retirement Incentive <u>Plan</u>
ASSETS		
Cash and cash equivalents	\$	203,384
Receivables:		
Interest and dividends		339
Contributions		239,683
Investments, at fair value:		
Equity securities		4,115,803
Mutual Funds		3,964,527
Total assets	\$	<u>8,523,736</u>
 NET POSITION		
Held in trust for retirement plan	\$	<u><u>8,523,736</u></u>

County of Washington, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2019

	Employee Early Retirement Incentive <u>Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,438,098
Investment earnings:	
Interest	\$ 2,677
Dividends	194,136
Net increase in the fair market value of investments	221,476
Total investment earnings	\$ 418,289
Less investment expense	
Net investment earnings	\$ 418,289
Total additions	\$ 1,856,387
DEDUCTIONS	
Benefits	\$ 1,284,839
Administrative expenses	17,957
Total deductions	\$ 1,302,796
Change in net assets	\$ 553,591
Net position - beginning	7,970,145
Net position - ending	\$ 8,523,736

County of Washington, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2019

	<u>Park Authority</u>	<u>Industrial Develop- ment Authority</u>	<u>Virginia Highlands Airport Authority</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 237,978	\$ 1,779,425	\$ 1,133,748	\$ 3,151,151
Cash in custody of others	30,000	-	-	30,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	43,697	40,217	83,914
Notes receivable	-	10,891,693	-	10,891,693
Rent receivable	-	22,752	-	22,752
Grants receivable	-	-	2,796,713	2,796,713
Due from other governmental units	-	44,982	-	44,982
Inventories	-	-	46,985	46,985
Prepaid items	-	2,519	24,189	26,708
Capital assets (net of accumulated depreciation):				
Land	753,776	14,599,038	13,625,418	28,978,232
Buildings and system	150,451	848,600	2,402,205	3,401,256
Improvements other than buildings	249,463	630,199	6,649,874	7,529,536
Machinery and equipment	7,316	8,482	(333,981)	(318,183)
Construction in progress	-	-	8,699,535	8,699,535
Total assets	<u>\$ 1,428,984</u>	<u>\$ 28,871,387</u>	<u>\$ 35,084,903</u>	<u>\$ 65,385,274</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ -	\$ 1,749,441	\$ -	\$ 1,749,441
Pension related items	4,462	-	27,856	32,318
OPEB related items	-	-	4,493	4,493
Total deferred outflows of resources	<u>\$ 4,462</u>	<u>\$ 1,749,441</u>	<u>\$ 32,349</u>	<u>\$ 1,786,252</u>
LIABILITIES				
Accounts payable	\$ 689	\$ 6,340	\$ 2,948,081	\$ 2,955,110
Accrued wages	9,225	-	17,300	26,525
Accrued interest payable	-	52,392	12,450	64,842
Deferred revenue	-	-	59,469	59,469
Long-term liabilities:				
Due within one year	-	959,728	1,190,659	2,150,387
Due in more than one year	16,301	14,074,828	1,153,912	15,245,041
Total liabilities	<u>\$ 26,215</u>	<u>\$ 15,093,288</u>	<u>\$ 5,381,871</u>	<u>\$ 20,501,374</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 6,391	-	\$ 11,625	\$ 18,016
OPEB related items	-	-	2,000	2,000
Total deferred inflows of resources	<u>\$ 6,391</u>	<u>\$ -</u>	<u>\$ 13,625</u>	<u>\$ 20,016</u>
NET POSITION				
Net investment in capital assets	\$ 1,161,006	\$ 16,086,319	\$ 28,778,919	\$ 46,026,244
Unrestricted	239,834	(558,779)	942,837	623,892
Total Net Position	<u>\$ 1,400,840</u>	<u>\$ 15,527,540</u>	<u>\$ 29,721,756</u>	<u>\$ 46,650,136</u>

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

County of Washington, Virginia
 Combining Statement of Activities
 Other Component Units
 For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Component Unit			Total	
				Washington County Park Authority	Industrial Development Authority	Virginia Highlands Airport Authority	Washington County Park Authority	Industrial Development Authority		Virginia Highlands Airport Authority
OTHER COMPONENT UNITS:										
Washington Park Authority	\$ 300,845	\$ 220,951	\$ -	\$ -	\$ (79,894)	\$ -	\$ -	\$ -	\$ -	\$ (79,894)
Industrial Development Authority	1,023,955	-	344,066	-	-	(679,889)	-	-	-	(679,889)
Virginia Highlands Airport Authority	1,861,546	1,747,389	-	5,923,832	-	-	5,309,675	-	-	5,309,675
Total other component units	\$ 3,186,346	\$ 1,468,340	\$ 344,066	\$ 5,923,832	\$ (79,894)	\$ (679,889)	\$ 5,309,675	\$ 5,309,675	\$ -	\$ 4,549,892
General revenues:										
Unrestricted revenues from use of money and property					\$ 245	\$ 305,460	\$ 304,671	\$ 304,671	\$ -	\$ 610,376
Miscellaneous					496	10,653	5,887	5,887	-	17,036
Payments from Washington County					-	676,375	68,978	68,978	-	745,353
Total general revenues					\$ 741	\$ 992,488	\$ 379,536	\$ 379,536	\$ -	\$ 1,372,765
Change in net position					\$ (79,153)	\$ 312,599	\$ 5,689,211	\$ 5,689,211	\$ -	\$ 5,922,657
Net position - beginning					1,479,993	15,214,941	24,032,545	24,032,545		40,727,479
Net position - ending					\$ 1,400,840	\$ 15,527,540	\$ 29,721,756	\$ 29,721,756	\$ -	\$ 46,650,136

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

Supporting Schedules

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 25,275,000	\$ 25,275,000	\$ 25,720,666	\$ 445,666
Real and personal public service corporation taxes	1,500,000	1,500,000	1,775,222	275,222
Personal property taxes	6,995,000	6,995,000	7,556,714	561,714
Mobile home taxes	121,500	121,500	130,390	8,890
Machinery and tools taxes	2,800,000	2,800,000	2,937,770	137,770
Penalties	305,000	305,000	353,041	48,041
Interest	350,000	350,000	436,628	86,628
Total general property taxes	<u>\$ 37,346,500</u>	<u>\$ 37,346,500</u>	<u>\$ 38,910,431</u>	<u>\$ 1,563,931</u>
Other local taxes:				
Local sales and use taxes	\$ 6,650,000	\$ 6,650,000	\$ 6,957,945	\$ 307,945
Consumers' utility taxes	1,100,000	1,100,000	1,136,652	36,652
Franchise license taxes	-	-	40,380	40,380
Utility license taxes	140,000	140,000	111,856	(28,144)
Motor vehicle licenses	1,100,000	1,100,000	1,128,996	28,996
Bank stock taxes	57,500	57,500	45,846	(11,654)
Taxes on recordation and wills	301,500	301,500	474,567	173,067
Hotel and motel room taxes	150,000	150,000	152,105	2,105
Total other local taxes	<u>\$ 9,499,000</u>	<u>\$ 9,499,000</u>	<u>\$ 10,048,347</u>	<u>\$ 549,347</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and other animal related fees	\$ 30,500	\$ 30,500	\$ 27,954	\$ (2,546)
Zoning, subdivision plat and soil erosion permits	1,500	1,500	1,894	394
Building permits	86,250	86,250	107,287	21,037
Waste hauling fees	27,500	27,500	27,530	30
Other permits and licenses	20,000	20,000	41,025	21,025
Total permits, privilege fees, and regulatory licenses	<u>\$ 165,750</u>	<u>\$ 165,750</u>	<u>\$ 205,690</u>	<u>\$ 39,940</u>
Fines and forfeitures:				
Court fines, forfeitures and interest	\$ 1,039,562	\$ 1,218,341	\$ 1,379,152	\$ 160,811
Revenue from use of money and property:				
Revenue from use of money	\$ 180,000	\$ 180,003	\$ 546,431	\$ 366,428
Charges for services:				
Charges for law enforcement and traffic control	\$ 17,932	\$ 17,932	\$ 23,112	\$ 5,180
Charges for transportation of prisoners	7,500	7,500	9,652	2,152
Charges for copies	12,000	12,000	15,662	3,662
Charges for Commonwealth's Attorney	6,000	6,000	4,575	(1,425)
Charges for highways and streets	5,000	5,000	1,232	(3,768)
Commission fees	58,560	58,560	207,570	149,010
Charges for sanitation and waste removal and other related fees	280,000	330,000	505,891	175,891
Charges for parks and recreation	58,000	78,000	82,965	4,965
Charges for library	25,000	25,000	19,606	(5,394)
Total charges for services	<u>\$ 469,992</u>	<u>\$ 539,992</u>	<u>\$ 870,265</u>	<u>\$ 330,273</u>
Miscellaneous:				
Miscellaneous	\$ 158,638	\$ 277,854	\$ 321,962	\$ 44,108
Revenue Sharing - Bristol	350,000	350,000	350,000	-
Bristol, Tenn. -payment in lieu of taxes	1,250	1,250	-	(1,250)
Tennessee Valley Authority-payment in lieu of taxes	700,000	700,000	674,400	(25,600)
Total miscellaneous	<u>\$ 1,209,888</u>	<u>\$ 1,329,104</u>	<u>\$ 1,346,362</u>	<u>\$ 17,258</u>
Recovered costs:				
Insurance recoveries	\$ -	\$ 57,633	\$ 61,236	\$ 3,603

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs: (Continued)				
Regional jail	\$ -	\$ -	\$ 459,915	\$ 459,915
Facility management CS building	90,000	90,000	126,355	36,355
Alcohol, tobacco and firearms funds	18,000	18,000	7,409	(10,591)
Other recovered costs	532,705	706,189	350,104	(356,085)
Total recovered costs	<u>\$ 640,705</u>	<u>\$ 871,822</u>	<u>\$ 1,005,019</u>	<u>\$ 133,197</u>
Total revenue from local sources	<u>\$ 50,551,397</u>	<u>\$ 51,150,512</u>	<u>\$ 54,311,697</u>	<u>\$ 3,161,185</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 40,000	\$ 40,000	\$ 36,645	\$ (3,355)
Mobile home titling tax	65,000	65,000	67,540	2,540
Motor vehicle rental tax	11,000	11,000	10,329	(671)
Grantors tax	100,000	100,000	111,001	11,001
Communications sales taxes	1,650,000	1,650,000	1,371,001	(278,999)
Personal property tax relief funds	2,559,286	2,559,286	2,559,286	-
Total noncategorical aid	<u>\$ 4,425,286</u>	<u>\$ 4,425,286</u>	<u>\$ 4,155,802</u>	<u>\$ (269,484)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 491,366	\$ 491,366	\$ 495,848	\$ 4,482
Sheriff	2,274,330	2,281,360	2,296,895	15,535
Commissioner of revenue	174,885	174,885	176,600	1,715
Treasurer	155,000	155,000	160,209	5,209
Registrar/electoral board	48,250	48,250	47,586	(664)
Clerk of the Circuit Court	374,990	374,990	379,776	4,786
Total shared expenses	<u>\$ 3,518,821</u>	<u>\$ 3,525,851</u>	<u>\$ 3,556,914</u>	<u>\$ 31,063</u>
Other categorical aid:				
Virginia Public Assistance	\$ 2,386,455	\$ 2,447,350	\$ 2,311,017	\$ (136,333)
Comprehensive services	1,358,000	1,358,000	1,062,319	(295,681)
Victim witness grant	22,031	22,031	17,314	(4,717)
Litter control grant	39,000	39,000	37,624	(1,376)
EMS grant-Four for life	70,000	70,000	52,948	(17,052)
Fire programs	135,000	135,000	153,734	18,734
Dog and cat sterilization grant	1,500	1,500	1,353	(147)
E-911 wireless grant	190,000	190,000	200,233	10,233
Library state aid	160,685	160,685	156,022	(4,663)
Asset forfeiture funds	-	44,798	45,945	1,147
SLC E-rate	-	25,709	25,709	-
DOJ - internet crimes against children	-	31,645	10,226	(21,419)
EMS financial assistance grant	-	6,731	-	(6,731)
Library of VA preservation of records	-	22,253	22,253	-
Governor's Agriculture & Forestry Industries Development Fund	-	200,000	200,000	-
Other state grants	-	29,340	51,360	22,020
Total other categorical aid	<u>\$ 4,362,671</u>	<u>\$ 4,784,042</u>	<u>\$ 4,348,057</u>	<u>\$ (435,985)</u>
Total categorical aid	<u>\$ 7,881,492</u>	<u>\$ 8,309,893</u>	<u>\$ 7,904,971</u>	<u>\$ (404,922)</u>
Total revenue from the Commonwealth	<u>\$ 12,306,778</u>	<u>\$ 12,735,179</u>	<u>\$ 12,060,773</u>	<u>\$ (674,406)</u>
Revenue from the federal government:				
Payments in lieu of taxes	\$ 30,500	\$ 30,500	\$ 62,725	\$ 32,225

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Virginia Public Assistance	\$ 3,037,306	\$ 3,114,810	\$ 2,965,734	\$ (149,076)
Victim witness grant	81,570	81,570	64,107	(17,463)
Arts grant	-	4,500	4,500	-
DMV Highway safety	-	29,098	19,629	(9,469)
DCJS-VSTOP grant	27,810	27,810	27,811	1
Alcohol safety	-	40,811	5,924	(34,887)
DHCD	-	532,850	114,254	(418,596)
Bullet proof vest	-	7,925	635	(7,290)
Total categorical aid	<u>\$ 3,146,686</u>	<u>\$ 3,839,374</u>	<u>\$ 3,202,594</u>	<u>\$ (636,780)</u>
Total revenue from the federal government	<u>\$ 3,177,186</u>	<u>\$ 3,869,874</u>	<u>\$ 3,265,319</u>	<u>\$ (604,555)</u>
Total General Fund	<u>\$ 66,035,361</u>	<u>\$ 67,755,565</u>	<u>\$ 69,637,789</u>	<u>\$ 1,882,224</u>
Capital Projects Funds				
County Capital Improvements Fund				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VA wireless E911 grant	\$ -	\$ 54,741	\$ 54,741	\$ -
VDOT Whites Mill Restore	-	32,000	-	(32,000)
Total categorical aid	<u>\$ -</u>	<u>\$ 86,741</u>	<u>\$ 54,741</u>	<u>\$ (32,000)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 86,741</u>	<u>\$ 54,741</u>	<u>\$ (32,000)</u>
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ 86,741</u>	<u>\$ 54,741</u>	<u>\$ (32,000)</u>
Total Primary Government	<u>\$ 66,035,361</u>	<u>\$ 67,842,306</u>	<u>\$ 69,692,530</u>	<u>\$ 1,850,224</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,500	\$ 10,500	\$ 11,308	\$ 808
Revenue from the use of property	1,000	1,000	-	(1,000)
Total revenue from use of money and property	<u>\$ 11,500</u>	<u>\$ 11,500</u>	<u>\$ 11,308</u>	<u>\$ (192)</u>
Charges for services:				
Charges for education	\$ 820,000	\$ 820,000	\$ 1,085,720	\$ 265,720
Governor's School	428,817	428,817	357,946	(70,871)
Transportation of pupils	45,000	45,000	38,097	(6,903)
Cafeteria sales	1,203,090	1,051,979	1,170,400	118,421
Total charges for services	<u>\$ 2,496,907</u>	<u>\$ 2,345,796</u>	<u>\$ 2,652,163</u>	<u>\$ 306,367</u>
Miscellaneous:				
Other miscellaneous	<u>\$ 1,201,300</u>	<u>\$ 1,201,296</u>	<u>\$ 1,221,158</u>	<u>\$ 19,862</u>
Recovered costs:				
Other recovered costs	<u>\$ 230,000</u>	<u>\$ 230,000</u>	<u>\$ 230,170</u>	<u>\$ 170</u>
Total revenue from local sources	<u>\$ 3,939,707</u>	<u>\$ 3,788,592</u>	<u>\$ 4,114,799</u>	<u>\$ 326,207</u>

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Washington, Virginia	\$ 27,174,652	\$ 28,295,944	\$ 27,956,237	\$ (339,707)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 7,921,327	\$ 7,921,327	\$ 7,702,668	\$ (218,659)
Basic school aid	20,991,851	20,991,851	20,661,643	(330,208)
GED funding	23,576	23,576	25,065	1,489
Summer remedial	69,388	69,388	58,273	(11,115)
Regular foster care	313,855	313,855	103,538	(210,317)
Adult high school courses	-	-	39,949	39,949
Gifted and talented	222,090	222,090	219,628	(2,462)
Remedial education	734,256	734,256	726,116	(8,140)
National board certified teacher	-	-	7,500	7,500
Preschool initiative	631,355	631,355	618,894	(12,461)
Special education	2,161,976	2,161,976	2,138,007	(23,969)
Textbook payment	456,372	456,372	451,312	(5,060)
Vocational adult education	39,950	39,950	34,556	(5,394)
Vocational education	566,556	566,556	560,274	(6,282)
Vocational equipment	-	-	32,621	32,621
Vocational educational occupational tech ed	-	-	136,546	136,546
Social security fringe benefits	1,273,617	1,273,617	1,259,497	(14,120)
Retirement fringe benefits	2,814,648	2,814,648	2,783,443	(31,205)
Life insurance fringe benefits	86,116	86,116	85,162	(954)
State lottery payments	1,523,264	1,523,264	1,632,191	108,927
Early reading intervention	70,232	70,232	81,206	10,974
Governors school	924,280	924,280	780,310	(143,970)
Jobs for Virginia graduates-lottery proceeds	-	-	25,000	25,000
At risk payments	718,951	718,951	786,790	67,839
Adult literacy	-	-	93,045	93,045
Homebound	29,986	29,986	42,914	12,928
School food	51,988	51,988	56,548	4,560
Regional programs	315,161	315,161	309,313	(5,848)
Project graduation	8,919	8,919	8,918	(1)
Special education - foster care	-	-	204,757	204,757
Mentor teacher program	2,482	2,482	2,889	407
Primary class size	912,998	912,998	888,472	(24,526)
Technology	466,000	466,000	440,000	(26,000)
SOL algebra readiness	98,016	98,016	98,016	-
Special ed jail program	1,342	1,342	1,330	(12)
Security grant	-	-	51,305	51,305
English as a second language	40,640	40,640	37,547	(3,093)
GED testing	-	-	81,719	81,719
Other state funds	158,017	158,017	28,250	(129,767)
Total categorical aid	\$ 43,629,209	\$ 43,629,209	\$ 43,295,212	\$ (333,997)
Total revenue from the Commonwealth	\$ 43,629,209	\$ 43,629,209	\$ 43,295,212	\$ (333,997)
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ 43,500	\$ 43,500	\$ 21,495	\$ (22,005)
Adult basic education	400,000	400,000	379,235	(20,765)
Title I	1,556,000	1,556,000	1,509,289	(46,711)
Title VI-B, special education flow-through	1,700,000	1,700,000	1,645,161	(54,839)
Title VI-B, special education preschool	100,000	100,000	46,934	(53,066)
Title IV Part A LEA	100,000	100,000	104,004	4,004
Vocational education	130,000	130,000	133,588	3,588

County of Washington, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Title II Part A	\$ 400,000	\$ 400,000	\$ 276,294	\$ (123,706)
School breakfast and lunch program	2,179,370	2,179,370	2,441,874	262,504
Other federal	1,661,176	1,661,176	-	(1,661,176)
Total categorical aid	<u>\$ 8,270,046</u>	<u>\$ 8,270,046</u>	<u>\$ 6,557,874</u>	<u>\$ (1,712,172)</u>
Total revenue from the federal government	<u>\$ 8,270,046</u>	<u>\$ 8,270,046</u>	<u>\$ 6,557,874</u>	<u>\$ (1,712,172)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 83,013,614</u>	<u>\$ 83,983,791</u>	<u>\$ 81,924,122</u>	<u>\$ (2,059,669)</u>

County of Washington, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 184,182	\$ 278,118	\$ 195,682	\$ 82,436
General and financial administration:				
County administrator	\$ 238,221	\$ 239,617	\$ 235,158	\$ 4,459
Personnel	149,096	159,096	101,700	57,396
Legal services	177,422	177,422	155,483	21,939
Commissioner of revenue	673,168	686,975	651,714	35,261
Treasurer	780,422	1,013,599	782,929	230,670
Central accounting and purchasing	266,415	266,415	256,996	9,419
Information technology	645,108	645,108	591,733	53,375
Assessor	65,000	65,000	26,880	38,120
Auditor	85,000	85,000	74,900	10,100
Total general and financial administration	\$ 3,079,852	\$ 3,338,232	\$ 2,877,493	\$ 460,739
Board of elections:				
Registrar	\$ 197,399	\$ 197,399	\$ 193,694	\$ 3,705
Electoral board	105,019	105,019	97,495	7,524
Total board of elections	\$ 302,418	\$ 302,418	\$ 291,189	\$ 11,229
Total general government administration	\$ 3,566,452	\$ 3,918,768	\$ 3,364,364	\$ 554,404
Judicial administration:				
Courts:				
Circuit court	\$ 75,943	\$ 75,943	\$ 71,639	\$ 4,304
General district court	34,840	34,840	24,494	10,346
Juvenile and domestic relations court	350	350	1,980	(1,630)
Special magistrates	5,309	5,309	4,865	444
Clerk of the circuit court	689,572	754,324	691,399	62,925
Law library	12,000	54,163	10,370	43,793
Total courts	\$ 818,014	\$ 924,929	\$ 804,747	\$ 120,182
Commonwealth's attorney:				
Commonwealth's attorney	\$ 964,831	\$ 1,320,350	\$ 951,851	\$ 368,499
Total judicial administration	\$ 1,782,845	\$ 2,245,279	\$ 1,756,598	\$ 488,681
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,143,688	\$ 3,558,651	\$ 3,330,762	\$ 227,889
Litter Control	148,220	148,220	144,486	3,734
Victim witness assistance	113,795	113,795	90,252	23,543
Animal control	270,429	279,336	257,503	21,833
Interstate enforcement	2,130,187	2,782,615	2,411,750	370,865
Court security	389,098	431,128	421,889	9,239
Other Sheriff grants	95,399	329,852	264,579	65,273
Total law enforcement and traffic control	\$ 6,290,816	\$ 7,643,597	\$ 6,921,221	\$ 722,376
Fire and rescue services:				
Volunteer fire departments	\$ 1,067,688	\$ 1,039,082	\$ 1,034,808	\$ 4,274
E-911	702,008	702,008	656,425	45,583
Total fire and rescue services	\$ 1,769,696	\$ 1,741,090	\$ 1,691,233	\$ 49,857
Correction and detention:				
Regional jail payments	\$ 4,030,519	\$ 3,810,010	\$ 3,780,455	\$ 29,555
Juvenile probation and detention	254,240	254,240	254,240	-
Total correction and detention	\$ 4,284,759	\$ 4,064,250	\$ 4,034,695	\$ 29,555
Inspections:				
Building	\$ 378,703	\$ 378,869	\$ 319,494	\$ 59,375

County of Washington, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Medical examiner	\$ 1,000	\$ 1,000	\$ 760	\$ 240
Emergency services	744,758	885,648	707,220	178,428
Total other protection	<u>\$ 745,758</u>	<u>\$ 886,648</u>	<u>\$ 707,980</u>	<u>\$ 178,668</u>
Total public safety	<u>\$ 13,469,732</u>	<u>\$ 14,714,454</u>	<u>\$ 13,674,623</u>	<u>\$ 1,039,831</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,202,343	\$ 2,371,941	\$ 2,267,280	\$ 104,661
Maintenance of general buildings and grounds:				
General properties	\$ 1,397,318	\$ 1,506,248	\$ 1,272,154	\$ 234,094
Total public works	<u>\$ 3,599,661</u>	<u>\$ 3,878,189</u>	<u>\$ 3,539,434</u>	<u>\$ 338,755</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 501,865	\$ 501,865	\$ 501,865	\$ -
Mental health and mental retardation:				
Community services board	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Welfare:				
Virginia public assistance	\$ 6,675,511	\$ 6,813,910	\$ 6,024,728	\$ 789,182
Area agency on aging	72,055	72,055	72,055	-
Senior services	87,925	87,925	87,925	-
Community action agency	172,818	155,268	155,268	-
Community services	2,045,806	2,045,806	1,740,495	305,311
Total welfare	<u>\$ 9,054,115</u>	<u>\$ 9,174,964</u>	<u>\$ 8,080,471</u>	<u>\$ 1,094,493</u>
Total health and welfare	<u>\$ 9,805,980</u>	<u>\$ 9,926,829</u>	<u>\$ 8,832,336</u>	<u>\$ 1,094,493</u>
Education:				
Other instructional costs:				
Contributions to community college	\$ 332,414	\$ 332,414	\$ 332,414	\$ -
Contribution to County School Board	27,174,652	28,295,944	27,956,237	339,707
Total education	<u>\$ 27,507,066</u>	<u>\$ 28,628,358</u>	<u>\$ 28,288,651</u>	<u>\$ 339,707</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks	\$ 129,827	\$ 132,827	\$ 123,562	\$ 9,265
Recreation	269,515	297,015	291,316	5,699
Other parks and recreation	5,000	5,000	3,860	1,140
Total parks and recreation	<u>\$ 404,342</u>	<u>\$ 434,842</u>	<u>\$ 418,738</u>	<u>\$ 16,104</u>
Cultural enrichment:				
Cultural enrichment	\$ 70,886	\$ 75,886	\$ 75,886	\$ -
Library:				
Washington County library	\$ 1,373,332	\$ 1,484,561	\$ 1,356,003	\$ 128,558
Branch libraries	292,437	292,437	290,223	2,214
Total library	<u>\$ 1,665,769</u>	<u>\$ 1,776,998</u>	<u>\$ 1,646,226</u>	<u>\$ 130,772</u>
Total parks, recreation, and cultural	<u>\$ 2,140,997</u>	<u>\$ 2,287,726</u>	<u>\$ 2,140,850</u>	<u>\$ 146,876</u>
Community development:				
Planning and community development:				
Planning	\$ -	\$ -	\$ 350	\$ (350)
Regional planning	47,247	47,247	47,247	-
Zoning	114,474	114,474	85,500	28,974

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Planning and community development: (Continued)				
Community development	\$ 212,498	\$ 595,748	\$ 208,291	\$ 387,457
Economic development	130,479	610,040	459,295	150,745
Contribution to Virginia Highlands Airport	68,978	97,655	97,655	-
Contribution to Washington County Industrial Development Authority	458,062	492,567	492,567	-
Contribution to Economic development	5,000	18,145	4,987	13,158
Total planning and community development	<u>\$ 1,036,738</u>	<u>\$ 1,975,876</u>	<u>\$ 1,395,892</u>	<u>\$ 579,984</u>
Environmental management:				
Contribution to soil and water district	\$ 16,770	\$ 16,770	\$ 16,770	\$ -
Cooperative extension program:				
Extension office	\$ 139,501	\$ 139,501	\$ 134,335	\$ 5,166
Total community development	<u>\$ 1,193,009</u>	<u>\$ 2,132,147</u>	<u>\$ 1,546,997</u>	<u>\$ 585,150</u>
Nondepartmental:				
Revenue refunds	\$ 73,000	\$ 73,000	\$ 131,474	\$ (58,474)
Other non departmental	324,165	318,306	305,457	12,849
Total nondepartmental	<u>\$ 397,165</u>	<u>\$ 391,306</u>	<u>\$ 436,931</u>	<u>\$ (45,625)</u>
Debt service:				
Principal retirement	\$ 2,272,426	\$ 2,272,426	\$ 2,449,453	\$ (177,027)
Interest and other fiscal charges	1,175,028	1,175,028	821,593	353,435
Total debt service	<u>\$ 3,447,454</u>	<u>\$ 3,447,454</u>	<u>\$ 3,271,046</u>	<u>\$ 176,408</u>
Total General Fund	<u>\$ 66,910,361</u>	<u>\$ 71,570,510</u>	<u>\$ 66,851,830</u>	<u>\$ 4,718,680</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Public safety:				
Sheriff's office	\$ -	\$ -	\$ 54,741	\$ (54,741)
Equipment	-	3,687	-	3,687
Total public safety	<u>\$ -</u>	<u>\$ 3,687</u>	<u>\$ 54,741</u>	<u>\$ (51,054)</u>
Public works:				
Solid waste equipment	\$ -	\$ 331,100	\$ 203,536	\$ 127,564
Solid waste facilities	25,000	352,919	116,592	236,327
Total public works	<u>\$ 25,000</u>	<u>\$ 684,019</u>	<u>\$ 320,128</u>	<u>\$ 363,891</u>
Parks, recreation, and cultural:				
Parks and recreation:				
White's Mill restoration	\$ -	\$ 32,000	\$ -	\$ 32,000
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ 32,000</u>	<u>\$ -</u>	<u>\$ 32,000</u>
Capital projects expenditures:				
Contingencies	\$ -	\$ 301,565	\$ -	\$ 301,565
Total capital projects	<u>\$ -</u>	<u>\$ 301,565</u>	<u>\$ -</u>	<u>\$ 301,565</u>
Total Capital Projects Fund	<u>\$ 25,000</u>	<u>\$ 1,021,271</u>	<u>\$ 374,869</u>	<u>\$ 646,402</u>
School Capital Projects Fund:				
Education:				
Operating costs:				
Facilities	\$ 695,000	\$ 547,000	\$ 105,283	\$ 441,717
Total School Capital Projects Fund	<u>\$ 695,000</u>	<u>\$ 547,000</u>	<u>\$ 105,283</u>	<u>\$ 441,717</u>
Total Primary Government	<u>\$ 67,630,361</u>	<u>\$ 73,138,781</u>	<u>\$ 67,331,982</u>	<u>\$ 5,806,799</u>

County of Washington, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction costs				
Administration, attendance and health	\$ 3,106,595	\$ 3,164,358	\$ 3,209,863	\$ (45,505)
Instruction	63,720,003	63,885,207	59,876,836	4,008,371
Instructional technology	2,442,058	2,456,060	2,348,354	107,706
Total instruction costs	<u>\$ 69,268,656</u>	<u>\$ 69,505,625</u>	<u>\$ 65,435,053</u>	<u>\$ 4,070,572</u>
Operating costs:				
Pupil transportation	\$ 5,456,254	\$ 5,482,742	\$ 5,324,086	\$ 158,656
Operation and maintenance of school plant	6,955,988	7,299,571	7,189,141	110,430
School food services	3,965,740	3,847,840	3,614,994	232,846
Total operating costs	<u>\$ 16,377,982</u>	<u>\$ 16,630,153</u>	<u>\$ 16,128,221</u>	<u>\$ 501,932</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 85,646,638</u>	<u>\$ 86,135,778</u>	<u>\$ 81,563,274</u>	<u>\$ 4,572,504</u>

Other Statistical Information

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2018-19	\$ 3,484,548	\$ 1,520,934	\$ 12,337,009	\$ 3,649,087	\$ 8,481,758	\$ 28,729,896	\$ 2,041,937	\$ 1,513,061	\$ 751,524	\$ 62,509,754
2017-18	3,689,352	1,604,907	13,065,517	3,595,141	8,951,575	29,877,348	2,195,660	1,815,211	772,034	65,566,745
2016-17	4,036,671	1,646,936	12,289,555	3,460,678	8,895,767	30,413,235	2,190,464	4,127,452	795,330	67,856,088
2015-16	3,656,368	1,593,653	11,422,288	3,378,345	8,583,706	29,232,848	2,166,884	3,495,175	1,456,592	64,985,859
2014-15	3,508,913	1,602,299	11,090,052	3,729,458	7,800,245	28,369,156	2,233,396	2,325,083	1,077,287	61,735,889
2013-14	3,801,462	1,590,653	10,667,821	3,504,762	8,434,168	28,605,420	2,261,825	2,544,189	1,185,934	62,596,234
2012-13	3,485,456	1,588,063	10,875,250	4,091,448	7,797,920	28,248,261	2,625,595	2,704,569	1,180,439	62,597,001
2011-12	3,392,022	1,442,053	10,373,244	4,710,465	7,571,268	22,448,687	2,153,236	3,599,243	1,223,756	56,913,974
2010-11	2,758,254	1,434,023	10,819,665	3,984,154	7,631,737	21,598,926	2,450,828	3,308,476	1,546,660	55,532,723
2009-10	2,444,129	1,397,161	10,394,379	3,106,061	7,750,392	21,628,724	2,656,439	2,449,360	852,142	52,678,787

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	
2018-19	\$ 2,455,107	\$ 11,061,620	\$ 100,686	\$	\$ 38,688,720	\$ 10,048,347	\$ 546,431	\$ 1,346,362	\$ 4,218,527	\$ 68,465,800
2017-18	2,245,836	10,776,143	137,679		38,072,161	10,014,078	216,464	1,317,667	4,337,419	67,117,447
2016-17	1,937,707	11,472,283	486,654		37,193,772	10,019,462	130,177	1,347,159	4,375,293	66,962,507
2015-16	1,742,312	11,012,920	192,216		36,955,004	9,569,743	136,324	954,452	4,372,419	64,935,390
2014-15	1,864,511	9,378,338	233,206		35,963,625	9,294,629	119,508	937,614	4,393,869	62,185,300
2013-14	1,875,166	9,503,961	687,141		34,581,104	9,229,842	123,575	956,021	4,413,735	61,370,545
2012-13	1,807,743	9,560,611	-		34,703,127	9,212,536	151,203	1,392,331	4,530,687	61,358,238
2011-12	1,830,599	11,403,196	-		32,986,799	9,109,624	193,751	1,582,918	4,645,697	61,752,584
2010-11	1,524,271	11,941,158	-		30,775,045	9,042,116	255,378	1,541,929	3,649,262	58,729,159
2009-10	1,485,955	9,857,596	-		39,788,130	8,725,269	190,909	647,220	4,386,748	65,081,827

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2018-19	\$ 3,364,364	\$ 1,756,598	\$ 13,674,623	\$ 3,539,434	\$ 8,832,336	\$ 81,895,688	\$ 2,140,850	\$ 1,546,997	\$ 436,931	\$ 3,271,046	\$ 120,458,867
2017-18	3,474,046	1,703,350	13,015,910	3,316,763	9,098,096	81,151,695	2,170,289	1,833,451	376,911	3,216,948	119,357,459
2016-17	3,473,710	1,668,714	12,284,821	2,975,593	8,951,391	80,094,615	2,079,364	4,140,390	527,288	3,079,559	119,275,445
2015-16	3,295,436	1,643,657	11,472,090	3,142,723	8,661,176	77,053,746	2,110,093	3,505,726	454,331	3,346,936	114,685,914
2014-15	3,221,950	1,624,187	11,496,109	3,472,833	7,963,697	75,359,860	2,114,710	2,277,067	474,926	3,132,595	111,137,934
2013-14	3,646,300	1,576,652	10,879,901	3,147,631	8,313,672	76,185,425	2,276,600	2,645,385	397,681	3,003,020	112,072,267
2012-13	3,608,619	1,543,209	10,788,060	3,288,417	7,714,318	77,804,981	2,153,788	2,579,586	276,258	2,870,052	112,627,288
2011-12	3,236,958	1,433,084	10,380,260	3,750,554	7,578,463	71,395,719	2,029,542	3,595,679	522,018	2,002,655	105,924,932
2010-11	2,900,525	1,407,319	10,644,584	3,549,820	7,589,378	68,481,337	2,123,190	3,286,491	231,976	1,491,190	101,705,810
2009-10	2,770,049	1,362,945	10,569,641	2,968,124	7,657,509	71,791,638	2,099,216	2,570,449	134,080	1,896,518	103,820,169

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

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2018-19	\$ 38,910,431	\$ 10,048,347	\$ 205,690	\$ 1,379,152	\$ 557,739	\$ 3,522,428	\$ 2,567,520	\$ 1,235,189	\$ 65,179,178	\$ 123,605,674
2017-18	38,080,529	10,014,078	215,341	1,404,827	230,152	3,149,711	2,663,381	516,870	63,235,119	119,510,008
2016-17	36,984,433	10,019,462	239,854	1,137,417	142,342	2,990,892	2,767,322	300,352	63,024,271	117,606,345
2015-16	36,911,855	9,569,743	185,303	954,757	151,722	3,223,703	2,317,970	374,475	60,015,399	113,704,927
2014-15	35,818,485	9,294,629	187,014	1,021,836	129,317	3,198,816	2,281,105	768,230	58,310,428	111,009,860
2013-14	35,051,160	9,229,842	115,185	1,105,942	139,081	3,296,870	2,065,364	712,881	58,642,337	110,358,662
2012-13	33,590,230	9,212,536	110,451	1,075,125	171,524	3,211,190	2,353,100	440,890	59,589,903	109,754,949
2011-12	32,681,231	9,109,624	119,384	897,988	213,505	3,639,101	2,528,526	478,582	60,445,175	110,113,116
2010-11	30,533,935	9,042,116	118,976	834,151	258,728	3,238,561	2,044,463	426,123	58,409,708	104,906,761
2009-10	39,065,655	8,725,269	154,291	722,986	204,914	3,107,170	1,877,392	748,070	60,875,451	115,481,198

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2018-19	\$ 40,775,956	\$ 39,260,144	96.28%	\$ 1,340,087	\$ 40,600,231	99.57%	\$ 4,997,804	12.26%
2017-18	40,282,119	38,776,872	96.26%	1,157,509	39,934,381	99.14%	4,144,224	10.29%
2016-17	39,044,004	37,687,741	96.53%	1,228,661	38,916,402	99.67%	4,174,045	10.69%
2015-16	38,927,722	37,392,739	96.06%	1,329,749	38,722,488	99.47%	3,845,600	9.88%
2014-15	37,902,384	36,675,879	96.76%	1,054,734	37,730,613	99.55%	3,856,871	10.18%
2013-14	34,784,577	33,893,005	97.44%	948,362	34,841,367	100.16%	3,563,916	10.25%
2012-13	33,132,974	31,903,695	96.29%	1,014,696	32,918,391	99.35%	3,643,003	11.00%
2011-12	30,637,829	29,876,309	97.51%	2,227,356	32,103,665	104.78%	3,074,774	10.04%
2010-11	30,081,650	28,926,656	96.16%	1,149,142	30,075,798	99.98%	2,776,060	9.23%
2009-10 (3)	39,292,118	37,636,876	95.79%	861,595	38,498,471	97.98%	2,693,322	6.85%

(1) Exclusive of penalties and interest.

(2) Includes current year taxes receivable only.

(3) 2009-10 was the first year that the County began twice-year tax collections.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes (3)	Machinery and Tools	Public Utility (2)(4) Real Estate and Personal Property	Total
2018-19	\$ 4,089,614,123	\$ 620,551,921	\$ 187,150,779	\$ 301,328,958	\$ 5,198,645,781
2017-18	4,101,812,545	604,977,439	195,128,680	238,971,622	5,140,890,286
2016-17	4,117,406,258	593,997,271	189,916,150	199,721,217	5,101,040,896
2015-16	3,928,394,099	574,783,612	186,627,925	299,745,060	4,989,550,696
2014-15	3,887,864,596	570,992,102	180,011,133	186,055,671	4,824,923,502
2013-14	3,856,764,808	553,941,886	179,966,820	190,675,256	4,781,348,770
2012-13	3,643,100,137	542,187,701	176,763,685	155,434,116	4,517,485,639
2011-12	3,644,529,884	513,404,833	162,194,740	177,754,621	4,497,884,078
2010-11	3,714,880,800	498,040,367	160,572,846	176,316,906	4,549,810,919
2009-10	3,684,810,300	470,661,432	158,176,655	171,979,877	4,485,628,264

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

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

(3) Includes Volunteer and Air Tax assessments.

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

Table 7

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

Fiscal Year	\$	Real Estate	Personal Property	Machinery and Tools
2018-19	\$	0.63	1.70	1.55
2017-18		0.63	1.70	1.55
2016-17		0.63	1.70	1.55
2015-16		0.63	1.70	1.55
2014-15		0.63	1.70	1.55
2013-14		0.63	1.70	1.55
2012-13		0.63	1.55	1.55
2011-12		0.63	1.55	1.55
2010-11		0.58	1.55	1.55
2009-10		0.57	1.55	1.55

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1) thousands	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2018-19	54,876	\$ 5,198,646	\$ 10,668,827	\$ 10,668,827	0.21%	194
2017-18	54,876	5,140,890	12,551,815	12,551,815	0.24%	229
2016-17	54,876	5,101,041	14,406,774	14,406,774	0.28%	263
2015-16	54,876	4,989,551	16,104,443	16,104,443	0.32%	293
2014-15	54,876	4,824,924	16,117,239	16,117,239	0.33%	294
2013-14	54,876	4,781,349	17,525,265	17,525,265	0.37%	319
2012-13	54,876	4,517,486	18,840,729	18,840,729	0.42%	343
2011-12	54,876	4,497,884	20,136,009	20,136,009	0.45%	367
2010-11	54,876	4,549,811	21,466,830	21,466,830	0.47%	391
2009-10	51,103	4,485,628	22,397,804	22,397,804	0.50%	438

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2018-19	\$ 2,449,453	\$ 821,593	\$ 3,271,046	\$ 120,458,867	2.72%
2017-18	2,407,802	809,146	3,216,948	119,357,459	2.70%
2016-17	2,230,600	848,959	3,079,559	119,275,445	2.58%
2015-16	2,142,313	1,204,623	3,346,936	114,685,914	2.92%
2014-15	1,913,959	1,218,636	3,132,595	111,137,934	2.82%
2013-14	1,814,351	1,188,669	3,003,020	112,072,267	2.68%
2012-13	1,645,280	1,224,772	2,870,052	112,627,288	2.55%
2011-12	1,330,821	671,834	2,002,655	105,924,932	1.89%
2010-11(2)	20,934,980	1,201,012	22,135,992	101,705,810	21.76%
2009-10	1,168,001	858,534	2,026,535	103,820,169	1.95%

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

(2) Includes principal of \$17,950,000 to pay off anticipation notes and bonds.

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Washington, Virginia's basic financial statements, and have issued our report thereon dated November 21, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Famer, Cox Associates

Blacksburg, Virginia
November 21, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Washington, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Washington, Virginia's major federal programs for the year ended June 30, 2019. County of Washington, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Washington, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Polinson, Faver, Cox Associates

Blacksburg, Virginia
November 21, 2019

County of Washington, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950116, 0950117	\$ 24,753	
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	0400117, 0400118	420,917	
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117, 0500118	289	
Low-Income Home Energy Assistance	93.568	0600417, 0600418	68,383	
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117, 0760118	75,639	
Chafee Education and Training Voucher	93.599		1,327	
Adoption and Legal Guardianship Incentive Payments	93.603	1130115	2,915	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116, 0900117	512	
Foster Care - Title IV-E	93.658	1100117, 1100118	391,137	
Adoption Assistance	93.659	1120117, 1120118	482,588	
Social Services Block Grant	93.667	1000117, 1000118	403,557	
Chafee Foster Care Independence Program	93.674	9150117, 9150118	7,327	
Children's Health Insurance Program	93.767	0540117, 0540118	12,289	
Medicaid Cluster:				
Medical Assistance Program	93.778	1200117, 1200118	566,189	
Total Department of Health and Human Services			<u>\$ 2,457,822</u>	
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Department of Agriculture:				
Food Distribution (Note 3)	10.555	40623	\$ 225,518	
Summer Food Service Program for Children	10.559	Not available	24,122	
Department of Education:				
National School Lunch Program	10.555	40623	1,592,332	\$ 1,841,972
School Breakfast Program	10.553	40591	589,893	
Total Child Nutrition Cluster			<u>\$ 2,431,865</u>	
State Administrative Expenses for Child Nutrition	10.560		244	
Child Nutrition Discretionary Grants Limited Availability	10.579		9,765	
Department of Education:				
Forest Service Schools and Roads Cluster:				
Schools and Roads--Grants to States	10.665	43841		21,495
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040117, 0040118		498,989
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort Under SNAP	10.596	0060115		<u>8,923</u>
Total Department of Agriculture			<u>\$ 2,971,281</u>	
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Violence Against Women Formula Grants	16.588	CJS7651601	\$ 27,811	
Crime Victim Assistance	16.575	CJS7601601, CJS86015	64,107	
Bullet Proof Vest Partnership Program	16.607		635	
Equitable Sharing Program	16.922		<u>68,645</u>	
Total Department of Justice			<u>\$ 161,198</u>	
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	OP-17-57156, SC-17-57180	\$ 19,629	
Alcohol Open Container Requirements	20.607	154AL-17-57181	5,924	
Total Department of Transportation			<u>\$ 25,553</u>	
National Endowment for the Arts:				
Pass Through Payments:				
Virginia Commission for the Arts:				
Promotion of the Arts Grants to Organizations and Individuals	45.024	Not available	\$ 4,500	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	42901	\$ 1,509,289	
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	43071	\$ 1,645,161	
Special Education - Preschool Grants	84.173	62521	46,934	
Total Special Education Cluster			<u>1,692,095</u>	
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	61480	276,294	
Student Support and Academic Enrichment Grants	84.424	60281	104,004	
Adult Education Basic Grants to States	84.002	42801, 61111, 61380	379,235	
Career and Technical Education: Basic Grants to States	84.048	61095, 61159	<u>133,588</u>	
Total Department of Education			<u>\$ 4,094,505</u>	
Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants / State's Program and Non-Entitlements Grants in Hawaii	14.228	50790	\$ 114,254	\$ 114,254
Department of Treasury				
Pass Through Payments:				
Department of Justice:				
Equitable Sharing Program	21.016		<u>\$ 29,780</u>	
Total Expenditures of Federal Awards			<u>\$ 9,858,893</u>	<u>\$ 114,254</u>

County of Washington, Virginia
 Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2019

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Washington, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Washington, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Washington, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

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

(3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2019, the County had no food commodities in inventory.

Note 4 -- Loans and Loan Guarantees:

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

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 3,265,319
Less: Payment in lieu of taxes	(62,725)
Add: Equitable Sharing Program	<u>98,425</u>

Total primary government	<u>\$ 3,301,019</u>
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Component Unit School Board:

School Operating Fund	<u>\$ 6,557,874</u>
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Total expenditures of federal awards per basic financial statements	<u>\$ 9,858,893</u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u>\$ 9,858,893</u>
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COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title I, Grants to Local Educational Agencies

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

COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

None