

**COUNTY OF WASHINGTON, VIRGINIA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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COUNTY OF WASHINGTON, VIRGINIA  
 FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2020

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## INTRODUCTORY SECTION

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# COUNTY OF WASHINGTON, VIRGINIA

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## BOARD OF SUPERVISORS

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

## COUNTY SCHOOL BOARD

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

## SOCIAL SERVICES BOARD

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

## OTHER OFFICIALS

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

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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**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 discretely presented component unit School Board, 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Highlands Airport Authority, which represents 57 percent, 67 percent, and 81 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the Virginia Highlands Airport Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit School Board, 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, 2020, 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.

### ***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, 101, and 102-122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### ***Supplementary and Other Information***

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2020, 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.

*Polina, Fane, Cox Associates*

Blacksburg, Virginia  
November 27, 2020

## 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, 2020. 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 \$33,404,355 (net position). Of this amount, \$20,604,293 was considered unrestricted.
- The change in net position of the County's governmental activities was \$5,259,792 for the current fiscal year. In the prior fiscal year, the change in net position of the County's governmental activities was \$5,956,046.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$26,508,365. Of the amount \$20,726,208 was considered unassigned, \$328,698 was considered assigned, \$5,188,633 was considered committed, \$204,257 was considered restricted and \$60,569 was considered nonspendable.
- During the year, the County had revenues in excess of expenditures in the General Fund of \$3,062,909. In the prior fiscal year, the revenues were in excess of the expenditures for the General Fund by \$2,165,620.

### 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 \$33,404,355 at the close of the most recent fiscal year.

A significant portion of the County's net position \$12,595,805 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 \$204,257, are subject to restrictions on how they may be used. The remaining balance of net position \$20,604,293 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 2020 and 2019.

Statement of Net Position

	Governmental Activities	Governmental Activities
	2020	2019
Current and other assets	\$ 54,304,992	\$ 46,084,792
Capital and other assets	30,489,975	30,484,745
Total assets	<u>\$ 84,794,967</u>	<u>\$ 76,569,537</u>
 Deferred outflows of resources	 <u>\$ 4,648,886</u>	 <u>\$ 2,509,747</u>
 Current and other liabilities	 \$ 9,844,684	 \$ 4,940,147
Long-term liabilities	30,706,402	29,886,535
Total liabilities	<u>\$ 40,551,086</u>	<u>\$ 34,826,682</u>
 Deferred inflows of resources	 <u>\$ 15,488,412</u>	 <u>\$ 16,108,039</u>
 Net position:		
Net investment in capital assets	\$ 12,595,805	\$ 10,074,646
Restricted	204,257	234,121
Unrestricted	20,604,293	17,835,796
Total net position	<u>\$ 33,404,355</u>	<u>\$ 28,144,563</u>

Statement of Activities

	Governmental Activities 2020	Governmental Activities 2019
Program revenues		
Charges for services	\$ 2,495,335	\$ 2,455,107
Operating grants and contributions	11,833,894	11,061,620
Capital grants and contributions	90,694	100,686
General revenues		
Property taxes	39,425,070	38,688,720
Other taxes	10,723,489	10,048,347
Revenue from use of money and property	450,980	546,431
Miscellaneous	1,313,517	1,346,362
Gain on disposal of capital assets	-	-
Grants and contributions not restricted to specific programs	4,178,080	4,218,527
Total revenues	<u>70,511,059</u>	<u>68,465,800</u>
Expenses		
General government	4,151,979	3,484,548
Judicial administration	1,308,309	1,520,934
Public safety	14,115,117	12,337,009
Public works	4,514,320	3,649,087
Health and welfare	9,555,389	8,481,758
Education	27,254,510	28,729,896
Parks, recreation and cultural	2,237,034	2,041,937
Community development	1,489,230	1,513,061
Interest on debt	625,379	751,524
Total expenses	<u>65,251,267</u>	<u>62,509,754</u>
Change in net position	<u>\$ 5,259,792</u>	<u>\$ 5,956,046</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 \$26,508,365; .2% or \$60,569 constitutes nonspendable fund balance, .8% or \$204,257 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 19.6% or \$5,188,063 has been committed by action of the Board of Supervisors and 1.2% or \$328,698 has been assigned by the Board of Supervisors. The remaining balance, \$20,726,208 or 78.2% 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 \$26,395,234 of this amount \$20,734,752 was considered unassigned.

Total general fund revenues increased \$1,035,548 and expenditures decreased \$351,989 over prior year amounts. For fiscal year ended June 30, 2020, revenues exceeded expenditures by \$3,062,909 for the general fund, as compared to the fiscal year ended June 30, 2019, revenues exceeded expenditures by \$2,165,620 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 \$73,859,563 for fiscal year 2020. The actual revenues were \$70,673,337 which is an unfavorable variance of \$3,186,226. The unfavorable variance is attributed largely to amending the budget for the Coronavirus Relief Funds received of \$4,688,608. Coronavirus Relief Funds revenue recognized at June 30, 2020 was \$185,048, the portion spent during the fiscal year. The budgeted expenditures were \$77,990,029 for the County. The actual expenditures were \$66,499,841 which is a favorable variance of \$11,490,188 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, 2020 amounts to \$30,489,975 (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 2020 were for the purchase of Courthouse Annex property, vehicles for the sheriff’s department, the purchase of a trash truck, and construction on Greencove EMS/Fire Station.

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

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

Primary Government:	
Compensated absences	\$ 1,612,039
Net OPEB liabilities	2,587,308
Net pension liability	7,217,191
General obligation bonds	7,060,975
Lease revenue notes	11,512,029
Landfill post-closure costs	59,908
Literary loans	656,952
Total	<u>\$ 30,706,402</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 2020 unemployment rate for the County of Washington, Virginia was 7.9%, which is a significant increase from a rate of 3.4% in June 2019. This would seem to be attributed largely to the effects of COVID-19 on the economy. The County’s unemployment rate is slightly below the state’s average unemployment rate of 8.5% and below the national average rate of 11.2%.

#### 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, 2020

	Primary Government		Component	
	Governmental		Units	
	Activities		School Board	Other
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26,749,010		\$ 5,165,875	\$ 3,063,831
Investments	6,426,128		-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	17,380,957		-	-
Accounts receivable	647,957		285,685	83,862
Notes receivable	-		-	10,178,820
Rent receivable	-		-	22,752
Grants receivable	-		-	2,313,418
Due from primary government	-		4,419,298	30,000
Due from other governmental units	3,018,777		1,750,843	41,876
Inventories	-		-	35,811
Prepaid items	60,569		984,559	27,623
Net OPEB asset	21,594		-	-
Capital assets (net of accumulated depreciation):				
Land	1,828,672		2,819,475	28,978,232
Buildings and system	27,161,110		8,092,086	3,198,896
Improvements other than buildings	54,033		-	7,120,720
Machinery and equipment	1,249,097		5,410,079	167,531
Construction in progress	197,063		140,197	14,251,656
Total assets	<u>\$ 84,794,967</u>		<u>\$ 29,068,097</u>	<u>\$ 69,515,028</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on refunding	\$ 1,335,786		\$ -	\$ 1,663,599
Pension related items	2,982,218		12,507,044	66,380
OPEB related items	330,882		1,930,053	7,845
Total deferred outflows of resources	<u>\$ 4,648,886</u>		<u>\$ 14,437,097</u>	<u>\$ 1,737,824</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 621,207		\$ 538,586	\$ 2,357,490
Accrued liabilities	-		958,647	-
Accrued wages	65,536		6,391,093	24,366
Accrued interest payable	115,083		-	59,068
Due to component unit	4,449,298		-	-
Unearned revenue	4,593,560		-	28,492
Long-term liabilities:				
Due within one year	3,615,778		2,456,339	1,842,214
Due in more than one year	27,090,624		83,953,616	14,604,688
Total liabilities	<u>\$ 40,551,086</u>		<u>\$ 94,298,281</u>	<u>\$ 18,916,318</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 14,037,867		\$ -	-
Pension related items	854,876		9,914,241	12,941
OPEB related items	595,669		1,692,514	1,409
Total deferred inflows of resources	<u>\$ 15,488,412</u>		<u>\$ 11,606,755</u>	<u>\$ 14,350</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 12,595,805		\$ 16,461,837	\$ 51,514,981
Restricted	204,257		313,968	-
Unrestricted	20,604,293		(79,175,647)	807,203
Total net position	<u>\$ 33,404,355</u>		<u>\$ (62,399,842)</u>	<u>\$ 52,322,184</u>

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, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	School Board	Other Component Units
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 4,151,979	\$ 441,938	\$ 592,354	\$ -	\$ (3,117,687)	\$ -	\$ -
Judicial administration	1,308,309	17,673	1,086,062	-	(204,574)	-	-
Public safety	14,115,117	1,334,149	2,966,060	62,194	(9,752,714)	-	-
Public works	4,514,320	567,199	86,897	-	(3,860,224)	-	-
Health and welfare	9,555,389	-	6,824,003	-	(2,731,386)	-	-
Education	27,254,510	-	-	-	(27,254,510)	-	-
Parks, recreation, and cultural	2,237,034	84,250	174,428	-	(1,978,356)	-	-
Community development	1,489,230	50,126	104,090	28,500	(1,306,514)	-	-
Interest on long-term debt	625,379	-	-	-	(625,379)	-	-
Total governmental activities	\$ 65,251,267	\$ 2,495,335	\$ 11,833,894	\$ 90,694	\$ (50,831,344)	\$ -	\$ -
<b>COMPONENT UNITS:</b>							
School Board	\$ 80,704,702	\$ 2,207,258	\$ 51,541,541	\$ -	\$ -	\$ (26,955,903)	\$ -
Other Component Units	3,429,546	1,362,635	241,430	6,294,258	-	-	4,468,777
Total component units	\$ 84,134,248	\$ 3,569,893	\$ 51,782,971	\$ 6,294,258	\$ -	\$ (26,955,903)	\$ 4,468,777

General revenues:							
General property taxes	\$ 39,425,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:							
Local sales and use taxes	7,648,906	-	-	-	-	-	-
Consumers' utility taxes	1,136,827	-	-	-	-	-	-
Franchise license taxes	29	-	-	-	-	-	-
Utility license taxes	139,990	-	-	-	-	-	-
Motor vehicle licenses	1,112,830	-	-	-	-	-	-
Bank stock taxes	41,637	-	-	-	-	-	-
Taxes on recordation and wills	541,082	-	-	-	-	-	-
Hotel and motel room taxes	102,188	-	-	-	-	-	-
Unrestricted revenues from use of money and property	450,980	7,200	-	-	7,200	-	588,800
Miscellaneous	1,313,517	919,173	-	-	919,173	-	40,412
Payments from Washington County	-	26,331,092	-	-	26,331,092	-	630,320
Grants and contributions not restricted to specific programs	4,178,080	-	-	-	-	-	-
Total general revenues	\$ 56,091,136	\$ 27,257,465	\$ -	\$ -	\$ 1,259,532	\$ -	\$ 1,259,532
Change in net position	\$ 5,259,792	\$ 301,562	\$ -	\$ -	\$ 5,728,309	\$ -	\$ 5,728,309
Net position - beginning, as restated	28,144,563	(62,701,404)	-	-	46,593,875	-	-
Net position - ending	\$ 33,404,355	\$ (62,399,842)	\$ -	\$ -	\$ 52,322,184	\$ -	\$ 52,322,184

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

County of Washington, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2020

	<u>General</u>	<u>County Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26,515,888	\$ -	\$ 233,122	\$ 26,749,010
Investments	6,426,128	-	-	6,426,128
Receivables (net of allowance for uncollectibles):				
Taxes receivable	17,380,957	-	-	17,380,957
Other receivables	647,957	-	-	647,957
Due from other governmental units	3,018,777	-	-	3,018,777
Prepaid items	60,569	-	-	60,569
Total assets	<u>\$ 54,050,276</u>	<u>\$ -</u>	<u>\$ 233,122</u>	<u>\$ 54,283,398</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 501,216	\$ 8,544	111,447	\$ 621,207
Accrued wages	65,536	-	-	65,536
Due to component unit	4,449,298	-	-	4,449,298
Unearned revenue	4,593,560	-	-	4,593,560
Total liabilities	<u>\$ 9,609,610</u>	<u>\$ 8,544</u>	<u>\$ 111,447</u>	<u>\$ 9,729,601</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 18,045,432	\$ -	\$ -	\$ 18,045,432
<b>FUND BALANCES</b>				
Nonspendable	\$ 60,569	\$ -	\$ -	\$ 60,569
Restricted	204,257	-	-	204,257
Committed	5,066,958	-	121,675	5,188,633
Assigned	328,698	-	-	328,698
Unassigned	20,734,752	(8,544)	-	20,726,208
Total fund balances	<u>\$ 26,395,234</u>	<u>\$ (8,544)</u>	<u>\$ 121,675</u>	<u>\$ 26,508,365</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 54,050,276</u>	<u>\$ -</u>	<u>\$ 233,122</u>	<u>\$ 54,283,398</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, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	26,508,365
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		27,161,110
Improvements other than buildings		54,033
Machinery and equipment		1,249,097
Construction in progress		197,063
		30,489,975
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue	\$	4,007,565
Net OPEB asset		21,594
		4,029,159
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	\$	1,335,786
Pension related items		2,982,218
OPEB related items		330,882
		4,648,886
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	\$	(6,940,742)
General obligation bond premium		(120,233)
Literary loans		(656,952)
Lease revenue notes		(10,875,454)
Lease revenue notes premium		(636,575)
Landfill post-closure liability		(59,908)
Net OPEB liabilities		(2,587,308)
Net pension liability		(7,217,191)
Compensated absences		(1,612,039)
Accrued interest payable		(115,083)
		(30,821,485)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds		
Pension related items	\$	(854,876)
OPEB related items		(595,669)
		(1,450,545)
Net position of governmental activities		\$ 33,404,355

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, 2020**

	<u>General</u>	<u>County Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 39,079,567	\$ -	\$ -	\$ 39,079,567
Other local taxes	10,723,489	-	-	10,723,489
Permits, privilege fees, and regulatory licenses	232,449	-	-	232,449
Fines and forfeitures	1,163,812	-	-	1,163,812
Revenue from the use of money and property	450,980	-	-	450,980
Charges for services	1,099,074	-	-	1,099,074
Miscellaneous	1,313,517	-	-	1,313,517
Recovered costs	536,281	61,799	-	598,080
Intergovernmental:				
Commonwealth	12,480,896	5,700	-	12,486,596
Federal	3,593,272	22,800	-	3,616,072
Total revenues	<u>\$ 70,673,337</u>	<u>\$ 90,299</u>	<u>\$ -</u>	<u>\$ 70,763,636</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 3,826,547	\$ -	\$ -	\$ 3,826,547
Judicial administration	1,949,788	-	-	1,949,788
Public safety	13,960,192	168,096	-	14,128,288
Public works	3,378,946	959,342	-	4,338,288
Health and welfare	9,559,783	-	-	9,559,783
Education	26,548,506	-	370,042	26,918,548
Parks, recreation, and cultural	2,092,063	28,500	-	2,120,563
Community development	1,488,157	-	-	1,488,157
Nondepartmental	546,919	-	-	546,919
Debt service:				
Principal retirement	2,484,818	-	-	2,484,818
Interest and other fiscal charges	664,122	-	-	664,122
Total expenditures	<u>\$ 66,499,841</u>	<u>\$ 1,155,938</u>	<u>\$ 370,042</u>	<u>\$ 68,025,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,173,496</u>	<u>\$ (1,065,639)</u>	<u>\$ (370,042)</u>	<u>\$ 2,737,815</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 1,060,587	\$ 50,000	\$ 1,110,587
Transfers out	(1,110,587)	-	-	(1,110,587)
Total other financing sources (uses)	<u>\$ (1,110,587)</u>	<u>\$ 1,060,587</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Net change in fund balances	\$ 3,062,909	\$ (5,052)	\$ (320,042)	\$ 2,737,815
Fund balances - beginning	23,332,325	(3,492)	441,717	23,770,550
Fund balances - ending	<u>\$ 26,395,234</u>	<u>\$ (8,544)</u>	<u>\$ 121,675</u>	<u>\$ 26,508,365</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, 2020

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

Net change in fund balances - total governmental funds \$ 2,737,815

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

Capital Outlay	\$ 1,360,529	
Depreciation Expense	<u>(1,355,299)</u>	5,230

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

Property taxes	345,503
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term obligations and related items.

Debt issued or incurred:		
Increase in landfill post-closure liability	\$ (1,002)	
Principal repayments:		
General obligation bonds and note	1,467,610	
Literary loans	282,023	
Lease revenue notes	703,966	
Capital lease	<u>31,219</u>	2,483,816

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

Amortization of bond premium	\$ 99,613	
Amortization of deferred amount on refunding	(68,502)	
Change in compensated absences	(209,824)	
Change in OPEB related items	45,655	
Change in pension related items	(187,146)	
Change in accrued interest payable	<u>7,632</u>	(312,572)

Change in net position of governmental activities	<u>\$ 5,259,792</u>
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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, 2020

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	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,412,733
<b>LIABILITIES</b>	
Current liabilities:	
Incurred but unpaid liability	\$ 958,647
<b>NET POSITION</b>	
Unrestricted	\$ 1,454,086
Total net position	<u>\$ 1,454,086</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, 2020

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	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 10,424,642
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 11,790,138
Operating income (loss)	\$ (1,365,496)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	\$ 49,369
Change in net position	\$ (1,316,127)
Total net position - beginning	2,770,213
Total net position - ending	\$ 1,454,086

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, 2020

	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 10,424,642
Payments for premiums	(11,689,774)
Net cash provided by (used for) operating activities	\$ (1,265,132)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 49,369
Net cash provided by (used for) investing activities	\$ 49,369
Net increase (decrease) in cash and cash equivalents	\$ (1,215,763)
Cash and cash equivalents - beginning	3,628,496
Cash and cash equivalents - ending	\$ 2,412,733
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ (1,365,496)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in amounts incurred but unpaid	\$ 100,364
Net cash provided by (used for) operating activities	\$ (1,265,132)

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, 2020

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 203,094
Accounts receivable	4,661
Total assets	\$ 207,755
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 83,168
Amounts held for school board employee fringe benefits	22,941
Amounts held for soil erosion deposits	37,567
Amounts held for Commonwealth Attorney collection program	64,079
Total liabilities	\$ 207,755

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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**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, 2020

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**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 \$3,523,828 to the Regional Jail, \$236,300 to the Juvenile Commission, and \$237,500 to the Community Services Board. The County does not have any ongoing financial responsibility for these Organizations.

B. Government-wide and fund financial statements

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

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**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

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

3. Receivables and payables

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

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

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on May 20<sup>th</sup> and November 20<sup>th</sup>. Personal property taxes are due and collectible annually on November 20<sup>th</sup>. 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 \$938,313 at June 30, 2020 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, 2020

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**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:

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

8. Compensated Absences

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

9. Long-term obligations

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council/Board of Supervisors/Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council/Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**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 (asset) and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability (asset) 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 (asset) are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

12. Pensions

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**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

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All nonfiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
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 2020, no departments had an excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2020, the County Capital Improvements fund had deficit fund equity.

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 3-Deposits and Investments:**

Deposits:

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

Investments:

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

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, 2020 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, 2020 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' Value		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f/S1
LGIP	\$ 576	\$ -
VIP Stable NAV Liq. Pool	4,231,733	-
VIP 1-3 Yr High Quality Bond Fund	-	2,193,819

Concentration of Credit Risk

At June 30, 2020, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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**Note 3-Deposits and Investments: (Continued)**

Interest Rate Risk

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 yr</u>
Local Government Investment Pool (LGIP)	\$ 576	\$ 576
Virginia Investment Pool	6,425,552	6,425,552

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.

**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, 2020:

<u>Investment</u>	<u>6/30/2020</u>
Investments measured at the net asset value (NAV):	
VACO/VML VIP Stable Nav Liquidity Pool	\$ 4,231,733
VACO/VML VIP 1-3 Year High Quality Bond Fund	2,193,819
Total Investments measured at NAV	<u>\$ 6,425,552</u>

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COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**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	\$ 197,514	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,346,623	-
State sales tax	-	1,054,799
Categorical aid-shared expenses	355,808	-
Categorical aid-other	33,928	-
Noncategorical aid	106,701	-
Categorical aid-VPA funds	193,529	-
Categorical aid-CSA funds	328,442	-
<u>Federal Government:</u>		
Categorical aid-VPA funds	251,150	-
Categorical aid-QSCB Interest	205,082	-
Categorical aid-other	-	696,044
Totals	\$ 3,018,777	\$ 1,750,843

**Note 6-Interfund/Component-Unit Obligations:**

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	\$ 4,449,298	\$ -
<u>Component Unit - School Board:</u>		
School Fund	\$ -	\$ 4,419,298
<u>Component Unit - Park Authority:</u>		
Washington Park Authority	\$ -	\$ 30,000

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 7-Interfund Transfers and Balances:**

Interfund transfers and remaining balances for the year ended June 30, 2020, consisted of the following:

Fund	Transfers In	Transfers Out
<b>Primary Government:</b>		
General Fund	\$ -	\$ 1,110,587
County Capital Improvement Fund	1,060,587	-
School Capital Projects Fund	50,000	-
Total	<u>\$ 1,110,587</u>	<u>\$ 1,110,587</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.

**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, 2020:

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2020
<b>Direct Borrowings and Placements:</b>				
General Obligation bonds and note	\$ 8,408,352	\$ -	\$ (1,467,610)	\$ 6,940,742
General Obligation bond premium	142,146	-	(21,913)	120,233
Literary loans	938,975	-	(282,023)	656,952
Total Direct Borrowings and Placements	<u>\$ 9,489,473</u>	<u>\$ -</u>	<u>\$ (1,771,546)</u>	<u>\$ 7,717,927</u>
Lease revenue notes	11,579,420	-	(703,966)	10,875,454
Lease revenue premium	714,275	-	(77,700)	636,575
Capital lease	31,219	-	(31,219)	-
Landfill post-closure liability	58,906	1,002	-	59,908
Net OPEB liabilities	2,273,009	549,874	(235,575)	2,587,308
Net pension liability	4,338,018	7,264,287	(4,385,114)	7,217,191
Compensated absences	1,402,215	1,261,485	(1,051,661)	1,612,039
Total	<u>\$ 29,886,535</u>	<u>\$ 9,076,648</u>	<u>\$ (8,256,781)</u>	<u>\$ 30,706,402</u>

**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 8-Long-Term Obligations: (Continued)**

Primary Government - Governmental Activities Indebtedness: (Continued)

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		
2021	\$ 279,260	\$ 19,709	\$ 1,297,369	\$ 121,731	\$ 732,008	\$ 260,779
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	288,507
2025	28,502	855	855,003	50,772	824,141	261,799
2026-2030	-	-	2,008,033	66,226	3,749,429	851,880
2031-2035	-	-	-	-	1,494,611	388,999
2036-2040	-	-	-	-	1,755,066	140,290
2041	-	-	-	-	-	-
Totals	<u>\$ 656,952</u>	<u>\$ 38,786</u>	<u>\$ 6,940,742</u>	<u>\$ 485,239</u>	<u>\$ 10,875,454</u>	<u>\$ 2,845,804</u>

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.

**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 8-Long-Term Obligations: (Continued)**

**Primary Government - Governmental Activities Indebtedness: (Continued)**

A breakdown of the outstanding balance by entity as of June 30, 2020 follows:

	Primary Government	Component Unit- IDA	Total
Lease revenue notes	\$ 9,704,954	\$ 2,405,046	\$ 12,110,000
Premium	636,575	157,753	794,328
<b>Total</b>	<b>\$ 10,341,529</b>	<b>\$ 2,562,799</b>	<b>\$ 12,904,328</b>

**Details of long-term indebtedness:**

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<b>Direct Borrowings and Placements</b>						
<b>Bonds and Note</b>						
GO Bond	3.1-5.35%	11/15/2001	2022	\$ 1,217,614	\$ 138,060	\$ 68,665
GO Bond	3.1-5.35%	12/23/2003	2024	972,237	221,027	53,647
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a	12,476	3,118
GO Bond	5.05%	11/1/2007	2027	1,565,886	685,233	80,757
GO Bond	5.05%	11/1/2007	2027	1,204,508	527,097	62,120
GO Bond	5.05%	11/1/2007	2027	1,243,435	544,130	64,127
GO Bond	5.05%	11/1/2007	2027	989,925	433,195	51,053
Premium on \$5,003,754 bonds	n/a	n/a	n/a	n/a	107,757	17,824
<b>Early retirement</b>						
refunding note	2.50%	9/15/2014	2020	1,854,000	332,000	332,000
QSC Bond	5.31%	7/1/2010	2027	8,145,000	4,060,000	585,000
<b>Total Direct Borrowings and Placements</b>					<b>\$ 7,060,975</b>	<b>\$ 1,318,311</b>

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**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**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
<b>Direct Borrowings and Placements</b>						
State Literary Fund Loan	3%	12/15/2000	2021	\$ 957,237	\$ 45,237	\$ 45,237
State Literary Fund Loan	3%	10/1/2001	2022	1,001,149	117,114	50,057
State Literary Fund Loan	3%	10/1/2001	2022	1,172,618	117,278	58,630
State Literary Fund Loan	3%	10/1/2001	2022	530,000	53,000	26,500
State Literary Fund Loan	3%	10/1/2001	2022	661,338	49,159	33,066
State Literary Fund Loan	3%	10/1/2001	2022	164,300	16,430	8,215
State Literary Fund Loan	3%	3/15/2004	2024	302,206	53,576	15,110
State Literary Fund Loan	3%	3/15/2004	2024	279,506	54,771	13,975
State Literary Fund Loan	3%	5/1/2005	2025	439,616	117,921	21,980
State Literary Fund Loan	3%	5/1/2005	2025	129,816	32,466	6,490
<b>Total Direct Borrowings and Placements</b>					<b>\$ 656,952</b>	<b>\$ 279,260</b>
<b>Lease Revenue Notes</b>						
Lease Revenue Note	2%-4%	6/16/2016	2041	\$3,969,636	\$ 3,250,324	\$ 193,248
Lease Revenue Note	2%-4%	6/16/2016	2041	7,883,070	6,454,630	383,760
Premium on \$7,883,070 bonds	n/a	n/a	n/a	n/a	636,575	77,170
Lease Revenue Note	2.49%	9/24/2015	2026	1,612,500	1,170,500	155,000
<b>Total Lease Revenue Notes</b>					<b>\$ 11,512,029</b>	<b>\$ 809,178</b>
<b>Other Obligations</b>						
Landfill Post-closure liability	n/a	n/a	n/a	n/a	\$ 59,908	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,587,308	-
Net pension liability	n/a	n/a	n/a	n/a	7,217,191	-
Compensated Absences	n/a	n/a	n/a	n/a	1,612,039	1,209,029
<b>Total Other Obligations</b>					<b>\$ 11,476,446</b>	<b>\$ 1,209,029</b>
<b>Total Long-term Obligations</b>					<b>\$ 30,706,402</b>	<b>\$ 3,615,778</b>

**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**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, 2020.

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2020
Compensated absences	\$ 3,132,481	\$ 2,491,998	\$ (2,349,361)	\$ 3,275,118
Net OPEB liabilities	14,530,769	2,662,595	(1,880,954)	15,312,410
Net pension liability - VRS	52,656,848	20,144,547	(15,301,472)	57,499,923
Net pension liability - supplemental retirement program	11,923,416	1,386,995	(2,987,907)	10,322,504
<b>Total</b>	<b>\$ 82,243,514</b>	<b>\$ 26,686,135</b>	<b>\$ (22,519,694)</b>	<b>\$ 86,409,955</b>

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	\$ 3,275,118	\$2,456,339
Net OPEB liabilities	n/a	n/a	n/a	n/a	15,312,410	-
Net pension liability - VRS	n/a	n/a	n/a	n/a	57,499,923	-
Net pension liability - supplemental retirement program	n/a	n/a	n/a	n/a	10,322,504	-
<b>Total Other Obligations</b>					<b>\$ 86,409,955</b>	<b>\$2,456,339</b>

**Note 9-Pension Plans:**

**Plan Description**

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 9-Pension Plans: (Continued)**

***Benefit Structures***

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 9-Pension Plans: (Continued)**

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2018 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	203	135
Inactive members:		
Vested inactive members	47	9
Non-vested inactive members	40	23
Inactive members active elsewhere in VRS	78	10
Total inactive members	165	42
Active members	250	90
Total covered employees	618	267

(1) Includes Component Unit Washington Park Authority

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**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, 2020 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 \$1,054,090 and \$998,459 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit Washington County Park Authority's (WCPA) contractually required contribution rate for the year ended June 30, 2020 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 \$1,468 and \$3,889 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2020 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 \$207,174 and \$203,223 for the years ended June 30, 2020 and June 30, 2019, respectively.

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB statement No. 68, less that employer's fiduciary net position. The County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 9-Pension Plans: (Continued)**

**Actuarial Assumptions - General Employees (Continued)**

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 9-Pension Plans: (Continued)**

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

**Mortality rates:**

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

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

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

**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 for 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**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, 2018	\$ 47,805,129	\$ 43,467,111	\$ 4,338,018
Changes for the year:			
Service cost	\$ 1,158,195	\$ -	\$ 1,158,195
Interest	3,254,655	-	3,254,655
Assumption changes	1,459,983	-	1,459,983
Differences between expected and actual experience	1,360,797	-	1,360,797
Impact in change of proportion	960	873	87
Contributions - employer	-	999,999	(999,999)
Contributions - employee	-	518,760	(518,760)
Net investment income	-	2,866,355	(2,866,355)
Benefit payments, including refunds of employee contributions	(2,622,030)	(2,622,030)	-
Administrative expenses	-	(28,766)	28,766
Other changes	-	(1,804)	1,804
Net changes	\$ 4,612,560	\$ 1,733,387	\$ 2,879,173
Balances at June 30, 2019	\$ 52,417,689	\$ 45,200,498	\$ 7,217,191

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COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 9-Pension Plans: (Continued)**

**Changes in Net Pension Liability (Continued)**

	<b>Component Unit Washington County Park Authority</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2018	\$ 187,170	\$ 170,185	\$ 16,985
Changes for the year:			
Service cost	\$ 4,511	\$ -	\$ 4,511
Interest	12,677	-	12,677
Assumption changes	5,687	-	5,687
Differences between expected and actual experience	5,300	-	5,300
Impact in change of proportion	(960)	(873)	(87)
Contributions - employer	-	3,895	(3,895)
Contributions - employee	-	2,021	(2,021)
Net investment income	-	11,165	(11,165)
Benefit payments, including refunds of employee contributions	(10,213)	(10,213)	-
Administrative expenses	-	(112)	112
Other changes	-	(8)	8
Net changes	\$ 17,002	\$ 5,875	\$ 11,127
Balances at June 30, 2019	\$ 204,172	\$ 176,060	\$ 28,112

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COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**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, 2018	\$ 14,191,343	\$ 13,063,495	\$ 1,127,848
Changes for the year:			
Service cost	\$ 252,288	\$ -	\$ 252,288
Interest	960,953	-	960,953
Assumption changes	336,199	-	336,199
Differences between expected and actual experience	(177,385)	-	(177,385)
Contributions - employer	-	199,699	(199,699)
Contributions - employee	-	126,383	(126,383)
Net investment income	-	847,302	(847,302)
Benefit payments, including refunds of employee contributions	(926,873)	(926,873)	-
Administrative expenses	-	(8,832)	8,832
Other changes	-	(531)	531
Net changes	\$ 445,182	\$ 237,148	\$ 208,034
Balances at June 30, 2019	\$ 14,636,525	\$ 13,300,643	\$ 1,335,882

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COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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**Note 9-Pension Plans: (Continued)**

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

The following presents the net pension liability of the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability	\$ 13,774,719	\$ 7,217,191	\$ 1,973,461
Component Unit Washington County Park Authority			
Net Pension Liability	\$ 53,654	\$ 28,112	\$ 7,687
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 2,786,910	\$ 1,335,882	\$ 159,873

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COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**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, 2020, the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,242,253, \$5,075, and \$(96,209), respectively. At June 30, 2020, 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	\$ 930,165	\$ 465,249	\$ 3,623	\$ 1,823	\$ -	\$ 217,537
Net difference between projected and actual earnings on pension plan investments	-	376,248	-	1,503	-	111,050
Change in assumptions	997,963	12,924	3,887	51	184,758	-
Change in proportionate share	-	455	455	-	-	-
Employer contributions subsequent to the measurement date	1,054,090	-	1,468	-	207,174	-
Total	\$ 2,982,218	\$ 854,876	\$ 9,433	\$ 3,377	\$ 391,932	\$ 328,587

\$1,054,090, \$1,468, and \$207,174 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, 2021. 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)
2021	\$ 478,758	\$ 2,120	\$ (44,486)
2022	430,241	1,853	(106,531)
2023	136,908	511	(1,968)
2024	27,345	104	9,156
Thereafter	-	-	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 9-Pension Plans: (Continued)**

**Component Unit School Board (Professional)**

***Plan Description***

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employee contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$5,591,377 and \$5,431,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$56,164,041 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.42078% as compared to 0.43818% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$4,393,187. 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, 2020

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,596,421
Net difference between projected and actual earnings on pension plan investments	-	1,233,229
Change of assumptions	5,561,557	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,040,329
Employer contributions subsequent to the measurement date	<u>5,591,377</u>	-
Total	<u>\$ 11,152,934</u>	<u>\$ 7,869,979</u>

\$5,591,377 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>		<u>Component Unit School Board (professional)</u>
2021	\$	(1,120,728)
2022		(1,854,549)
2023		(162,089)
2024		499,885
Thereafter		329,059

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

**Mortality rates:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

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

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 9-Pension Plans: (Continued)**

**Component Unit School Board (professional) (Continued)**

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

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 84,551,282	\$ 56,164,041	\$ 32,693,051

***Pension Plan Fiduciary Net Position***

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

**Note 10-School Board Supplemental Retirement Program:**

**Defined Benefit Plan**

**Plan Description:**

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

**Plan Description: (Continued)**

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

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

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

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

**Contributions Policy**

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

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

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

**Actuarial Methods:**

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

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

Actuarial Methods: (Continued)

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

Actuarial Assumptions for GASB 68 Results:

- Valuation date—July 1, 2020
- Measurement date—June 30, 2020
- Mortality table—
  - Pub-2010 Public Retirement Plans Teachers Amount-Weighted mortality table projected generationally with Scale MP-2019
- Interest rate—
  - Discount rate—July 1, 2020 and 2019 valuations is 2.00%.
  - Expected long term rate of return—July 1, 2020 and 2019 valuations is 2.00%.
  - Municipal bond rate—July 1, 2020 valuation is 2.21%. July 1, 2019 valuation is 3.50%.
- 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, 2020, membership in the Supplemental Retirement Program was comprised as follows:

Active participants	852
Active in contract period	19
Participants receiving benefits	101
<b>Total</b>	<b>972</b>

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

**Net Pension Liability**

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the Washington County School Board's obligation to the Defined Benefit Plan. The net pension liability at June 30, 2020 is as follows:

Total pension liability (TPL)	\$	19,354,287
Plan fiduciary net position		9,031,783
Net pension liability (NPL)	\$	10,322,504
Plan fiduciary net position as a percentage of the total pension liability		46.67%
Covered payroll	\$	38,188,055
Net pension liability as a percentage of covered payroll		27.03%

**Expected Rate of Return and Target Allocation**

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

**Sensitivity of the Net Pension Liability**

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

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

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total Pension Liability	\$ 20,748,652	\$ 19,354,287	\$ 18,049,081
Plan Fiduciary Net Position	9,031,783	9,031,783	9,031,783
Net Pension Liability	\$ 11,716,869	\$ 10,322,504	\$ 9,017,298

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**Summary of Deferred Outflows and Inflows of Resources**

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 962,178	\$ 787,685
Change in assumptions	-	593,271
Net difference between projected and actual earnings on pension plan investments	-	334,719
Total	\$ 962,178	\$ 1,715,675

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

**Amortization Schedule of Deferred Outflows and Inflows of Resources**

Year Ended June 30,	
2021	\$ (134,600)
2022	(124,436)
2023	(125,935)
2024	(100,773)
2025	(93,894)
Thereafter	(173,859)

**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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

**Components of Pension Expense**

	Pension Expense
Service Cost	\$ 952,614
Interest Cost	415,555
Projected Earnings on Plan Assets	(171,676)
Recognition of Outflow of Resources due to differences between expected and actual experience in the measurement of total pension liability	67,709
Recognition of Inflow of Resources due to assumption change	(98,879)
Recognition of Inflow of Resources due to differences between projected and actual earnings on plan investments	(103,430)
Administrative Expense	19,000
Pension Expense	\$ 1,080,893

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

**Note 11-Summary of Pension Related Items:**

**County Pension Plan:**

	Primary Government				Component Unit Park Authority			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):								
County	\$ 2,982,218	\$ 854,876	\$ 7,217,191	\$ 1,242,253	\$ 9,433	\$ 3,377	\$ 28,112	\$ 5,075

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

**School Board Pension Plan:**

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):				
School Board Nonprofessional	\$ 391,932	\$ 328,587	\$ 1,335,882	\$ (96,209)
School Board Professional	11,152,934	7,869,979	56,164,041	4,393,187
School Board Supplemental:				
Retirement Plan (Note 10)	962,178	1,715,675	10,322,504	1,080,893
Totals	\$ 12,507,044	\$ 9,914,241	\$ 67,822,427	\$ 5,377,871

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 12- Primary Government Other Postemployment Benefits - Healthcare:**

**Plan Description**

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

**Benefits Provided**

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

**Plan Membership**

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	251
Total retirees with coverage	5
Total	256

**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, 2020 was \$43,241.

**Total OPEB Liability**

The County’s total OPEB liability was measured as of June 30, 2020. 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 0.70% in 2019 then 7.00% to 4.00% over 54 years
Discount Rate	3.50% for accounting and funding disclosures as of June 30, 2019 2.21% for accounting and funding disclosures as of June 30, 2020
Retirement Age	The average age at retirement is 62

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**Actuarial Assumptions (Continued)**

*Mortality Rates (General Employees)*

- Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 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.

*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 demographic assumptions used to determine the Total OPEB Liability as of June 30, 2020 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

**Discount Rate**

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

**Changes in Total OPEB Liability**

		<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2019	\$	1,411,009
Changes for the year:		
Service cost		85,763
Interest		51,637
Changes in assumptions		176,241
Benefit payments		(43,241)
Net changes	\$	<u>270,400</u>
Balances at June 30, 2020	\$	<u><u>1,681,409</u></u>

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Rate		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 1,859,542	\$ 1,681,409	\$ 1,522,656

**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 (6.00%) or one percentage point higher (8.00%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (6.00%)	Trend (7.00%)	1% Increase (8.00%)
\$ 1,451,781	\$ 1,681,409	\$ 1,956,877

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

For the year ended June 30, 2020, the County recognized OPEB expense in the amount of \$46,125. At June 30, 2020, 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	\$ -	\$ 82,579
Changes in assumptions	142,348	413,400
Total	\$ 142,348	\$ 495,979

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	
2021	\$ (91,275)
2022	(91,275)
2023	(81,365)
2024	(74,760)
2025	(14,956)
Thereafter	-

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**Plan Description**

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

**Benefits Provided**

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

**Plan Membership**

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	823
Total retirees with coverage	55
Total	878

**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, 2020 was \$357,425.

**Total OPEB Liability**

The Schools' net OPEB liability was measured as of June 30, 2020. 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, then 7.30% to 4.00% over 54 years
Discount Rate	3.50% for accounting and funding disclosures as of June 30, 2019 2.21% for accounting and funding disclosures as of June 30, 2020
Retirement Age	The average age at retirement is 62

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**Actuarial Assumptions (Continued)**

*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 demographic assumptions used to determine the Total OPEB Liability as of June 30, 2020 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

**Discount Rate**

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

**Changes in Total OPEB Liability**

		<u>Component Unit School Board Total OPEB Liability</u>
Balances at June 30, 2019	\$	5,682,769
Changes for the year:		
Service cost		225,688
Interest		200,595
Changes in assumptions		534,741
Benefit payments		(357,425)
Net changes	\$	<u>603,599</u>
Balances at June 30, 2020	\$	<u>6,286,368</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 (1.21%) or one percentage point higher (3.21%) than the current discount rate:

			<u>Rate</u>			
	<u>1% Decrease (1.21%)</u>		<u>Current Discount Rate (2.21%)</u>		<u>1% Increase (3.21%)</u>	
\$	6,763,900	\$	6,286,368	\$	5,832,365	

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

**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 (6.30%) or one percentage point higher (8.30%) than the current healthcare cost trend rates:

Rates		
1% Decrease (6.30%)	Healthcare Cost Trend (7.30%)	1% Increase (8.30%)
\$ 5,584,337	\$ 6,286,368	\$ 7,115,737

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

For the year ended June 30, 2020, the Schools will recognize OPEB expense in the amount of \$369,854. At June 30, 2020, 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	\$ 271,107	\$ -
Changes in assumptions	442,544	957,352
Total	\$ 713,651	\$ 957,352

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	
2021	\$ (56,429)
2022	(56,429)
2023	(56,429)
2024	(56,429)
2025	(17,985)
Thereafter	-

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$60,406 and \$57,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (non-professional) were \$14,000 and \$14,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (professional) were \$190,776 and \$184,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the County reported a liability of \$905,899 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit-School Board (nonprofessional) reported a liability of \$226,190 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit-School Board (professional) reported a liability of \$2,955,441 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2019, the County's proportion was 0.05567% as compared to 0.05680% at June 30, 2018.

At June 30, 2019, the Component Unit-School Board (nonprofessional) proportion was 0.01390% as compared to 0.01376% at June 30, 2018.

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

At June 30, 2019, the Component Unit-School Board (professional) proportion was 0.18162% as compared to 0.18551% at June 30, 2018.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$15,256. 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, 2020, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$2,985. 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, 2020, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$37,917. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component-Unit School Board (Non-professional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,248	\$ 11,750	\$ 15,043	\$ 2,933	\$ 196,554	\$ 38,333
Net difference between projected and actual earnings on GLI OPEB plan investments	-	18,608	-	4,646	-	60,707
Change in assumptions	57,193	27,317	14,280	6,821	186,589	89,120
Changes in proportion	4,071	28,256	1,868	11,398	-	139,123
Employer contributions subsequent to the measurement date	60,406	-	14,000	-	190,776	-
Total	\$ 181,918	\$ 85,931	\$ 45,191	\$ 25,798	\$ 573,919	\$ 327,283

\$60,406, \$14,000, and \$190,776 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

Year Ended June 30	Primary Government	Component Unit- School Board (Non-professional)	Component Unit- School Board (Professional)
2021	\$ (2,474)	\$ (1,442)	\$ (19,923)
2022	(2,473)	(1,441)	(19,921)
2023	5,408	526	5,791
2024	14,701	2,322	31,482
2025	16,167	4,014	44,719
Thereafter	4,252	1,414	13,712

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant groups. Information for other groups can be referenced in the VRS CAFR.

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

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**Actuarial Assumptions: (Continued)**

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**Actuarial Assumptions: (Continued)**

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

**NET GLI OPEB Liability**

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

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

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

**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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

***Long-Term Expected Rate of Return (Continued)***

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,190,100	\$ 905,899	\$ 675,419
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 297,151	\$ 226,190	\$ 168,643
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 3,882,631	\$ 2,955,441	\$ 2,203,515

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

***Group Life Insurance Program Fiduciary Net Position***

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

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

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

***Employees Covered by Benefit Terms***

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Primary Government	Component Unit - School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	33	54
Active members	75	90
Total covered employees	108	144

***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, 2020 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, 2020 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 \$3,106 and \$3,000 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions from the Component Unit - School board (Nonprofessional) to the Health Insurance Credit Program were \$22,460 and \$22,000 for the year ended June 30, 2020 and June 30, 2019, 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, 2019. The total HIC OPEB liability(asset) was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

*Actuarial Assumptions: (Continued)*

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

***Long-Term Expected Rate of Return***

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

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

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 212,012	\$ 229,185	\$ (17,173)
Changes for the year:			
Service cost	\$ 3,246	\$ -	\$ 3,246
Interest	14,259	-	14,259
Differences between expected and actual experience	(9,543)	-	(9,543)
Assumption changes	4,443	-	4,443
Contributions - employer		3,046	(3,046)
Net investment income	-	14,100	(14,100)
Benefit payments	(16,628)	(16,628)	-
Administrative expenses	-	(304)	304
Other changes	-	(16)	16
Net changes	\$ (4,223)	\$ 198	\$ (4,421)
Balances at June 30, 2019	\$ 207,789	\$ 229,383	\$ (21,594)

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 288,124	\$ 5,544	\$ 282,580
Changes for the year:			
Service cost	\$ 3,721	\$ -	\$ 3,721
Interest	19,276	-	19,276
Differences between expected and actual experience	1,031	-	1,031
Assumption changes	5,630	-	5,630
Contributions - employer	-	21,443	(21,443)
Net investment income	-	100	(100)
Benefit payments	(25,502)	(25,502)	-
Administrative expenses	-	(1)	1
Net changes	\$ 4,156	\$ (3,960)	\$ 8,116
Balances at June 30, 2019	\$ 292,280	\$ 1,584	\$ 290,696

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County Net HIC OPEB Liability (Asset) \$	(2,047) \$	(21,594) \$	(38,431)

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

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

Component Unit-School Board (Nonprofessional) Net HIC OPEB Liability	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
	\$	\$	\$
Net HIC OPEB Liability	315,254	290,696	269,266

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

For the year ended June 30, 2020, the County and Component Unit-School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$(1,882) and \$19,822, respectively. At June 30, 2020, the County and Component Unit-School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit-School Board's (Nonprofessional) Health Insurance Credit Plan from the following sources:

	Primary Government		Component-Unit School Board (Non-professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,316	\$ 779	\$ 7,945
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,932	-	21
Change in assumptions	3,510	1,511	4,253	1,321
Employer contributions subsequent to the measurement date	3,106	-	22,460	-
Total	\$ 6,616	\$ 13,759	\$ 27,492	\$ 9,287

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

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

\$3,106 and \$22,460 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, 2021. 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)
2021	\$ (4,151)	\$ (2,930)
2022	(4,150)	(2,153)
2023	(1,428)	653
2024	(520)	175
2025	-	-
Thereafter	-	-

***Health Insurance Credit Program Plan Data***

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

***Plan Description***

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee 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 Plan were \$440,188 and \$424,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

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

At June 30, 2020, the school division reported a liability of \$5,553,715 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Program was 0.42424% as compared to 0.43617% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$404,061. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,457
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	351	-
Change in assumptions	129,261	38,591
Change in proportion	-	302,746
Employer contributions subsequent to the measurement date	440,188	-
Total	\$ 569,800	\$ 372,794

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

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

\$440,188 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2021	\$	(47,754)
2022		(47,760)
2023		(45,326)
2024		(46,141)
2025		(39,264)
Thereafter		(16,937)

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

***Net Teacher Employee HIC OPEB Liability***

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

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

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

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COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

***Long-Term Expected Rate of Return***

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

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

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

***Discount Rate***

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 6,215,551	\$ 5,553,715	\$ 4,991,486

***Teacher Employee HIC OPEB Fiduciary Net Position***

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

**Note 17 - Summary of OPEB related items:**

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
County Stand-Alone Plan (Note 12)	\$ 142,348	\$ 495,979	\$ 1,681,409	\$ 46,125	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 13)	-	-	-	-	713,651	957,352	6,286,368	369,854
VRS OPEB Plans:								
Group Life Insurance Plan (Note 14)								
County	181,918	85,931	905,899	15,256	-	-	-	-
School Board Nonprofessional	-	-	-	-	45,191	25,798	226,190	2,985
School Board Professional	-	-	-	-	573,919	327,283	2,955,441	37,917
County Health Insurance Credit Plan (Note 15)	6,616	13,759	(21,594)	(1,882)	27,492	9,287	290,696	19,822
Teacher Health Insurance Credit Plan (Note 16)	-	-	-	-	569,800	372,794	5,553,715	404,061
Totals	\$ 330,882	\$ 595,669	\$ 2,565,714	\$ 59,499	\$ 1,930,053	\$ 1,692,514	\$ 15,312,410	\$ 834,639

**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 18-Capital Assets:**

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,828,672	\$ -	\$ -	\$ 1,828,672
Construction in progress	68,695	1,073,291	(944,923)	197,063
Total capital assets not being depreciated	<u>\$ 1,897,367</u>	<u>\$ 1,073,291</u>	<u>\$ (944,923)</u>	<u>\$ 2,025,735</u>
Capital assets, being depreciated:				
Buildings	\$ 36,223,865	\$ 756,140	\$ -	\$ 36,980,005
Improvements other than buildings	270,445	-	-	270,445
Machinery and equipment	9,751,659	476,021	(84,223)	10,143,457
Total capital assets being depreciated	<u>\$ 46,245,969</u>	<u>\$ 1,232,161</u>	<u>\$ (84,223)</u>	<u>\$ 47,393,907</u>
Accumulated depreciation:				
Buildings	\$ (9,081,555)	\$ (737,340)	\$ -	\$ (9,818,895)
Improvements other than buildings	(206,505)	(9,907)	-	(216,412)
Machinery and equipment	(8,370,531)	(608,052)	84,223	(8,894,360)
Total accumulated depreciation	<u>\$ (17,658,591)</u>	<u>\$ (1,355,299)</u>	<u>\$ 84,223</u>	<u>\$ (18,929,667)</u>
Total capital assets being depreciated, net	<u>\$ 28,587,378</u>	<u>\$ (123,138)</u>	<u>\$ -</u>	<u>\$ 28,464,240</u>
Governmental activities capital assets, net	<u>\$ 30,484,745</u>	<u>\$ 950,153</u>	<u>\$ (944,923)</u>	<u>\$ 30,489,975</u>

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

Governmental activities:	
General government administration	\$ 119,146
Public safety	365,476
Public works	409,199
Health and welfare	22,640
Education	335,962
Parks, recreation, and cultural	<u>102,876</u>
Total depreciation expense-primary government	<u>\$ 1,355,299</u>

**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 18-Capital Assets: (Continued)**

Capital asset activity for the School Board for the year ended June 30, 2020 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	185,556	166,691	(212,050)	140,197
Total capital assets not being depreciated	<u>\$ 3,005,031</u>	<u>\$ 166,691</u>	<u>\$ (212,050)</u>	<u>\$ 2,959,672</u>
Capital assets, being depreciated:				
Buildings	\$ 44,016,328	\$ 717,601	\$ -	\$ 44,733,929
Machinery and equipment	24,006,600	723,169	(573,354)	24,156,415
Total capital assets being depreciated	<u>\$ 68,022,928</u>	<u>\$ 1,440,770</u>	<u>\$ (573,354)</u>	<u>\$ 68,890,344</u>
Accumulated depreciation:				
Buildings	\$ (36,015,698)	\$ (626,145)	\$ -	\$ (36,641,843)
Machinery and equipment	(18,102,502)	(1,192,601)	548,767	(18,746,336)
Total accumulated depreciation	<u>\$ (54,118,200)</u>	<u>\$ (1,818,746)</u>	<u>\$ 548,767</u>	<u>\$ (55,388,179)</u>
Total capital assets being depreciated, net	<u>\$ 13,904,728</u>	<u>\$ (377,976)</u>	<u>\$ (24,587)</u>	<u>\$ 13,502,165</u>
Governmental activities capital assets, net	<u><u>\$ 16,909,759</u></u>	<u><u>\$ (211,285)</u></u>	<u><u>\$ (236,637)</u></u>	<u><u>\$ 16,461,837</u></u>

**Note 19-Risk Management:**

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

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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**Note 20-Contingent Liabilities:**

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

**Note 21-Surety Bonds:**

Primary Government:

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

Component Unit - School Board:

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 22-Landfill Liability:**

State and federal laws and regulations required the County to place a final cover on its landfill site which was closed on March 20, 1995, and to perform certain maintenance and monitoring functions at the site for ten years after closure. While the County has completed its required 10 year monitoring period, its landfill has not been released from (Department of Environmental Quality) DEQ monitoring requirements. The \$59,908 liability is the total estimated post-closure care liability at June 30, 2020 and represents what it would cost to perform all post-closure care in 2020. Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia’s financial assurance mechanism to meet the DEQ’s assurance requirements for landfill post-closure costs.

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

**Note 23-Unavailable Revenue and Deferred Revenue:**

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

	Government-wide Statements	Balance Sheet
	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	\$ -	\$ 4,007,565
Tax assessments due after June 30	13,352,345	13,352,345
Prepaid property taxes due after June 30 but paid in advance by taxpayers	685,522	685,522
Total unavailable/deferred revenue	\$ 14,037,867	\$ 18,045,432

COUNTY OF WASHINGTON, VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 24-Self Health Insurance:**

The Washington County School Board established a limited risk management program for health insurance for School Board employees. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2020, a total of \$11,790,138 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 \$958,647 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 2020 were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2019-20	\$ 858,283	\$ 11,890,502	\$ (11,790,138)	\$ 958,647
2018-19	850,626	10,222,227	(10,214,570)	858,283
2017-18	1,041,042	9,196,997	(9,387,413)	850,626

**Note 25-Tax Abatement:**

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

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

Under this ordinance, an application is submitted to the Commissioner of Revenue of Washington County, Virginia to determine the eligibility for partial tax exemption from real property tax for certain rehabilitated, renovated, or replacement commercial or industrial structures. The real estate taxes abated according to this ordinance for fiscal year 2020 is \$70,059.

**COUNTY OF WASHINGTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 26-Litigation:**

As of June 30, 2020, there were no matters of litigation involving the County which would materially affect the County's financial position should a court decision on pending matters not be favorable.

**Note 27-Fund Balance:**

	General Fund	School Capital Improvements	School Fund
<b>Nonspendable:</b>			
Prepaid items	\$ 60,569	\$ -	\$ -
<b>Restricted:</b>			
Forfeited Asset Sharing	\$ 172,308	\$ -	\$ -
Health Insurance	1,949	-	-
Washington County Park Authority	30,000	-	-
School Board - Food Service	-	-	313,968
Total	<u>\$ 204,257</u>	<u>\$ -</u>	<u>\$ 313,968</u>
<b>Committed:</b>			
Road Improvements	\$ 6,606	\$ -	\$ -
Law Library	53,782	-	-
Special Grants	6,570	-	-
Capital Improvements	-	121,675	-
Cash Flows	5,000,000	-	-
Total	<u>\$ 5,066,958</u>	<u>\$ 121,675</u>	<u>\$ -</u>
<b>Assigned:</b>			
Economic Incentives	\$ 22,564	\$ -	\$ -
Traffic Enforcement	300,534	-	-
Adult Ed.	-	-	929,312
School Board - Textbook	-	-	1,036,009
School Capital Needs	5,600	-	-
Total	<u>\$ 328,698</u>	<u>\$ -</u>	<u>\$ 1,965,321</u>

**Note 28-Restatement of Prior Financial Statements:**

The previously issued financial statements have been restated as following:

	<u>Component Unit</u> <u>Virginia Highlands</u> <u>Airport Authority</u>
Net position, as previously reported	\$ 29,721,756
Adjustments:	
Correct prior period loan proceeds	<u>(56,261)</u>
Net position, as restated	<u>\$ 29,665,495</u>

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 29-Subsequent Events:**

***COVID-19***

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The County of Washington, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

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

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. The County of Washington, Virginia, received the second round of CRF funds in the amount of \$4,688,608 on August 17, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

***Line of Credit***

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**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, 2019.

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

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

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

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

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

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

COUNTY OF WASHINGTON, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 30-Upcoming Pronouncements: (Continued)**

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

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

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

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

## **Required Supplementary Information**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 37,616,500	\$ 37,616,500	\$ 39,079,567	\$ 1,463,067
Other local taxes	9,599,000	9,599,000	10,723,489	1,124,489
Permits, privilege fees, and regulatory licenses	171,750	171,750	232,449	60,699
Fines and forfeitures	1,143,081	1,189,284	1,163,812	(25,472)
Revenue from the use of money and property	200,000	200,000	450,980	250,980
Charges for services	603,710	663,710	1,099,074	435,364
Miscellaneous	1,257,410	1,330,151	1,313,517	(16,634)
Recovered costs	1,029,322	1,186,325	536,281	(650,044)
Intergovernmental:				
Commonwealth	12,983,985	13,328,413	12,480,896	(847,517)
Federal	3,177,186	8,574,430	3,593,272	(4,981,158)
Total revenues	<u>\$ 67,781,944</u>	<u>\$ 73,859,563</u>	<u>\$ 70,673,337</u>	<u>\$ (3,186,226)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 3,855,816	\$ 4,268,846	\$ 3,826,547	\$ 442,299
Judicial administration	2,119,295	2,630,990	1,949,788	681,202
Public safety	13,726,806	15,675,133	13,960,192	1,714,941
Public works	3,693,645	3,874,315	3,378,946	495,369
Health and welfare	10,043,067	10,079,326	9,559,783	519,543
Education	27,386,740	28,322,804	26,548,506	1,774,298
Parks, recreation, and cultural	2,176,948	2,344,605	2,092,063	252,542
Community development	1,246,923	4,323,179	1,488,157	2,835,022
Nondepartmental	667,364	2,901,785	546,919	2,354,866
Debt service:				
Principal retirement	2,453,599	2,422,305	2,484,818	(62,513)
Interest and other fiscal charges	1,146,741	1,146,741	664,122	482,619
Total expenditures	<u>\$ 68,516,944</u>	<u>\$ 77,990,029</u>	<u>\$ 66,499,841</u>	<u>\$ 11,490,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (735,000)</u>	<u>\$ (4,130,466)</u>	<u>\$ 4,173,496</u>	<u>\$ 8,303,962</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(165,000)	(1,443,396)	(1,110,587)	332,809
Total other financing sources (uses)	<u>\$ (165,000)</u>	<u>\$ (1,443,396)</u>	<u>\$ (1,110,587)</u>	<u>\$ 332,809</u>
Net change in fund balances	\$ (900,000)	\$ (5,573,862)	\$ 3,062,909	\$ 8,636,771
Fund balances - beginning	900,000	5,573,862	23,332,325	17,758,463
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,395,234</u>	<u>\$ 26,395,234</u>

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

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

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

County of Washington, Virginia  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board - Supplemental Retirement Pension Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2020

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

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

County of Washington, Virginia  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Component Unit Washington County Park Authority  
 Pension Plans  
 For the Measurement Dates June 30, 2014 through June 30, 2019

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

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

**County of Washington, Virginia**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Component Unit School Board (nonprofessional)**  
**Pension Plans**  
**For the Measurement Dates June 30, 2014 through June 30, 2019**

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

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

County of Washington, Virginia  
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
 Pension Plans  
 For the Measurement Dates June 30, 2014 through June 30, 2019

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

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

County of Washington, Virginia  
 Schedule of Employer Contributions - Pension  
 Pension Plans  
 For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2020	\$ 1,054,090	\$ 1,054,090	\$ -	\$ 11,568,452	9.11%
2019	998,459	998,459	-	10,855,168	9.20%
2018	1,106,407	1,106,407	-	10,742,040	10.30%
2017	1,097,538	1,097,538	-	10,344,991	10.61%
2016	1,325,194	1,325,194	-	10,341,453	12.81%
2015	1,286,475	1,286,475	-	9,974,884	12.90%
2014	1,374,081	1,374,081	-	9,957,113	13.80%
2013	1,300,182	1,300,182	-	9,421,612	13.80%
2012	959,836	959,836	-	8,654,962	11.09%
2011	940,189	940,189	-	8,477,805	11.09%
<b>Component Unit Washington County Park Authority</b>					
2020	\$ 1,468	\$ 1,468	\$ -	\$ 16,717	8.78%
2019	3,889	3,889	-	42,501	9.15%
2018	4,336	4,336	-	42,166	10.28%
2017	4,308	4,308	-	39,982	10.77%
2016	5,176	5,176	-	39,427	13.13%
2015	4,905	4,905	-	38,029	12.90%
2014	5,239	5,239	-	37,961	13.80%
2013	4,957	4,957	-	35,920	13.80%
2012	3,659	3,659	-	32,997	11.09%
2011	3,584	3,584	-	32,321	11.09%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 207,174	\$ 207,174	\$ -	\$ 2,807,493	7.38%
2019	203,223	203,223	-	2,723,589	7.46%
2018	284,527	284,527	-	2,626,988	10.83%
2017	310,218	310,218	-	2,716,445	11.42%
2016	322,026	322,026	-	2,620,073	12.29%
2015	329,457	329,457	-	2,674,140	12.32%
2014	353,300	353,300	-	2,617,034	13.50%
2013	366,464	366,464	-	2,714,546	13.50%
2012	277,364	277,364	-	2,426,635	11.43%
2011	278,732	278,732	-	2,438,596	11.43%
<b>Component Unit School Board (professional)</b>					
2020	\$ 5,591,377	\$ 5,591,377	\$ -	\$ 36,682,301	15.24%
2019	5,431,000	5,431,000	-	35,583,475	15.26%
2018	5,665,000	5,665,000	-	35,260,376	16.07%
2017	5,123,000	5,123,000	-	35,392,792	14.47%
2016	4,848,000	4,848,000	-	34,658,445	13.99%
2015	4,960,000	4,960,000	-	34,284,601	14.47%
2014	4,110,610	4,110,610	-	35,253,945	11.66%
2013	4,145,991	4,145,991	-	35,557,384	11.66%
2012	2,047,185	2,047,185	-	32,340,995	6.33%
2011	1,269,544	1,269,544	-	32,303,919	3.93%
<b>Component Unit School Board - Supplemental Retirement Pension Plan</b>					
2020	\$ 1,382,908	\$ 1,382,908	\$ -	\$ 38,188,055	3.62%
2019	1,438,098	1,438,098	-	38,745,934	3.71%
2018	1,457,080	1,457,080	-	38,643,824	3.77%
2017	1,433,150	1,116,599	316,551	39,204,917	2.85%

**County of Washington, Virginia**  
**Notes to Required Supplementary Information - Pension**  
**Pension Plans**  
**For the Year Ended June 30, 2020**

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

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

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

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

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

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

**Component Unit School Board - Professional Employees**

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

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, 2020

	2020	2019	2018
<b>Total OPEB liability</b>			
Service cost	\$ 85,763	\$ 129,553	\$ 147,277
Interest	51,637	89,054	82,392
Effect of Plan Changes	-	(411,822)	-
Changes in assumptions	176,241	(551,747)	(89,180)
Differences between expected and actual experience	-	(121,903)	-
Benefit payments	(43,241)	(30,916)	(76,284)
<b>Net change in total OPEB liability</b>	<b>\$ 270,400</b>	<b>\$ (897,781)</b>	<b>\$ 64,205</b>
<b>Total OPEB liability - beginning</b>	<b>1,411,009</b>	<b>2,308,790</b>	<b>2,244,585</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,681,409</b>	<b>\$ 1,411,009</b>	<b>\$ 2,308,790</b>
<b>Covered payroll</b>	<b>\$ 10,703,126</b>	<b>\$ 10,703,126</b>	<b>\$ 10,514,119</b>
<b>County's total OPEB liability (asset) as a percentage of covered payroll</b>	<b>15.71%</b>	<b>13.18%</b>	<b>21.96%</b>

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, 2020**

Valuation Date: 7/1/2018  
Measurement Date: 6/30/2020

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal, level 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 then 7.00% to 4.00% over 54 years
Discount Rate	3.50% for accounting and funding disclosures as of June 30, 2019 2.21% for accounting and funding disclosures as of June 30, 2020
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, 2020

	2020	2019	2018
<b>Total OPEB liability</b>			
Service cost	\$ 225,688	\$ 273,552	\$ 323,245
Interest	200,595	263,845	226,975
Changes in assumptions	534,741	(1,217,393)	(177,186)
Effect of economic/demographic gains or losses	-	386,473	-
Benefit payments	(357,425)	(359,368)	(394,844)
<b>Net change in total OPEB liability</b>	\$ 603,599	\$ (652,891)	\$ (21,810)
<b>Total OPEB liability - beginning</b>	5,682,769	6,335,660	6,357,470
<b>Total OPEB liability - ending</b>	\$ 6,286,368	\$ 5,682,769	\$ 6,335,660
<b>Covered payroll</b>	\$ 36,384,146	\$ 36,384,146	\$ 32,112,464
<b>School Board's total OPEB liability (asset) as a percentage of covered payroll</b>	17.28%	15.62%	19.73%

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

**County of Washington, Virginia**  
**Notes to Required Supplementary Information - School OPEB**  
**For the Year Ended June 30, 2020**

Valuation Date: 7/1/2018  
 Measurement Date: 6/30/2020

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal, level 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, then 7.30% to 4.00% over 54 years
Discount Rate	3.50% for accounting and funding disclosures as of June 30, 2019 2.21% for accounting and funding disclosures as of June 30, 2020
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 (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

County of Washington, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2020	\$ 60,406	\$ 60,406	-	\$ 11,616,544	0.52%
2019	57,000	57,000	-	10,913,809	0.52%
2018	56,158	56,158	-	10,799,595	0.52%
2017	54,167	54,167	-	10,416,753	0.52%
2016	49,923	49,923	-	10,400,684	0.48%
2015	48,292	48,292	-	10,060,894	0.48%
2014	47,990	47,990	-	9,997,908	0.48%
2013	45,447	45,447	-	9,468,150	0.48%
2012	24,370	24,370	-	8,703,599	0.28%
2011	23,851	23,851	-	8,518,383	0.28%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 14,000	\$ 14,000	-	\$ 2,807,497	0.50%
2019	14,000	14,000	-	2,723,587	0.51%
2018	14,000	14,000	-	2,617,104	0.53%
2017	14,000	14,000	-	2,716,445	0.52%
2016	12,607	12,607	-	2,626,388	0.48%
2015	12,836	12,836	-	2,674,140	0.48%
2014	12,562	12,562	-	2,617,034	0.48%
2013	13,030	13,030	-	2,714,546	0.48%
2012	6,795	6,795	-	2,426,635	0.28%
2011	6,828	6,828	-	2,438,596	0.28%
<b>Component Unit School Board (professional)</b>					
2020	\$ 190,776	\$ 190,776	-	\$ 36,687,712	0.52%
2019	184,000	184,000	-	35,604,784	0.52%
2018	183,000	183,000	-	35,275,151	0.52%
2017	184,000	184,000	-	35,393,745	0.52%
2016	166,775	166,775	-	34,744,814	0.48%
2015	164,567	164,567	-	34,284,725	0.48%
2014	170,023	170,023	-	35,421,424	0.48%
2013	170,611	170,611	-	35,543,959	0.48%
2012	90,555	90,555	-	32,340,996	0.28%
2011	90,451	90,451	-	32,303,922	0.28%

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

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

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

**Teachers**

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

County of Washington, Virginia  
 Schedule of Changes in the Employer's Net OPEB Asset and Related Ratios  
 Primary Government  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

County of Washington, Virginia  
 Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios  
 School Board (nonprofessional)  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 3,721	\$ 4,000	\$ 4,000
Interest	19,276	20,000	21,000
Differences between expected and actual experience	1,031	(15,000)	-
Changes of assumptions	5,630	-	(4,000)
Benefit payments	(25,502)	(26,000)	(25,000)
Other changes	124	1,000	(1,000)
<b>Net change in total HIC OPEB liability</b>	<b>\$ 4,280</b>	<b>\$ (16,000)</b>	<b>\$ (5,000)</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>288,000</b>	<b>304,000</b>	<b>309,000</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 292,280</b>	<b>\$ 288,000</b>	<b>\$ 304,000</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 21,443	\$ 21,000	\$ 22,000
Net investment income	100	1,000	1,000
Benefit payments	(25,502)	(26,000)	(25,000)
Administrator charges	(1)	-	-
Other	544	(1,000)	(1,000)
<b>Net change in plan fiduciary net position</b>	<b>\$ (3,416)</b>	<b>\$ (5,000)</b>	<b>\$ (3,000)</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,000</b>	<b>10,000</b>	<b>13,000</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,584</b>	<b>\$ 5,000</b>	<b>\$ 10,000</b>
<b>Employer's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 290,696</b>	<b>\$ 283,000</b>	<b>\$ 294,000</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>0.54%</b>	<b>1.74%</b>	<b>3.29%</b>
<b>Covered payroll</b>	<b>\$ 2,723,587</b>	<b>\$ 2,617,104</b>	<b>\$ 2,716,445</b>
<b>Employer's net HIC OPEB liability as a percentage of covered payroll</b>	<b>10.67%</b>	<b>10.81%</b>	<b>10.82%</b>

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

County of Washington, Virginia  
 Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2020	\$ 3,106	\$ 3,106	\$ -	\$ 3,105,665	0.10%
2019	3,000	3,000	-	3,045,660	0.10%
2018	2,000	2,000	-	3,136,197	0.06%
2017	2,000	2,000	-	3,039,394	0.07%
2016	3,413	3,413	-	3,102,845	0.11%
2015	3,232	3,232	-	2,938,344	0.11%
2014	1,230	1,230	-	3,074,512	0.04%
2013	3,772	3,772	-	9,430,471	0.04%
2012	2,605	2,605	-	8,684,692	0.03%
2011	2,553	2,553	-	8,510,201	0.03%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 22,460	\$ 22,460	\$ -	\$ 2,807,497	0.80%
2019	22,000	22,000	-	2,723,587	0.81%
2018	20,000	20,000	-	2,617,104	0.76%
2017	21,000	21,000	-	2,716,445	0.77%
2016	18,602	18,602	-	2,620,073	0.71%
2015	18,986	18,986	-	2,674,140	0.71%
2014	22,506	22,506	-	2,617,034	0.86%
2013	23,345	23,345	-	2,714,546	0.86%
2012	18,928	18,928	-	2,426,635	0.78%
2011	19,021	19,021	-	2,438,596	0.78%

**County of Washington, Virginia**  
**Notes to Required Supplementary Information**  
**Health Insurance Credit (HIC) Plan**  
**For the Year Ended June 30, 2020**

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 4.005%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

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)
2019	0.42424%	\$ 5,553,715	\$ 35,583,475	15.61%	8.97%
2018	0.43617%	5,538,000	35,275,151	15.70%	8.08%
2017	0.44848%	5,689,000	35,393,745	16.07%	7.04%

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

County of Washington, Virginia  
 Schedule of Employer Contributions  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2011 through June 30, 2020

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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)
2020	\$ 440,188	\$ 440,188	\$ -	\$ 36,682,301	1.20%
2019	424,000	424,000	-	35,583,475	1.19%
2018	434,000	434,000	-	35,275,151	1.23%
2017	393,000	393,000	-	35,393,745	1.11%
2016	368,033	368,033	-	34,720,087	1.06%
2015	363,418	363,418	-	34,284,725	1.06%
2014	393,178	393,178	-	35,421,424	1.11%
2013	394,394	394,394	-	35,531,009	1.11%
2012	194,046	194,046	-	32,340,996	0.60%
2011	193,824	193,824	-	32,303,922	0.60%

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

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

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

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

## **Other Supplementary Information**

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

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Recovered costs	\$ -	\$ 61,800	\$ 61,799	\$ (1)
Intergovernmental:				
Commonwealth	-	5,700	5,700	-
Federal	-	22,800	22,800	-
Total revenues	<u>\$ -</u>	<u>\$ 90,300</u>	<u>\$ 90,299</u>	<u>\$ (1)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ 175,487	\$ 168,096	\$ 7,391
Public works	25,000	1,189,709	959,342	230,367
Parks, recreation, and cultural	-	28,500	28,500	-
Capital projects	50,000	-	-	-
Total expenditures	<u>\$ 75,000</u>	<u>\$ 1,393,696</u>	<u>\$ 1,155,938</u>	<u>\$ 237,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (75,000)</u>	<u>\$ (1,303,396)</u>	<u>\$ (1,065,639)</u>	<u>\$ 237,757</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 75,000	\$ 1,303,396	\$ 1,060,587	\$ (242,809)
Total other financing sources (uses)	<u>\$ 75,000</u>	<u>\$ 1,303,396</u>	<u>\$ 1,060,587</u>	<u>\$ (242,809)</u>
Net change in fund balances	\$ -	\$ -	\$ (5,052)	\$ (5,052)
Fund balances - beginning	-	-	(3,492)	(3,492)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,544)</u>	<u>\$ (8,544)</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, 2020

	School Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Education	\$ 450,000	\$ 501,433	\$ 370,042	\$ 131,391
Total expenditures	<u>\$ 450,000</u>	<u>\$ 501,433</u>	<u>\$ 370,042</u>	<u>\$ 131,391</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (450,000)	\$ (501,433)	\$ (370,042)	\$ 131,391
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 50,000	\$ 50,000	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Net change in fund balances	\$ (450,000)	\$ (451,433)	\$ (320,042)	\$ 131,391
Fund balances - beginning	450,000	451,433	441,717	(9,716)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,675</u>	<u>\$ 121,675</u>

## FIDUCIARY FUNDS

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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, 2020

	Agency Funds			Commonwealth Attorney Collection Program	Total
	Special Welfare	Fringe Benefits	Soil Erosion Deposits		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 83,168	\$ 22,941	\$ 37,567	\$ 59,418	\$ 203,094
Accounts receivable	-	-	-	4,661	4,661
Total assets	<u>\$ 83,168</u>	<u>\$ 22,941</u>	<u>\$ 37,567</u>	<u>\$ 64,079</u>	<u>\$ 207,755</u>
<b>LIABILITIES</b>					
Amounts held for social services clients	\$ 83,168	\$ -	\$ -	\$ -	\$ 83,168
Amounts held for school board employee fringe benefits	-	22,941	-	-	22,941
Amounts held for soil erosion deposits	-	-	37,567	-	37,567
Amounts held for Commonwealth Attorney collection program	-	-	-	64,079	64,079
Total liabilities	<u>\$ 83,168</u>	<u>\$ 22,941</u>	<u>\$ 37,567</u>	<u>\$ 64,079</u>	<u>\$ 207,755</u>

County of Washington, Virginia  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 June 30, 2020

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>Assets</b>				
Current Assets				
Cash and cash equivalents				
Special Welfare	\$ 61,817	\$ 40,212	\$ (18,861)	\$ 83,168
Fringe Benefits	23,878	143,559	(144,496)	22,941
Soil Erosion Deposits	27,380	30,863	(20,676)	37,567
Commonwealth Attorney Collection Program	132,976	64,233	(137,791)	59,418
Total cash and cash equivalents	<u>\$ 246,051</u>	<u>\$ 278,867</u>	<u>\$ (321,824)</u>	<u>\$ 203,094</u>
Accounts receivable				
Commonwealth Attorney Collection Program	\$ 4,797	\$ -	\$ (136)	\$ 4,661
Total Assets	<u>\$ 250,848</u>	<u>\$ 278,867</u>	<u>\$ (321,960)</u>	<u>\$ 207,755</u>
<b>Liabilities</b>				
Amounts held for social services clients	\$ 61,817	\$ 40,212	\$ (18,861)	\$ 83,168
Amounts held for school board employees	23,878	143,559	(144,496)	22,941
Amounts held for soil erosion deposits	27,380	30,863	(20,676)	37,567
Amounts held for Commonwealth Attorney	137,773	64,233	(137,927)	64,079
Total Liabilities	<u>\$ 250,848</u>	<u>\$ 278,867</u>	<u>\$ (321,960)</u>	<u>\$ 207,755</u>

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**

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**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, 2020

		School Operating Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$	2,753,142
Accounts receivable		285,685
Due from primary government		4,419,298
Due from other governmental units		1,750,843
Total assets	\$	<u>9,208,968</u>
<b>LIABILITIES</b>		
Accounts payable	\$	538,586
Accrued wages		6,391,093
Total liabilities	\$	<u>6,929,679</u>
<b>FUND BALANCES</b>		
Restricted	\$	313,968
Assigned		1,965,321
Total fund balances	\$	<u>2,279,289</u>
Total liabilities and fund balances	\$	<u>9,208,968</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	2,279,289
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		8,092,086
Improvements other than buildings		5,410,079
Construction in progress		140,197
		<u>16,461,837</u>
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.		
Prepaid items		984,559
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	12,507,044
OPEB related items		1,930,053
		<u>14,437,097</u>
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.		
		1,454,086
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	\$	(15,312,410)
Net pension liability - VRS		(57,499,923)
Compensated absences		(3,275,118)
Net pension liability - supplemental retirement		(10,322,504)
		<u>(86,409,955)</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(9,914,241)
OPEB related items		(1,692,514)
		<u>(11,606,755)</u>
Net position of governmental activities	\$	<u>(62,399,842)</u>

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

	<u>School Operating Fund</u>
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 7,200
Charges for services	2,207,258
Miscellaneous	919,173
Recovered costs	223,075
Intergovernmental:	
Local government	26,331,092
Commonwealth	44,293,776
Federal	7,247,765
Total revenues	<u>\$ 81,229,339</u>
<b>EXPENDITURES</b>	
Current:	
Education	<u>\$ 81,293,289</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (63,950)</u>
Net change in fund balances	\$ (63,950)
Fund balances - beginning	2,343,239
Fund balances - ending	<u>\$ 2,279,289</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	\$ (63,950)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.	
Capital Outlay	\$ 1,395,411
Depreciation Expense	<u>(1,818,746)</u> (423,335)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net assets.	(24,587)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.	242,467
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	\$ (142,637)
Pension related items	1,834,962
OPEB related items	<u>194,769</u> 1,887,094
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.	(1,316,127)
Change in net position of governmental activities	<u>\$ 301,562</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, 2020

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 11,000	\$ 10,998	\$ 7,200	\$ (3,798)
Charges for services	3,288,284	2,688,284	2,207,258	(481,026)
Miscellaneous	1,263,730	1,263,730	919,173	(344,557)
Recovered costs	220,000	220,000	223,075	3,075
Intergovernmental:				
Local government	27,169,326	27,555,390	26,331,092	(1,224,298)
Commonwealth	44,290,284	44,290,284	44,293,776	3,492
Federal	8,215,133	8,164,022	7,247,765	(916,257)
Total revenues	<u>\$ 84,457,757</u>	<u>\$ 84,192,708</u>	<u>\$ 81,229,339</u>	<u>\$ (2,963,369)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 86,406,646	\$ 86,715,867	\$ 81,293,289	\$ 5,422,578
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,948,889)</u>	<u>\$ (2,523,159)</u>	<u>\$ (63,950)</u>	<u>\$ 2,459,209</u>
Net change in fund balances	\$ (1,948,889)	\$ (2,523,159)	\$ (63,950)	\$ 2,459,209
Fund balances - beginning	1,948,889	2,523,159	2,343,239	(179,920)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,279,289</u>	<u>\$ 2,279,289</u>

County of Washington, Virginia  
 Statement of Fiduciary Net Position  
 Fiduciary Fund - Discretely Presented Component Unit School Board  
 June 30, 2020

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		Employee Early Retirement Incentive <u>Plan</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	181,241
Receivables:		
Interest and dividends		3
Contributions		230,485
Investments, at fair value:		
Equity securities		4,268,027
Mutual Funds		4,352,028
Total assets	\$	<u>9,031,784</u>
 <b>NET POSITION</b>		
Held in trust for retirement plan	\$	<u><u>9,031,784</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, 2020

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	<b>Employee Early Retirement Incentive <u>Plan</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,382,908
Investment earnings:	
Interest	\$ 1,688
Dividends	167,235
Net increase in the fair market value of investments	219,052
Total investment earnings	\$ 387,975
Less investment expense	
Net investment earnings	\$ 387,975
Total additions	\$ 1,770,883
<b>DEDUCTIONS</b>	
Benefits	\$ 1,244,009
Administrative expenses	18,826
Total deductions	\$ 1,262,835
Change in net position	\$ 508,048
Net position - beginning	8,523,736
Net position - ending	\$ 9,031,784

County of Washington, Virginia  
Combining Statement of Net Position  
Other Component Units  
June 30, 2020

	<u>Park Authority</u>	<u>Industrial Develop- ment Authority</u>	<u>Virginia Highlands Airport Authority</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 158,477	\$ 1,952,733	\$ 952,621	\$ 3,063,831
Cash in custody of others	30,000	-	-	30,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	40,724	43,138	83,862
Notes receivable	-	10,178,820	-	10,178,820
Rent receivable	-	22,752	-	22,752
Grants receivable	-	-	2,313,418	2,313,418
Due from other governmental units	-	41,876	-	41,876
Inventories	-	-	35,811	35,811
Prepaid items	-	-	27,623	27,623
Capital assets (net of accumulated depreciation):				
Land	753,776	14,599,038	13,625,418	28,978,232
Buildings and system	143,234	796,683	2,258,979	3,198,896
Improvements other than buildings	223,409	604,403	6,292,908	7,120,720
Machinery and equipment	4,937	6,566	156,028	167,531
Construction in progress	-	-	14,251,656	14,251,656
Total assets	<u>\$ 1,313,833</u>	<u>\$ 28,243,595</u>	<u>\$ 39,957,600</u>	<u>\$ 69,515,028</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	\$ -	\$ 1,663,599	\$ -	\$ 1,663,599
Pension related items	9,433	-	56,947	66,380
OPEB related items	-	-	7,845	7,845
Total deferred outflows of resources	<u>\$ 9,433</u>	<u>\$ 1,663,599</u>	<u>\$ 64,792</u>	<u>\$ 1,737,824</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,826	\$ 1,644	\$ 2,354,020	\$ 2,357,490
Accrued wages	6,668	-	17,698	24,366
Accrued interest payable	-	48,944	10,124	59,068
Deferred revenue	-	-	28,492	28,492
Long-term liabilities:				
Due within one year	-	992,234	849,980	1,842,214
Due in more than one year	28,112	13,103,534	1,473,042	14,604,688
Total liabilities	<u>\$ 36,606</u>	<u>\$ 14,146,356</u>	<u>\$ 4,733,356</u>	<u>\$ 18,916,318</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	\$ 3,377	-	\$ 9,564	\$ 12,941
OPEB related items	-	-	1,409	1,409
Total deferred inflows of resources	<u>\$ 3,377</u>	<u>\$ -</u>	<u>\$ 10,973</u>	<u>\$ 14,350</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 1,125,356	\$ 16,006,690	\$ 34,382,935	\$ 51,514,981
Unrestricted	157,927	(245,852)	895,128	807,203
Total Net Position	<u>\$ 1,283,283</u>	<u>\$ 15,760,838</u>	<u>\$ 35,278,063</u>	<u>\$ 52,322,184</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, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Component Unit					
				Washington County Park Authority	Industrial Development Authority	Virginia Highlands Airport Authority	Development Authority	Total	
OTHER COMPONENT UNITS:									
Washington Park Authority	\$ 297,236	\$ 178,136	\$ -	\$ (119,100)	\$ -	\$ -	\$ -	\$ (119,100)	
Industrial Development Authority	1,342,066	-	95,000	-	(653,494)	-	-	(653,494)	
Virginia Highlands Airport Authority	1,790,244	1,184,499	146,430	-	-	5,241,371	-	5,241,371	
Total other component units	\$ 3,429,546	\$ 1,362,635	\$ 241,430	\$ (119,100)	\$ (653,494)	\$ 5,241,371	\$ -	\$ 4,468,777	
General revenues:									
Unrestricted revenues from use of money and property				\$ 325	\$ 297,669	\$ 290,806	\$ -	\$ 588,800	
Miscellaneous				1,218	27,781	11,413	-	40,412	
Payments from Washington County				-	561,342	68,978	-	630,320	
Total general revenues				\$ 1,543	\$ 886,792	\$ 371,197	\$ -	\$ 1,259,532	
Change in net position				\$ (117,557)	\$ 233,298	\$ 5,612,568	\$ -	\$ 5,728,309	
Net position - beginning, as restated				1,400,840	15,527,540	29,665,495	-	46,593,875	
Net position - ending				\$ 1,283,283	\$ 15,760,838	\$ 35,278,063	\$ -	\$ 52,322,184	

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, 2020

<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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 25,190,000	\$ 25,190,000	\$ 25,708,133	\$ 518,133
Real and personal public service corporation taxes	1,650,000	1,650,000	1,714,552	64,552
Personal property taxes	7,200,000	7,200,000	7,921,440	721,440
Mobile home taxes	121,500	121,500	133,228	11,728
Machinery and tools taxes	2,800,000	2,800,000	2,921,134	121,134
Penalties	305,000	305,000	289,863	(15,137)
Interest	350,000	350,000	391,217	41,217
Total general property taxes	<u>\$ 37,616,500</u>	<u>\$ 37,616,500</u>	<u>\$ 39,079,567</u>	<u>\$ 1,463,067</u>
Other local taxes:				
Local sales and use taxes	\$ 6,760,000	\$ 6,760,000	\$ 7,648,906	\$ 888,906
Consumers' utility taxes	1,100,000	1,100,000	1,136,827	36,827
Franchise license taxes	-	-	29	29
Utility license taxes	150,000	150,000	139,990	(10,010)
Motor vehicle licenses	1,100,000	1,100,000	1,112,830	12,830
Bank stock taxes	37,500	37,500	41,637	4,137
Taxes on recordation and wills	301,500	301,500	541,082	239,582
Hotel and motel room taxes	150,000	150,000	102,188	(47,812)
Total other local taxes	<u>\$ 9,599,000</u>	<u>\$ 9,599,000</u>	<u>\$ 10,723,489</u>	<u>\$ 1,124,489</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and other animal related fees	\$ 26,500	\$ 26,500	\$ 19,931	\$ (6,569)
Zoning, subdivision plat and soil erosion permits	1,500	1,500	953	(547)
Building permits	96,250	96,250	127,616	31,366
Waste hauling fees	27,500	27,500	34,776	7,276
Other permits and licenses	20,000	20,000	49,173	29,173
Total permits, privilege fees, and regulatory licenses	<u>\$ 171,750</u>	<u>\$ 171,750</u>	<u>\$ 232,449</u>	<u>\$ 60,699</u>
Fines and forfeitures:				
Court fines, forfeitures and interest	\$ 1,143,081	\$ 1,189,284	\$ 1,163,812	\$ (25,472)
Revenue from use of money and property:				
Revenue from use of money	\$ 200,000	\$ 200,000	\$ 436,463	\$ 236,463
Revenue from use of property	-	-	14,517	14,517
Total revenue from use of money and property	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 450,980</u>	<u>\$ 250,980</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 17,932	\$ 17,932	\$ 14,731	\$ (3,201)
Charges for transportation of prisoners	7,500	7,500	8,059	559
Charges for copies	12,000	12,000	14,195	2,195
Charges for Commonwealth's Attorney	6,000	6,000	3,478	(2,522)
Charges for highways and streets	5,000	5,000	2,225	(2,775)
Commission fees	100,778	100,778	441,938	341,160
Charges for sanitation and waste removal and other related fees	350,000	410,000	530,198	120,198
Charges for parks and recreation	79,500	79,500	71,445	(8,055)
Charges for library	25,000	25,000	12,805	(12,195)
Total charges for services	<u>\$ 603,710</u>	<u>\$ 663,710</u>	<u>\$ 1,099,074</u>	<u>\$ 435,364</u>
Miscellaneous:				
Miscellaneous	\$ 206,160	\$ 278,901	\$ 244,725	\$ (34,176)
Revenue Sharing - Bristol	350,000	350,000	350,000	-
Bristol, Tenn.-payment in lieu of taxes	1,250	1,250	1,055	(195)
Tennessee Valley Authority-payment in lieu of taxes	700,000	700,000	717,737	17,737
Total miscellaneous	<u>\$ 1,257,410</u>	<u>\$ 1,330,151</u>	<u>\$ 1,313,517</u>	<u>\$ (16,634)</u>

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

<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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Recovered costs:				
Insurance recoveries	\$ -	\$ 45,820	\$ 45,820	\$ -
Regional jail	386,476	459,915	197,514	(262,401)
Facility management CS building	90,000	90,000	84,523	(5,477)
Alcohol, tobacco and firearms funds	18,000	18,000	-	(18,000)
Other recovered costs	534,846	572,590	208,424	(364,166)
Total recovered costs	<u>\$ 1,029,322</u>	<u>\$ 1,186,325</u>	<u>\$ 536,281</u>	<u>\$ (650,044)</u>
Total revenue from local sources	<u>\$ 51,620,773</u>	<u>\$ 51,956,720</u>	<u>\$ 54,599,169</u>	<u>\$ 2,642,449</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 40,000	\$ 40,000	\$ 35,406	\$ (4,594)
Mobile home titling tax	65,000	65,000	51,890	(13,110)
Motor vehicle rental tax	11,000	11,000	7,571	(3,429)
Grantors tax	100,000	100,000	119,099	19,099
Communications sales taxes	1,650,000	1,650,000	1,339,740	(310,260)
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>\$ 4,112,992</u>	<u>\$ (312,294)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 661,366	\$ 661,366	\$ 663,049	\$ 1,683
Sheriff	2,379,330	2,379,330	2,344,457	(34,873)
Commissioner of revenue	181,885	181,885	176,650	(5,235)
Treasurer	164,500	164,500	165,076	576
Registrar/electoral board	50,250	77,039	78,491	1,452
Clerk of the Circuit Court	414,990	420,011	423,013	3,002
Total shared expenses	<u>\$ 3,852,321</u>	<u>\$ 3,884,131</u>	<u>\$ 3,850,736</u>	<u>\$ (33,395)</u>
Other categorical aid:				
Virginia Public Assistance	\$ 2,616,825	\$ 2,539,321	\$ 2,404,495	\$ (134,826)
Comprehensive services	1,358,000	1,358,000	1,302,743	(55,257)
Victim witness grant	22,031	22,031	26,523	4,492
Litter control grant	39,000	39,000	31,557	(7,443)
EMS grant-Four for life	70,000	70,000	-	(70,000)
Fire programs	135,000	161,766	161,766	-
Dog and cat sterilization grant	1,500	1,500	1,455	(45)
E-911 wireless grant	190,000	190,000	209,367	19,367
Library state aid	156,022	163,682	163,682	-
Asset forfeiture funds	-	61,968	62,194	226
SLC E-rate	-	17,175	17,175	-
DOJ - internet crimes against children	-	22,770	5,534	(17,236)
EMS financial assistance grant	-	197,536	6,731	(190,805)
Arts grant	-	4,500	4,500	-
VFIRS hardware grant	-	50,000	-	(50,000)
Other state grants	118,000	119,747	119,446	(301)
Total other categorical aid	<u>\$ 4,706,378</u>	<u>\$ 5,018,996</u>	<u>\$ 4,517,168</u>	<u>\$ (501,828)</u>
Total categorical aid	<u>\$ 8,558,699</u>	<u>\$ 8,903,127</u>	<u>\$ 8,367,904</u>	<u>\$ (535,223)</u>
Total revenue from the Commonwealth	<u>\$ 12,983,985</u>	<u>\$ 13,328,413</u>	<u>\$ 12,480,896</u>	<u>\$ (847,517)</u>
Revenue from the federal government:				
Payments in lieu of taxes	\$ 30,500	\$ 30,500	\$ 65,088	\$ 34,588

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

<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>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Virginia Public Assistance	\$ 3,037,306	\$ 3,114,810	\$ 3,101,006	\$ (13,804)
Victim witness grant	81,570	81,570	77,499	(4,071)
DMV Highway safety	-	36,109	22,312	(13,797)
VDEM grant	-	-	9,015	9,015
Coronavirus relief fund	-	4,688,608	185,048	(4,503,560)
DCJS-VSTOP grant	27,810	27,810	27,811	1
Alcohol safety	-	61,248	38,960	(22,288)
DHCD	-	525,850	60,745	(465,105)
Bullet proof vest	-	7,925	5,788	(2,137)
Total categorical aid	<u>\$ 3,146,686</u>	<u>\$ 8,543,930</u>	<u>\$ 3,528,184</u>	<u>\$ (5,015,746)</u>
Total revenue from the federal government	<u>\$ 3,177,186</u>	<u>\$ 8,574,430</u>	<u>\$ 3,593,272</u>	<u>\$ (4,981,158)</u>
Total General Fund	<u>\$ 67,781,944</u>	<u>\$ 73,859,563</u>	<u>\$ 70,673,337</u>	<u>\$ (3,186,226)</u>
<b>Capital Projects Funds</b>				
<b>County Capital Improvements Fund</b>				
Revenue from local sources:				
Recovered costs:				
Other recovered costs	\$ -	\$ 61,800	\$ 61,799	\$ (1)
Total recovered costs	<u>\$ -</u>	<u>\$ 61,800</u>	<u>\$ 61,799</u>	<u>\$ (1)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 61,800</u>	<u>\$ 61,799</u>	<u>\$ (1)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Whites Mill Restore	\$ -	\$ 5,700	\$ 5,700	\$ -
Total categorical aid	<u>\$ -</u>	<u>\$ 5,700</u>	<u>\$ 5,700</u>	<u>\$ -</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 5,700</u>	<u>\$ 5,700</u>	<u>\$ -</u>
Revenue from the federal government:				
Categorical aid:				
VDOT Whites Mill Restore	\$ -	\$ 22,800	\$ 22,800	\$ -
Total categorical aid	<u>\$ -</u>	<u>\$ 22,800</u>	<u>\$ 22,800</u>	<u>\$ -</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 22,800</u>	<u>\$ 22,800</u>	<u>\$ -</u>
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ 90,300</u>	<u>\$ 90,299</u>	<u>\$ (1)</u>
Total Primary Government	<u>\$ 67,781,944</u>	<u>\$ 73,949,863</u>	<u>\$ 70,763,636</u>	<u>\$ (3,186,227)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,000	\$ 10,000	\$ 7,151	\$ (2,849)
Revenue from the use of property	1,000	998	49	(949)
Total revenue from use of money and property	<u>\$ 11,000</u>	<u>\$ 10,998</u>	<u>\$ 7,200</u>	<u>\$ (3,798)</u>

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

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for education	\$ 835,000	\$ 835,000	\$ 573,427	\$ (261,573)
Governor's School	1,188,000	588,000	770,013	182,013
Transportation of pupils	50,000	50,000	36,208	(13,792)
Cafeteria sales	1,215,284	1,215,284	827,610	(387,674)
Total charges for services	\$ 3,288,284	\$ 2,688,284	\$ 2,207,258	\$ (481,026)
Miscellaneous:				
Other miscellaneous	\$ 1,263,730	\$ 1,263,730	\$ 919,173	\$ (344,557)
Recovered costs:				
Other recovered costs	\$ 220,000	\$ 220,000	\$ 223,075	\$ 3,075
Total revenue from local sources	\$ 4,783,014	\$ 4,183,012	\$ 3,356,706	\$ (826,306)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Washington, Virginia	\$ 27,169,326	\$ 27,555,390	\$ 26,331,092	\$ (1,224,298)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 8,284,526	\$ 8,284,526	\$ 8,478,594	\$ 194,068
Basic school aid	20,248,597	20,248,597	20,230,829	(17,768)
GED funding	25,065	25,065	25,159	94
Summer remedial	58,273	58,273	55,241	(3,032)
Regular foster care	360,829	360,829	114,629	(246,200)
Adult high school courses	-	-	39,876	39,876
Gifted and talented	217,133	217,133	217,924	791
Remedial education	717,870	717,870	720,483	2,613
National board certified teacher	-	-	7,500	7,500
Compensation supplement	1,242,405	1,242,405	1,242,404	(1)
Preschool initiative	631,355	631,355	519,206	(112,149)
Special education	2,118,159	2,118,159	2,125,870	7,711
Textbook payment	446,187	446,187	447,811	1,624
Vocational adult education	39,950	39,950	11,519	(28,431)
Vocational education	553,912	553,912	555,928	2,016
Vocational equipment	-	-	34,196	34,196
Vocational educational occupational tech ed	-	-	103,205	103,205
Social security fringe benefits	1,249,625	1,249,625	1,254,175	4,550
Retirement fringe benefits	2,760,697	2,760,697	2,770,747	10,050
Life insurance fringe benefits	84,195	84,195	84,501	306
State lottery payments	1,628,235	1,628,235	1,627,803	(432)
Early reading intervention	81,206	81,206	70,232	(10,974)
Jobs for Virginia graduates-lottery proceeds	-	-	25,000	25,000
At risk payments	855,148	855,148	872,775	17,627
Adult literacy	-	-	93,045	93,045
Homebound	43,129	43,129	42,353	(776)
School food	22,663	22,663	-	(22,663)
Regional programs	312,450	312,450	355,979	43,529
Project graduation	7,948	7,948	-	(7,948)
Special education - foster care	-	-	162,236	162,236
Mentor teacher program	2,889	2,889	3,371	482
Primary class size	877,452	877,452	862,130	(15,322)
Technology	440,000	440,000	26,000	(414,000)
SOL algebra readiness	98,016	98,016	101,624	3,608

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

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special ed jail program	\$ 1,409	\$ 1,409	\$ 591	\$ (818)
English as a second language	39,756	39,756	38,873	(883)
GED testing	-	-	81,719	81,719
Governors school program	731,535	731,535	839,820	108,285
Other state funds	109,670	109,670	50,428	(59,242)
Total categorical aid	<u>\$ 44,290,284</u>	<u>\$ 44,290,284</u>	<u>\$ 44,293,776</u>	<u>\$ 3,492</u>
Total revenue from the Commonwealth	<u>\$ 44,290,284</u>	<u>\$ 44,290,284</u>	<u>\$ 44,293,776</u>	<u>\$ 3,492</u>
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ 43,500	\$ 43,500	\$ 20,520	\$ (22,980)
Adult basic education	400,000	400,000	343,266	(56,734)
Title I	1,700,000	1,700,000	1,913,488	213,488
Title VI-B, special education flow-through	1,700,000	1,700,000	1,523,865	(176,135)
Title VI-B, special education preschool	100,670	100,670	47,828	(52,842)
Title IV Part A LEA	200,000	200,000	151,219	(48,781)
Vocational education	160,000	160,000	142,628	(17,372)
Title II Part A	400,000	400,000	285,219	(114,781)
School breakfast and lunch program	2,252,700	2,201,589	2,667,593	466,004
Coronavirus relief funds	-	-	152,139	152,139
Other federal	1,258,263	1,258,263	-	(1,258,263)
Total categorical aid	<u>\$ 8,215,133</u>	<u>\$ 8,164,022</u>	<u>\$ 7,247,765</u>	<u>\$ (916,257)</u>
Total revenue from the federal government	<u>\$ 8,215,133</u>	<u>\$ 8,164,022</u>	<u>\$ 7,247,765</u>	<u>\$ (916,257)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 84,457,757</u>	<u>\$ 84,192,708</u>	<u>\$ 81,229,339</u>	<u>\$ (2,963,369)</u>

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

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 185,182	\$ 253,033	\$ 199,123	\$ 53,910
General and financial administration:				
County administrator	\$ 271,581	\$ 271,714	\$ 235,141	\$ 36,573
Personnel	124,008	123,503	101,677	21,826
Legal services	176,679	175,932	164,979	10,953
Commissioner of revenue	693,128	700,904	680,311	20,593
Treasurer	845,556	1,116,310	861,575	254,735
Central accounting and purchasing	272,779	272,553	259,775	12,778
Information technology	695,577	692,521	600,843	91,678
Assessor	175,000	212,910	322,272	(109,362)
Auditor	85,000	93,700	85,100	8,600
Total general and financial administration	\$ 3,339,308	\$ 3,660,047	\$ 3,311,673	\$ 348,374
Board of elections:				
Registrar	\$ 205,982	\$ 206,584	\$ 201,448	\$ 5,136
Electoral board	125,344	149,182	114,303	34,879
Total board of elections	\$ 331,326	\$ 355,766	\$ 315,751	\$ 40,015
Total general government administration	\$ 3,855,816	\$ 4,268,846	\$ 3,826,547	\$ 442,299
Judicial administration:				
Courts:				
Circuit court	\$ 113,430	\$ 113,269	\$ 91,444	\$ 21,825
General district court	34,840	34,919	29,217	5,702
Juvenile and domestic relations court	350	350	450	(100)
Special magistrates	5,352	5,251	4,991	260
Clerk of the circuit court	769,234	835,127	732,492	102,635
Law library	12,000	60,667	6,120	54,547
Total courts	\$ 935,206	\$ 1,049,583	\$ 864,714	\$ 184,869
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,184,089	\$ 1,581,407	\$ 1,085,074	\$ 496,333
Total judicial administration	\$ 2,119,295	\$ 2,630,990	\$ 1,949,788	\$ 681,202
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,405,928	\$ 3,607,849	\$ 3,239,143	\$ 368,706
Litter Control	150,937	177,897	181,002	(3,105)
Victim witness assistance	117,556	117,526	112,450	5,076
Animal control	276,082	289,965	289,572	393
Interstate enforcement	2,194,268	2,674,211	2,415,025	259,186
Court security	400,384	407,610	368,189	39,421
Other Sheriff grants	219,882	353,885	255,654	98,231
Total law enforcement and traffic control	\$ 6,765,037	\$ 7,628,943	\$ 6,861,035	\$ 767,908
Fire and rescue services:				
Volunteer fire departments	\$ 1,247,054	\$ 1,812,893	\$ 1,533,869	\$ 279,024
E-911	712,729	703,335	690,501	12,834
Total fire and rescue services	\$ 1,959,783	\$ 2,516,228	\$ 2,224,370	\$ 291,858
Correction and detention:				
Regional jail payments	\$ 3,452,853	\$ 3,452,853	\$ 3,523,828	\$ (70,975)
Juvenile probation and detention	236,300	236,300	236,300	-
Total correction and detention	\$ 3,689,153	\$ 3,689,153	\$ 3,760,128	\$ (70,975)
Inspections:				
Building	\$ 386,320	\$ 385,685	\$ 309,564	\$ 76,121

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

<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>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Other protection:				
Medical examiner	\$ 1,000	\$ 1,000	\$ 420	\$ 580
Emergency services	925,513	1,454,124	804,675	649,449
Total other protection	<u>\$ 926,513</u>	<u>\$ 1,455,124</u>	<u>\$ 805,095</u>	<u>\$ 650,029</u>
Total public safety	<u>\$ 13,726,806</u>	<u>\$ 15,675,133</u>	<u>\$ 13,960,192</u>	<u>\$ 1,714,941</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,276,679	\$ 2,325,168	\$ 2,168,047	\$ 157,121
Maintenance of general buildings and grounds:				
General properties	\$ 1,416,966	\$ 1,549,147	\$ 1,210,899	\$ 338,248
Total public works	<u>\$ 3,693,645</u>	<u>\$ 3,874,315</u>	<u>\$ 3,378,946</u>	<u>\$ 495,369</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 501,865	\$ 501,865	\$ 501,865	\$ -
Mental health and mental retardation:				
Community services board	\$ 237,500	\$ 237,500	\$ 237,500	\$ -
Welfare:				
Virginia public assistance	\$ 6,938,493	\$ 6,974,752	\$ 6,517,560	\$ 457,192
Area agency on aging	72,055	72,055	72,055	-
Senior services	87,925	87,925	87,925	-
Community action agency	157,023	157,023	157,023	-
Community services	2,048,206	2,048,206	1,985,855	62,351
Total welfare	<u>\$ 9,303,702</u>	<u>\$ 9,339,961</u>	<u>\$ 8,820,418</u>	<u>\$ 519,543</u>
Total health and welfare	<u>\$ 10,043,067</u>	<u>\$ 10,079,326</u>	<u>\$ 9,559,783</u>	<u>\$ 519,543</u>
Education:				
Other instructional costs:				
Contributions to community college	\$ 217,414	\$ 217,414	\$ 217,414	\$ -
Contribution to County School Board	27,169,326	28,105,390	26,331,092	1,774,298
Total education	<u>\$ 27,386,740</u>	<u>\$ 28,322,804</u>	<u>\$ 26,548,506</u>	<u>\$ 1,774,298</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks	\$ 120,908	\$ 120,908	\$ 107,232	\$ 13,676
Recreation	295,465	295,100	287,738	7,362
Total parks and recreation	<u>\$ 416,373</u>	<u>\$ 416,008</u>	<u>\$ 394,970</u>	<u>\$ 21,038</u>
Cultural enrichment:				
Cultural enrichment	\$ 78,754	\$ 96,254	\$ 96,254	\$ -
Library:				
Washington County library	\$ 1,376,124	\$ 1,526,646	\$ 1,311,481	\$ 215,165
Branch libraries	305,697	305,697	289,358	16,339
Total library	<u>\$ 1,681,821</u>	<u>\$ 1,832,343</u>	<u>\$ 1,600,839</u>	<u>\$ 231,504</u>
Total parks, recreation, and cultural	<u>\$ 2,176,948</u>	<u>\$ 2,344,605</u>	<u>\$ 2,092,063</u>	<u>\$ 252,542</u>
Community development:				
Planning and community development:				
Regional planning	\$ 48,350	\$ 48,350	\$ 48,350	\$ -
Zoning	94,920	94,493	85,734	8,759
Community development	220,548	2,904,561	456,249	2,448,312
Economic development	122,992	433,067	168,444	264,623

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

<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>
<b>General Fund: (Continued)</b>				
Community development: (Continued)				
Planning and community development: (Continued)				
Contribution to Virginia Highlands Airport	\$ 68,978	\$ 161,201	\$ 68,978	\$ 92,223
Contribution to Washington County Industrial Development Authority	522,034	503,015	503,015	-
Contribution to Economic development	10,000	19,391	5,009	14,382
Total planning and community development	<u>\$ 1,087,822</u>	<u>\$ 4,164,078</u>	<u>\$ 1,335,779</u>	<u>\$ 2,828,299</u>
Environmental management:				
Contribution to soil and water district	\$ 17,770	\$ 17,770	\$ 17,770	\$ -
Cooperative extension program:				
Extension office	\$ 141,331	\$ 141,331	\$ 134,608	\$ 6,723
Total community development	<u>\$ 1,246,923</u>	<u>\$ 4,323,179</u>	<u>\$ 1,488,157</u>	<u>\$ 2,835,022</u>
Nondepartmental:				
Revenue refunds	\$ 80,500	\$ 80,500	\$ 159,316	\$ (78,816)
Other non departmental	586,864	2,821,285	387,603	2,433,682
Total nondepartmental	<u>\$ 667,364</u>	<u>\$ 2,901,785</u>	<u>\$ 546,919</u>	<u>\$ 2,354,866</u>
Debt service:				
Principal retirement	\$ 2,453,599	\$ 2,422,305	\$ 2,484,818	\$ (62,513)
Interest and other fiscal charges	1,146,741	1,146,741	664,122	482,619
Total debt service	<u>\$ 3,600,340</u>	<u>\$ 3,569,046</u>	<u>\$ 3,148,940</u>	<u>\$ 420,106</u>
Total General Fund	<u>\$ 68,516,944</u>	<u>\$ 77,990,029</u>	<u>\$ 66,499,841</u>	<u>\$ 11,490,188</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Public safety:				
Equipment	\$ -	\$ 175,487	\$ 168,096	\$ 7,391
Total public safety	<u>\$ -</u>	<u>\$ 175,487</u>	<u>\$ 168,096</u>	<u>\$ 7,391</u>
Public works:				
Administration	\$ -	\$ 3,000	\$ 1,500	\$ 1,500
Courthouse	-	138,520	73,520	65,000
Solid waste equipment	-	104,005	52,356	51,649
Solid waste facilities	25,000	944,184	831,966	112,218
Total public works	<u>\$ 25,000</u>	<u>\$ 1,189,709</u>	<u>\$ 959,342</u>	<u>\$ 230,367</u>
Parks, recreation, and cultural:				
Parks and recreation:				
White's Mill restoration	\$ -	\$ 28,500	\$ 28,500	\$ -
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ -</u>
Capital projects:				
Other capital projects	\$ 50,000	\$ -	\$ -	\$ -
Total capital projects	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Capital Projects Fund	<u>\$ 75,000</u>	<u>\$ 1,393,696</u>	<u>\$ 1,155,938</u>	<u>\$ 237,758</u>
<b>School Capital Projects Fund:</b>				
Education:				
Operating costs:				
Facilities	\$ 450,000	\$ 501,433	\$ 370,042	\$ 131,391
Total School Capital Projects Fund	<u>\$ 450,000</u>	<u>\$ 501,433</u>	<u>\$ 370,042</u>	<u>\$ 131,391</u>
Total Primary Government	<u>\$ 69,041,944</u>	<u>\$ 79,885,158</u>	<u>\$ 68,025,821</u>	<u>\$ 11,859,337</u>

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

<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>
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs				
Administration, attendance and health	\$ 3,159,705	\$ 3,159,834	\$ 3,253,086	\$ (93,252)
Instruction	64,467,480	64,716,517	60,398,501	4,318,016
Instructional technology	2,507,230	2,589,538	2,419,465	170,073
Total instruction costs	<u>\$ 70,134,415</u>	<u>\$ 70,465,889</u>	<u>\$ 66,071,052</u>	<u>\$ 4,394,837</u>
Operating costs:				
Pupil transportation	\$ 5,383,350	\$ 5,389,842	\$ 4,855,444	\$ 534,398
Operation and maintenance of school plant	6,897,345	6,730,219	6,675,040	55,179
School food services	3,991,536	4,129,917	3,691,753	438,164
Total operating costs	<u>\$ 16,272,231</u>	<u>\$ 16,249,978</u>	<u>\$ 15,222,237</u>	<u>\$ 1,027,741</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 86,406,646</u>	 <u>\$ 86,715,867</u>	 <u>\$ 81,293,289</u>	 <u>\$ 5,422,578</u>

## **Other Statistical Information**

Table 1

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

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

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

Table 3

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

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

(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
2019-20	\$ 39,079,567	\$ 10,723,489	\$ 232,449	\$ 1,163,812	\$ 458,180	\$ 3,306,332	\$ 2,232,690	\$ 759,356	\$ 67,615,709	\$ 125,571,584
2018-19	38,910,431	10,048,347	205,690	1,379,152	557,739	3,522,428	2,567,520	1,235,189	65,179,178	123,605,674
2017-18	38,080,529	10,014,078	215,341	1,404,827	230,152	3,149,711	2,663,381	516,870	63,235,119	119,510,008
2016-17	36,984,433	10,019,462	239,854	1,137,417	142,342	2,990,892	2,767,322	300,352	63,024,271	117,606,345
2015-16	36,911,855	9,569,743	185,303	954,757	151,722	3,223,703	2,317,970	374,475	60,015,399	113,704,927
2014-15	35,818,485	9,294,629	187,014	1,021,836	129,317	3,198,816	2,281,105	768,230	58,310,428	111,009,860
2013-14	35,051,160	9,229,842	115,185	1,105,942	139,081	3,296,870	2,065,364	712,881	58,642,337	110,358,662
2012-13	33,590,230	9,212,536	110,451	1,075,125	171,524	3,211,190	2,353,100	440,890	59,589,903	109,754,949
2011-12	32,681,231	9,109,624	119,384	897,988	213,505	3,639,101	2,528,526	478,582	60,445,175	110,113,116
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

(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
2019-20	\$ 41,346,051	\$ 39,656,332	95.91%	\$ 1,301,441	40,957,773	99.06%	\$ 5,202,313	12.58%
2018-19	40,775,956	39,260,144	96.28%	1,340,087	40,600,231	99.57%	4,997,804	12.26%
2017-18	40,282,119	38,776,872	96.26%	1,157,509	39,934,381	99.14%	4,144,224	10.29%
2016-17	39,044,004	37,687,741	96.53%	1,228,661	38,916,402	99.67%	4,174,045	10.69%
2015-16	38,927,722	37,392,739	96.06%	1,329,749	38,722,488	99.47%	3,845,600	9.88%
2014-15	37,902,384	36,675,879	96.76%	1,054,734	37,730,613	99.55%	3,856,871	10.18%
2013-14	34,784,577	33,893,005	97.44%	948,362	34,841,367	100.16%	3,563,916	10.25%
2012-13	33,132,974	31,903,695	96.29%	1,014,696	32,918,391	99.35%	3,643,003	11.00%
2011-12	30,637,829	29,876,309	97.51%	2,227,356	32,103,665	104.78%	3,074,774	10.04%
2010-11	30,081,650	28,926,656	96.16%	1,149,142	30,075,798	99.98%	2,776,060	9.23%

(1) Exclusive of penalties and interest.

(2) Includes current year taxes receivable only.

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
2019-20	\$ 4,161,733,124	\$ 657,131,399	\$ 195,996,786	\$ 272,217,355	\$ 5,287,078,664
2018-19	4,089,614,123	620,551,921	187,150,779	301,328,958	5,198,645,781
2017-18	4,101,812,545	604,977,439	195,128,680	238,971,622	5,140,890,286
2016-17	4,117,406,258	593,997,271	189,916,150	199,721,217	5,101,040,896
2015-16	3,928,394,099	574,783,612	186,627,925	299,745,060	4,989,550,696
2014-15	3,887,864,596	570,992,102	180,011,133	186,055,671	4,824,923,502
2013-14	3,856,764,808	553,941,886	179,966,820	190,675,256	4,781,348,770
2012-13	3,643,100,137	542,187,701	176,763,685	155,434,116	4,517,485,639
2011-12	3,644,529,884	513,404,833	162,194,740	177,754,621	4,497,884,078
2010-11	3,714,880,800	498,040,367	160,572,846	176,316,906	4,549,810,919

- (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
2019-20	\$	0.63	1.70	1.55
2018-19		0.63	1.70	1.55
2017-18		0.63	1.70	1.55
2016-17		0.63	1.70	1.55
2015-16		0.63	1.70	1.55
2014-15		0.63	1.70	1.55
2013-14		0.63	1.70	1.55
2012-13		0.63	1.55	1.55
2011-12		0.63	1.55	1.55
2010-11		0.58	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
2019-20	54,876	\$ 5,287,079	\$ 8,768,194	\$ 8,768,194	0.17%	160
2018-19	54,876	5,198,646	10,668,827	10,668,827	0.21%	194
2017-18	54,876	5,140,890	12,551,815	12,551,815	0.24%	229
2016-17	54,876	5,101,041	14,406,774	14,406,774	0.28%	263
2015-16	54,876	4,989,551	16,104,443	16,104,443	0.32%	293
2014-15	54,876	4,824,924	16,117,239	16,117,239	0.33%	294
2013-14	54,876	4,781,349	17,525,265	17,525,265	0.37%	319
2012-13	54,876	4,517,486	18,840,729	18,840,729	0.42%	343
2011-12	54,876	4,497,884	20,136,009	20,136,009	0.45%	367
2010-11	54,876	4,549,811	21,466,830	21,466,830	0.47%	391

(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 Expenditures	Ratio of Debt Service to General Governmental Expenditures
2019-20	\$ 2,484,818	\$ 664,122	\$ 3,148,940	\$ 121,462,038	2.59%
2018-19	2,449,453	821,593	3,271,046	120,458,867	2.72%
2017-18	2,407,802	809,146	3,216,948	119,357,459	2.70%
2016-17	2,230,600	848,959	3,079,559	119,275,445	2.58%
2015-16	2,142,313	1,204,623	3,346,936	114,685,914	2.92%
2014-15	1,913,959	1,218,636	3,132,595	111,137,934	2.82%
2013-14	1,814,351	1,188,669	3,003,020	112,072,267	2.68%
2012-13	1,645,280	1,224,772	2,870,052	112,627,288	2.55%
2011-12	1,330,821	671,834	2,002,655	105,924,932	1.89%
2010-11(2)	20,934,980	1,201,012	22,135,992	101,705,810	21.76%

(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.

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## COMPLIANCE SECTION

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**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***

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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 discretely presented component unit School Board, 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, 2020, 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 27, 2020. Our report includes a reference to other auditors who audited the financial statements of the Virginia Highlands Airport Authority, as described in our report on the County of Washington, Virginia's financial statements. This report does not include results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Polina, Faneer, Cox Associates*

Blacksburg, Virginia  
November 27, 2020



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

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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, 2020. County of Washington, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

County of Washington, Virginia's basic financial statements include the operations of the Virginia Highlands Airport Authority, which expended \$5,051,403 in federal awards which is not included in the County of Washington, Virginia's schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of the Virginia Highlands Airport Authority because the component unit engaged other auditors to perform an audit of compliance.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

## **Opinion on Each Major Federal Program**

In our opinion, the County of Washington, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control over Compliance**

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

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

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

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

*Polina, Faver, Cox Associates*

Blacksburg, Virginia  
November 27, 2020

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting Safe and Stable Families	93.556	0950118, 0950119	\$ 41,614	
Temporary Assistance for Needy Families	93.558	0400119, 0400120	395,094	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120	587	
Low-Income Home Energy Assistance	93.568	0600419, 0600420	74,834	
<i>CCDF Cluster:</i>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119, 0760120	73,155	
Adoption and Legal Guardianship Incentive Payments	93.603	1130117	97	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118, 0900119	978	
Foster Care - Title IV-E	93.658	1100119, 1100120	451,924	
Adoption Assistance	93.659	1120119, 1120120	466,993	
Social Services Block Grant	93.667	1000119, 1000120	370,180	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118, 9150119	6,564	
Children's Health Insurance Program	93.767	0540119, 0540120	9,778	
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	1200119, 1200120	640,373	
Total Department of Health and Human Services			\$ 2,532,171	
Department of Agriculture:				
Pass Through Payments:				
Child and Adult Care Food Program	10.558	APE70027, APE70028	\$ 7,800	
COVID-19 Child and Adult Care Food Program	10.558	APE70035	600	\$ 8,400
<i>Child Nutrition Cluster:</i>				
Department of Agriculture:				
Food Distribution (Note 3)	10.555	Not available	\$ 241,205	
Department of Education:				
National School Lunch Program	10.555	APE40254	1,263,845	
COVID-19 Summer Food Service Program for Children	10.555	APE40264	81,105	\$ 1,586,155
Department of Agriculture:				
Summer Food Service Program for Children - Commodities	10.559	Not available	929	
COVID-19 Summer Food Service Program for Children	10.559	APE60175, APE60176	518,133	
Summer Food Service Program for Children	10.559	APE60302, APE60303	23,880	542,942
Department of Education:				
School Breakfast Program	10.553	APE40253	492,846	
COVID-19 School Breakfast Program	10.553	APE40263	30,984	523,830
<i>Total Child Nutrition Cluster</i>				
Child Nutrition Discretionary Grants Limited Availability	10.579	Not available		2,652,927
Department of Education:				
<i>Forest Service Schools and Roads Cluster:</i>				
Schools and Roads--Grants to States	10.665	APE43841		20,520
Department of Social Services:				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119, 00010120, 0040119, 0040120		568,835
Total Department of Agriculture			\$ 3,256,948	
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Violence Against Women Formula Grants	16.588	CJS48035	\$ 27,811	
Crime Victim Assistance	16.575	CJS5601701, CJS7601601	77,499	
Bullet Proof Vest Partnership Program	16.607	Not available	5,788	
Total Department of Justice			\$ 111,098	
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	Not available	\$ 22,312	
Alcohol Open Container Requirements	20.607	Not available		38,960
Virginia Department of Transportation:				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	Not available		22,800
Total Department of Transportation			\$ 84,072	
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	114363	\$ 9,015	
Total Department of Homeland Security			\$ 9,015	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	APE42901	\$ 1,913,488	
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	APE43071	\$ 1,523,865	
Special Education - Preschool Grants	84.173	APE62521	47,828	
<i>Total Special Education Cluster</i>				
Supporting Effective Instruction State Grant	84.367	APE61480		1,571,693
Student Support and Academic Enrichment Grants	84.424	APE60281		285,219
Adult Education Basic Grants to States	84.002	APE42801, APE61111		151,219
Career and Technical Education: Basic Grants to States	84.048	APE61095, APE60031		343,266
Elementary and Secondary School Emergency Relief Fund (ESSER Fund)	84.425D	APE60177		142,628
Total Department of Education			\$ 4,559,652	
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	HCD50790	\$ 60,745	\$ 60,745

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Treasury: Pass Through Payments: Department of Justice: COVID-19 Coronavirus Relief Funds	21.019	Not available	\$ 185,048	
Total Expenditures of Federal Awards			\$ 10,798,749	\$ 60,745

## 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, 2020. 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, 2020, 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	\$ 3,593,272
Less: Payment in lieu of taxes	(65,088)
County Capital Improvements Fund	22,800
Total primary government	<u>\$ 3,550,984</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 7,247,765</u>
Total expenditures of federal awards per basic financial statements	<u>\$ 10,798,749</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u>\$ 10,798,749</u>

COUNTY OF WASHINGTON, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

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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>
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

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, 2020

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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

None