

COUNTY OF WASHINGTON, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

COUNTY OF WASHINGTON, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
List of Elected and Appointed Officials	1

FINANCIAL SECTION

Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-11

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	12
Statement of Activities	2	13
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	17
Statement of Fiduciary Net Position - Fiduciary Funds	7	18
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	8	19
Notes to Financial Statements		20-94

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: General Fund	9	95
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Primary Government - Pension Plans	10	96
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Component Unit School Board's Supplemental Retirement Pension Plan - Pension Plans	11	97
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Component Unit Washington Park Authority - Pension Plans	12	98
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Component Unit School Board (nonprofessional) - Pension Plans	13	99
Schedule of Employer's Share of Net Pension Liability (Asset) VRS - Teacher Retirement Plan - Pension Plans	14	100
Schedule of Employer Contributions - Pension Plans	15	101
Notes to Required Supplementary Information - Pension Plans	16	102

COUNTY OF WASHINGTON, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Other Postemployment Benefits - Healthcare - Primary Government		
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios	17	103
Notes to Required Supplementary Information - County OPEB	18	104
Other Postemployment Benefits - Healthcare - Component Unit School Board		
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios	19	105
Notes to Required Supplementary Information - School OPEB.....	20	106
Other Postemployment Benefits - Group Life Insurance Plan (GLI)		
Schedule of Employer's Share of Net OPEB Liability	21	107
Schedule of Employer Contributions	22	108
Notes to Required Supplementary Information.....	23	109
Other Postemployment Benefits - Health Insurance Credit (HIC) Plan		
Schedule of Changes in the Employer's Net OPEB Asset and		
Related Ratios - Primary Government.....	24	110
Schedule of Changes in the Employer's Net OPEB Liability and		
Related Ratios - Component Unit School Board (nonprofessional).....	25	111
Schedule of Employer Contributions	26	112
Notes to Required Supplementary Information.....	27	113
Other Postemployment Benefits - Teacher Employee Health Insurance Credit (HIC) Plan		
Schedule of School Board's Share of Net OPEB Liability	28	114
Schedule of Employer Contributions	29	115
Notes to Required Supplementary Information.....	30	116
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -		
County Capital Improvements Fund	31	117
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -		
School Capital Projects Fund	32	118
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -		
ARPA Fund	33	119
Combining Statement of Fiduciary Net Position - Fiduciary Funds.....	34	120
Combining Statement of Changes in Assets and Liabilities - Custodial Funds.....	35	121
Discretely Presented Component Unit - School Board:		
Balance Sheet	36	122
Statement of Revenues, Expenditures, and Changes in Fund Balances -		
Governmental Funds	37	123
Schedule of Revenues, Expenditures, and Changes in Fund Balances -		
Budget and Actual	38	124

COUNTY OF WASHINGTON, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

Other Supplementary Information: (Continued)

	<u>Exhibit</u>	<u>Page</u>
Discretely Presented Component Unit - School Board: (Continued)		
Statement of Net Position - Proprietary Fund	39	125
Statement of Revenues, Expenses, and Changes in Net position - Proprietary Fund	40	126
Statement of Cash Flows - Proprietary Fund	41	127
Statement of Fiduciary Net Position - Fiduciary Fund	42	128
Statement of Changes in Fiduciary Net Position	43	129
Other Component Units:		
Combining Statement of Net Position	44	130
Combining Statement of Activities	45	131

	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	132-136
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	137-140

	<u>Table</u>	<u>Page</u>
Statistical Information:		
Government-wide information:		
Government-Wide Expenses by Function	1	141
Government-Wide Revenues	2	142
Fund information:		
General Governmental Expenditures by Function	3	143
General Governmental Revenues by Source	4	144
Property Tax Levies and Collections	5	145
Assessed Value of Taxable Property	6	146
Property Tax Rates	7	147
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	148
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	9	149

COMPLIANCE SECTION

	<u>Page</u>
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 <i>Government Auditing Standards</i>	150-151
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	152-154

COUNTY OF WASHINGTON, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION (CONTINUED)

Page

Schedule of Expenditures of Federal Awards	155-156
Schedule of Findings and Questioned Costs	157-158
Summary Schedule of Prior Year Findings.....	159

INTRODUCTORY SECTION

COUNTY OF WASHINGTON, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

Don Mullins, Vice-Chair	Kathi Roark, Chair	Hannah Ford
Debbie Anderson		Daniel Ruble
Doris Wells		Betty James

OTHER OFFICIALS

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Virginia Highlands Airport Authority which represent 45 percent, 266 percent, and 8 percent and the Washington County Public Schools School Activity Funds which represent 2 percent, 10 percent, and 2 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Virginia Highlands Airport Authority and Washington County Public Schools School Activity Funds, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Washington, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 27 to the financial statements, in 2022, the County of Washington, Virginia adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Washington, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of County of Washington, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Washington, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Washington, Virginia's internal control over financial reporting and compliance.

Polina, Fane, Cox Associates

Blacksburg, Virginia
December 8, 2022

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, 2022. 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 \$52,309,503 (net position). Of this amount, \$32,845,799 was considered unrestricted.
- The change in net position of the County's governmental activities was \$8,650,918 for the current fiscal year. In the prior fiscal year, the change in net position of the County's governmental activities was \$10,254,230.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$55,772,649. Of the amount \$24,093,433 was considered unassigned, \$7,746,324 was considered assigned, \$5,682,193 was considered committed, \$18,223,809 was considered restricted and \$26,890 was considered nonspendable.
- During the year, the County had revenues in excess of expenditures in the General Fund of \$3,379,462. In the prior fiscal year, the revenues were in excess of the expenditures for the General Fund by \$7,731,392.

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 four individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, ARPA Fund, Capital Improvement Fund and the School Capital Improvement Fund. The General Fund, ARPA Fund, and Capital Improvement Fund are considered to be major funds. The School Capital Improvement Fund is considered to be non-major.

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 \$52,309,503 at the close of the most recent fiscal year.

A significant portion of the County's net position \$17,649,945 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position \$1,813,759, are subject to restrictions on how they may be used. The remaining balance of net position \$32,845,799 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 2022 and 2021.

Statement of Net Position

	Governmental Activities	Governmental Activities
	2022	2021
Current and other assets	\$ 89,930,545	\$ 82,821,190
Capital and other assets	33,362,622	31,642,606
Total assets	<u>\$ 123,293,167</u>	<u>\$ 114,463,796</u>
Deferred outflows of resources	<u>\$ 4,407,178</u>	<u>\$ 5,331,160</u>
Current and other liabilities	\$ 13,872,412	\$ 11,534,373
Long-term liabilities	39,596,708	49,270,476
Total liabilities	<u>\$ 53,469,120</u>	<u>\$ 60,804,849</u>
Deferred inflows of resources	<u>\$ 21,921,722</u>	<u>\$ 15,331,522</u>
Net position:		
Net investment in capital assets	\$ 17,649,945	\$ 15,766,152
Restricted	1,813,759	642,364
Unrestricted	32,845,799	27,250,069
Total net position	<u>\$ 52,309,503</u>	<u>\$ 43,658,585</u>

Statement of Activities

	Governmental Activities 2022	Governmental Activities 2021
Program revenues		
Charges for services	\$ 3,078,475	\$ 2,988,182
Operating grants and contributions	16,126,913	23,057,731
Capital grants and contributions	259,224	622,059
General revenues		
Property taxes	41,831,688	40,552,439
Other taxes	12,480,639	11,797,008
Revenue from use of money and property	267,732	267,683
Miscellaneous	3,569,906	1,147,852
Gain on disposal of capital assets	49,500	353,351
Grants and contributions not restricted to specific programs	4,120,270	4,093,099
Total revenues	81,784,347	84,849,404
Expenses		
General government	5,599,547	4,964,274
Judicial administration	2,042,480	2,143,930
Public safety	14,792,403	14,654,648
Public works	3,722,983	4,674,732
Health and welfare	11,892,612	10,715,602
Education	29,791,135	27,706,636
Parks, recreation and cultural	2,497,995	2,227,415
Community development	1,542,439	6,541,971
Interest on debt	1,251,835	965,966
Total expenses	73,133,429	74,595,174
Change in net position	\$ 8,650,918	\$ 10,254,230

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 \$55,772,649; .05% or \$26,890 constitutes nonspendable fund balance, 32.66% or \$18,223,809 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 10.19% or \$5,682,193 has been committed by action of the Board of Supervisors and 13.89% or \$7,746,324 has been assigned by the Board of Supervisors. The remaining balance, \$24,093,433 or 43.21% 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 \$37,506,088 of this amount \$24,093,433 was considered unassigned.

Total general fund revenues decreased \$6,864,925 and expenditures decreased \$3,346,792 over prior year amounts. For fiscal year ended June 30, 2022, revenues exceeded expenditures by \$3,379,462 for the general fund, as compared to the fiscal year ended June 30, 2021, revenues exceeded expenditures by \$7,731,392 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 \$73,517,810 for fiscal year 2022. The actual revenues were \$78,886,063 which is a favorable variance of \$5,368,253. The favorable variance is attributed largely to revenues exceeding the budget for general property taxes and other local taxes. The budgeted expenditures were \$81,649,448 for the County. The actual expenditures were \$74,553,740 which is a favorable variance of \$7,095,708 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, 2022 amounts to \$33,362,622 (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 2022 were for the purchase of vehicles for the sheriff’s department and the purchase of a trash truck.

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	\$	1,474,976
Net OPEB liabilities		2,305,382
Net pension liability		1,182,064
General obligation bonds		23,837,017
Lease revenue notes		9,874,278
Lease payables		612,026
Note payable		32,473
Landfill post-closure costs		134,868
Literary loans		143,624
Total	\$	<u>39,596,708</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 2022 unemployment rate for the County of Washington, Virginia was 3.0%, which is a slight decrease from a rate of 4.2% in June 2021. This would seem to be attributed largely to the effects of COVID-19 on the economy. The County’s unemployment rate is slightly above the state’s average unemployment rate of 2.9% and below the national average rate of 3.8%.

Request for Information

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

Basic Financial Statements

County of Washington, Virginia
Statement of Net Position
June 30, 2022

	Primary Government Governmental Activities	Component Units School Board	Other
ASSETS			
Cash and cash equivalents	\$ 41,008,456	\$ 7,874,350	\$ 3,626,003
Cash in custody of others	-	1,835,703	30,000
Investments	6,373,903	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	17,372,327	-	-
Accounts receivable	1,977,269	948,385	167,158
Notes receivable	-	-	8,678,280
Leases receivable	-	-	1,862,007
Rent receivable	-	-	22,752
Grants receivable	-	-	71,571
Due from primary government	-	4,129,278	-
Due from other governmental units	3,920,717	4,007,093	35,368
Inventories	1,353,162	-	83,171
Prepaid items	152,113	929,821	33,863
Net pension asset	-	297,161	132,772
Net OPEB asset	52,426	-	-
Restricted assets:			
Investments (in custody of others)	17,720,172	-	-
Capital assets (net of accumulated depreciation/amortization):			
Land	1,757,913	2,819,475	28,473,187
Buildings and system	26,451,956	7,122,928	2,819,362
Improvements other than buildings	203,031	-	7,296,259
Machinery and equipment	3,432,912	6,617,125	143,545
Construction in progress	1,516,810	125,065	28,692,575
Total assets	\$ 123,293,167	\$ 36,706,384	\$ 82,167,873
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	\$ 1,198,782	\$ -	\$ 1,492,385
Pension related items	2,895,835	13,734,475	49,168
OPEB related items	312,561	3,589,646	4,597
Total deferred outflows of resources	\$ 4,407,178	\$ 17,324,121	\$ 1,546,150
LIABILITIES			
Accounts payable	\$ 477,696	\$ 814,325	\$ 263,181
Accrued liabilities	-	919,800	-
Accrued wages	65,217	8,764,724	28,448
Accrued interest payable	160,187	-	48,671
Assets held for others	30,000	-	-
Due to other governmental units	-	-	21,849
Due to component unit	4,129,278	-	-
Unearned revenue	9,010,034	-	58,121
Long-term liabilities:			
Due within one year	3,285,158	2,301,134	1,781,359
Due in more than one year	36,311,550	57,036,476	11,128,632
Total liabilities	\$ 53,469,120	\$ 69,836,459	\$ 13,330,261
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 14,412,169	\$ -	\$ -
Pension related items	6,719,365	30,630,702	183,983
OPEB related items	790,188	2,779,270	7,145
Lease related items	-	-	1,838,011
Total deferred inflows of resources	\$ 21,921,722	\$ 33,409,972	\$ 2,029,139
NET POSITION			
Net investment in capital assets	\$ 17,649,945	\$ 16,684,593	\$ 66,657,374
Restricted	1,813,759	2,028,467	-
Unrestricted	32,845,799	(67,928,986)	1,697,249
Total net position	\$ 52,309,503	\$ (49,215,926)	\$ 68,354,623

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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Unit	
			Grants and Contributions	Capital Grants and Contributions		School Board	Other Component Units
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 5,599,547	\$ 774,354	\$ 1,907,475	\$ -	\$ (2,917,718)	\$ -	\$ -
Judicial administration	2,042,480	15,138	1,272,786	-	(754,556)	-	-
Public safety	14,792,403	1,358,344	3,394,003	11,724	(10,028,332)	-	-
Public works	3,722,983	822,604	55,429	-	(2,844,950)	-	-
Health and welfare	11,892,612	-	8,759,428	-	(3,133,184)	-	-
Education	29,791,135	-	-	-	(29,791,135)	-	-
Parks, recreation, and cultural	2,497,995	15,471	205,132	247,500	(2,029,892)	-	-
Community development	1,542,439	92,564	124,813	-	(1,325,062)	-	-
Interest on long-term debt	1,251,835	-	407,847	-	(843,988)	-	-
Total government activities	\$ 73,133,429	\$ 3,078,475	\$ 16,126,913	\$ 259,224	\$ (53,668,817)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 86,061,127	\$ 4,130,615	\$ 64,131,434	\$ -	\$ -	\$ (17,799,078)	\$ -
Other Component Units	4,199,764	1,828,000	2,681,357	4,300,715	-	-	4,610,308
Total component units	\$ 90,260,891	\$ 5,958,615	\$ 66,812,791	\$ 4,300,715	\$ -	\$ (17,799,078)	\$ 4,610,308
General revenues:							
General property taxes					\$ 41,831,688	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					9,190,568	-	-
Consumers' utility taxes					1,140,662	-	-
Franchise license taxes					49	-	-
Utility license taxes					132,601	-	-
Motor vehicle licenses					1,138,725	-	-
Bank stock taxes					77,055	-	-
Taxes on recordation and wills					604,544	-	-
Hotel and motel room taxes					196,435	-	-
Unrestricted revenues from use of money and property					267,732	13,624	629,789
Miscellaneous					3,569,906	1,885,076	38,825
Payments from Washington County					-	28,997,316	561,653
Grants and contributions not restricted to specific programs					4,120,270	-	-
Gain on disposal of capital assets					49,500	-	-
Total general revenues					\$ 62,319,735	\$ 30,896,016	\$ 1,230,267
Change in net position					\$ 8,650,918	\$ 13,096,938	\$ 5,840,575
Net position - beginning					43,658,585	(62,312,864)	62,514,048
Net position - ending					\$ 52,309,503	\$ (49,215,926)	\$ 68,354,623

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

County of Washington, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>ARPA</u>	<u>County Capital Improvements</u>	<u>School Capital Projects</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 31,349,428	\$ 9,023,558	\$ -	\$ 635,470	\$ 41,008,456
Investments	6,373,903	-	-	-	6,373,903
Receivables (net of allowance for uncollectibles):					
Taxes receivable	17,372,327	-	-	-	17,372,327
Other receivables	1,977,269	-	-	-	1,977,269
Due from other governmental units	3,920,717	-	-	-	3,920,717
Prepaid items	26,890	125,223	-	-	152,113
Restricted assets:					
Investments	-	-	17,720,172	-	17,720,172
Total assets	<u>\$ 61,020,534</u>	<u>\$ 9,148,781</u>	<u>\$ 17,720,172</u>	<u>\$ 635,470</u>	<u>\$ 88,524,957</u>
LIABILITIES					
Accounts payable	\$ 249,868	\$ 95,289	\$ 132,213	\$ 326	\$ 477,696
Accrued wages	65,217	-	-	-	65,217
Amount held for others	30,000	-	-	-	30,000
Due to component unit	4,129,278	-	-	-	4,129,278
Unearned revenue	-	9,010,034	-	-	9,010,034
Total liabilities	<u>\$ 4,474,363</u>	<u>\$ 9,105,323</u>	<u>\$ 132,213</u>	<u>\$ 326</u>	<u>\$ 13,712,225</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 17,914,600	\$ -	\$ -	\$ -	\$ 17,914,600
Unavailable revenue - opioid settlement	1,125,483	-	-	-	1,125,483
Total deferred inflows of resources	<u>\$ 19,040,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,040,083</u>
FUND BALANCES					
Nonspendable	\$ 26,890	\$ -	\$ -	\$ -	\$ 26,890
Restricted	592,392	43,458	17,587,959	-	18,223,809
Committed	5,047,049	-	-	635,144	5,682,193
Assigned	7,746,324	-	-	-	7,746,324
Unassigned	24,093,433	-	-	-	24,093,433
Total fund balances	<u>\$ 37,506,088</u>	<u>\$ 43,458</u>	<u>\$ 17,587,959</u>	<u>\$ 635,144</u>	<u>\$ 55,772,649</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 61,020,534</u>	<u>\$ 9,148,781</u>	<u>\$ 17,720,172</u>	<u>\$ 635,470</u>	<u>\$ 88,524,957</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	55,772,649	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets			
Land	\$	1,745,423	
Buildings and system		25,975,078	
Improvements other than buildings		139,632	
Machinery and equipment		3,379,270	
Construction in progress		1,516,810	
Intangible right-to-use lease assets			
Land		12,490	
Buildings and system		476,878	
Improvements other than buildings		63,399	
Machinery and equipment		53,642	33,362,622
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	3,502,431	
Unavailable revenue - long-term receivable from opioid settlement		1,125,483	
Donated assets held for resale		1,353,162	
Net OPEB asset		52,426	6,033,502
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	\$	1,198,782	
Pension related items		2,895,835	
OPEB related items		312,561	4,407,178
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds and notes	\$	(20,646,807)	
General obligation bond premium		(3,190,210)	
Literary loans		(143,624)	
Note payable - finance purchase		(32,473)	
Lease revenue notes		(9,391,410)	
Lease revenue notes premium		(482,868)	
Lease liabilities		(612,026)	
Landfill post-closure liability		(134,868)	
Net OPEB liabilities		(2,305,382)	
Net pension liability		(1,182,064)	
Compensated absences		(1,474,976)	
Accrued interest payable		(160,187)	(39,756,895)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(6,719,365)	
OPEB related items		(790,188)	(7,509,553)
Net position of governmental activities		<u>\$</u>	<u>52,309,503</u>

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

County of Washington, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>General</u>	<u>ARPA</u>	<u>County Capital Improvements</u>	<u>School Capital Projects</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 41,974,694	\$ -	\$ -	\$ -	\$ 41,974,694
Other local taxes	12,480,639	-	-	-	12,480,639
Permits, privilege fees, and regulatory licenses	368,294	-	-	-	368,294
Fines and forfeitures	1,082,236	-	-	-	1,082,236
Revenue from the use of money and property	171,864	43,458	52,410	-	267,732
Charges for services	1,627,945	-	-	-	1,627,945
Miscellaneous	1,091,261	-	-	-	1,091,261
Recovered costs	1,258,554	-	-	-	1,258,554
Intergovernmental:					
Commonwealth	14,160,257	-	247,500	-	14,407,757
Federal	4,670,319	1,428,331	-	-	6,098,650
Total revenues	\$ 78,886,063	\$ 1,471,789	\$ 299,910	\$ -	\$ 80,657,762
EXPENDITURES					
Current:					
General government administration	\$ 3,868,869	\$ 1,428,331	\$ -	\$ -	\$ 5,297,200
Judicial administration	2,263,746	-	-	-	2,263,746
Public safety	15,698,510	-	-	-	15,698,510
Public works	3,826,286	-	1,809,994	-	5,636,280
Health and welfare	11,866,985	-	-	-	11,866,985
Education	29,089,730	-	-	365,443	29,455,173
Parks, recreation, and cultural	2,299,291	-	317,500	-	2,616,791
Community development	1,549,331	-	-	-	1,549,331
Nondepartmental	457,180	-	-	-	457,180
Debt service:					
Principal retirement	2,117,859	-	-	-	2,117,859
Interest and other fiscal charges	1,515,953	-	-	-	1,515,953
Total expenditures	\$ 74,553,740	\$ 1,428,331	\$ 2,127,494	\$ 365,443	\$ 78,475,008
Excess (deficiency) of revenues over (under) expenditures	\$ 4,332,323	\$ 43,458	\$ (1,827,584)	\$ (365,443)	\$ 2,182,754
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 354,521	\$ 696,515	\$ 1,051,036
Transfers out	(1,051,036)	-	-	-	(1,051,036)
Issuance of lease liability	-	-	64,820	-	64,820
Issuance of note payable	48,675	-	-	-	48,675
Sale of capital assets	49,500	-	-	-	49,500
Total other financing sources (uses)	\$ (952,861)	\$ -	\$ 419,341	\$ 696,515	\$ 162,995
Net change in fund balances	\$ 3,379,462	\$ 43,458	\$ (1,408,243)	\$ 331,072	\$ 2,345,749
Fund balances - beginning	34,126,626	-	18,996,202	304,072	53,426,900
Fund balances - ending	\$ 37,506,088	\$ 43,458	\$ 17,587,959	\$ 635,144	\$ 55,772,649

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, 2022

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

Net change in fund balances - total governmental funds	\$	2,345,749
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation and amortization in the current period.

Capital outlay	\$ 2,818,507	
Depreciation and amortization expense	(1,789,476)	1,029,031

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

Property taxes	\$ (143,006)	
Opioid settlement	1,125,483	
Donation of assets held for resale	1,353,162	2,335,639

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	\$ (74,241)	
Note Payable - Finance Purchase	(48,675)	
Lease liabilities	(64,820)	
Principal repayments:		
General obligation bonds and note	971,566	
Literary loans	234,068	
Lease revenue notes	752,036	
Lease liabilities	143,779	
Note Payable - Finance Purchase	16,202	1,929,915

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

Amortization of bond and lease revenue premium	\$ 327,351	
Amortization of deferred amount on refunding	(68,502)	
Change in compensated absences	(78,071)	
Change in OPEB related items	87,943	
Change in pension related items	736,386	
Change in accrued interest payable	5,477	1,010,584

Change in net position of governmental activities	\$	<u>8,650,918</u>
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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, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 202,781
Accounts receivable	1,906
Total assets	<u>\$ 204,687</u>
NET POSITION	
Restricted for:	
Social services clients	\$ 58,393
School board employee fringe benefits	30,437
Soil erosion deposits	47,086
Commonwealth Attorney collection program	68,771
Total liabilities	<u>\$ 204,687</u>

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

County of Washington, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds
Additions	
Interest	\$ 6,832
Social services receipts	11,833
Fringe benefits receipts from retirees	146,264
Soil erosion deposit	13,595
Commonwealth Attorney collections	68,726
Total additions	<u>\$ 247,250</u>
Deductions:	
Payments for social services clients	\$ 39,778
Payments for fringe benefits	147,620
Return of soil erosion deposits	11,128
Payments for Commonwealth Attorney Collections	101,237
Total deductions	<u>\$ 299,763</u>
 Net Increase (decrease) in fiduciary net position	 \$ (52,513)
 Net Position, beginning	 257,200
Net Position, ending	<u><u>\$ 204,687</u></u>

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

Other Discretely Presented Component Units:

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

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

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

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

Jointly Governed Organizations - The County, in conjunction with other local jurisdictions, participates in supporting the Southwest Virginia Regional Jail Authority, Appalachian Juvenile Commission, and the Highlands Community Services. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$4,132,239 to the Regional Jail, \$153,248 to the Juvenile Commission, and \$237,500 to the Community Services Board. The County does not have any ongoing financial responsibility for these Organizations.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Forfeited Asset, Law Library, 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.

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

The County 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.

Additionally, the County reports the following fund type:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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.

2. Investments

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

3. Receivables and payables

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

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$964,765 at June 30, 2022 and is comprised solely of property taxes.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

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

<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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

9. Long-term obligations

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

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

10. Fund Balance

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 either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the 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 generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

11. Deferred Outflows/Inflows of Resources

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

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

12. Pensions

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

13. Other Postemployment Benefits (OPEB)

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

14. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

Key Estimates and Judgments

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

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

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

15. Net Position

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

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

A. Budgetary information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, the General Capital Projects Fund, and the ARPA Fund. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For fiscal year 2022, no departments had an excess of expenditures over appropriations.

C. Deficit fund equity

At June 30, 2022, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

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, 2021 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 3-Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2022 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.

County's Rated Debt Investments' Value		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f/S1
Local Government Investment Pool (LGIP)	\$ 578	\$ -
VIP Stable NAV Liq. Pool	4,249,850	-
VIP 1-3 Yr High Quality Bond Fund	-	2,123,475
SNAP	17,720,172	-

Concentration of Credit Risk

At June 30, 2022, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

Investment Type	Fair Value	Less than 1 yr	1-5 years
Local Government Investment Pool (LGIP)	578	\$ 578	\$ -
Virginia Investment Pool (VIP)	6,373,325	4,249,850	2,123,475
SNAP	17,720,172	17,720,172	-

External Investment Pools

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

Note 4 - Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 4 - Fair Value Measurement: (Continued)

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

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

The County has the following recurring fair value measurements as of June 30, 2022:

Investment	6/30/2022
Investments measured at the net asset value (NAV):	
VACO/VML VIP Stable Nav Liquidity Pool	\$ 4,249,850
VACO/VML VIP 1-3 Year High Quality Bond Fund	2,123,475
Total Investments measured at NAV	<u>\$ 6,373,325</u>

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	\$ 865,640	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,615,557	-
State sales tax	-	1,640,077
Categorical aid-shared expenses	392,300	-
Categorical aid-other	81,220	-
Noncategorical aid	92,817	-
Categorical aid-VPA funds	228,350	-
Categorical aid-CSA funds	340,541	-
<u>Federal Government:</u>		
Categorical aid-VPA funds	287,586	-
Categorical aid-other	16,706	2,367,016
Totals	<u>\$ 3,920,717</u>	<u>\$ 4,007,093</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ 4,129,278	\$ -
Component Unit - School Board:		
School Fund	\$ -	\$ 4,129,278

Note 7-Interfund Transfers and Balances:

Interfund transfers and remaining balances for the year ended June 30, 2022, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 1,051,036
County Capital Improvement Fund	354,521	-
School Capital Projects Fund	696,515	-
Total	\$ 1,051,036	\$ 1,051,036

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.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022:

	Balance July 1, 2021	GASBS No. 87 Implementation	Increases / Issuances	Decreases / Retirement	Balance June 30, 2022
Direct Borrowings and Placements:					
General Obligation bonds and note	\$ 21,618,373	\$ -	\$ -	\$ (971,566)	\$ 20,646,807
General Obligation bond premium	3,441,024	-	-	(250,814)	3,190,210
Literary loans	377,692	-	-	(234,068)	143,624
Note payable - finance purchase	-	-	48,675	(16,202)	32,473
Total Direct Borrowings and Placements	\$ 25,437,089	\$ -	\$ 48,675	\$ (1,472,650)	\$ 24,013,114
Lease revenue notes	10,143,446	-	-	(752,036)	9,391,410
Lease revenue premium	559,405	-	-	(76,537)	482,868
Lease liabilities	-	690,985	64,820	(143,779)	612,026
Landfill post-closure liability	60,627	-	74,241	-	134,868
Net OPEB liabilities	2,710,546	-	359,119	(764,283)	2,305,382
Net pension liability	8,962,458	-	6,930,792	(14,711,186)	1,182,064
Compensated absences	1,396,905	-	1,125,750	(1,047,679)	1,474,976
Total	\$ 49,270,476	\$ 690,985	\$ 8,603,397	\$ (18,968,150)	\$ 39,596,708

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Revenue Notes		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 975,324	\$ 1,108,675	\$ 772,064	\$ 314,233	\$ 145,720	\$ 11,818
2024	1,326,042	1,098,502	796,099	288,507	198,082	8,948
2025	1,248,505	1,076,495	824,141	261,877	134,229	3,987
2026	1,240,319	1,056,557	860,697	230,718	132,213	1,410
2027	1,265,913	1,036,456	885,232	198,484	1,782	18
2028-2032	2,656,801	2,648,419	2,568,487	605,939	-	-
2033-2037	3,020,000	1,986,569	1,598,793	294,502	-	-
2038-2042	3,685,000	1,323,897	1,085,897	51,527	-	-
2043-2047	4,420,000	586,560	-	-	-	-
2048	985,000	17,690	-	-	-	-
Totals	\$ 20,822,904	\$ 11,939,820	\$ 9,391,410	\$ 2,245,787	\$ 612,026	\$ 26,181

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Advanced Refunding:

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

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

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

A breakdown of the outstanding balance by entity as of June 30, 2022 follows:

	Primary Government	Component Unit- IDA	Total
Lease revenue notes	\$ 8,534,910	\$ 2,115,090	\$ 10,650,000
Premium	482,868	119,662	602,530
Total	<u>\$ 9,017,778</u>	<u>\$ 2,234,752</u>	<u>\$ 11,252,530</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue/ Implementation Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
Bonds and Notes:						
GO Bond	3.10-5.35%	12/23/2003	2024	\$ 972,237	\$ 112,696	\$ 55,774
Premium on \$972,237 GO bond	n/a	n/a	n/a	n/a	6,240	3,118
GO Bond	5.05%	11/1/2007	2027	1,565,886	522,333	83,281
GO Bond	5.05%	11/1/2007	2027	1,204,508	401,791	64,062
GO Bond	5.05%	11/1/2007	2027	1,243,435	414,775	66,132
GO Bond	5.05%	11/1/2007	2027	989,925	330,212	52,649
Premium on \$5,003,754 bonds	n/a	n/a	n/a	n/a	72,888	(2,031)
QSC Bond	5.31%	7/1/2010	2027	8,145,000	2,890,000	580,000
Note Payable - Finance Purchase	4.60%	11/26/2021	2024	48,676	32,473	15,871
VRA Note	2.49%	5/26/2021	2048	15,975,000	15,975,000	-
Premium on \$15,975,000 bonds	n/a	n/a	n/a	n/a	3,111,082	211,960
Literary Loans:						
State Literary Fund Loan	3.00%	3/15/2004	2024	\$ 302,206	\$ 30,226	\$ 15,110
State Literary Fund Loan	3.00%	3/15/2004	2024	279,506	27,956	13,975
State Literary Fund Loan	3.00%	5/1/2005	2025	439,616	65,956	21,980
State Literary Fund Loan	3.00%	5/1/2005	2025	129,816	19,486	6,490
Total Direct Borrowings and Placements					\$ 24,013,114	\$ 1,188,371
Lease Revenue Notes						
Lease Revenue Note	2.00%-4.00%	6/16/2016	2041	\$ 3,969,636	\$ 2,858,460	\$ 203,984
Lease Revenue Note	2.00%-4.00%	6/16/2016	2041	7,883,070	5,676,450	405,080
Premium on \$7,883,070 bonds	n/a	n/a	n/a	n/a	482,868	72,771
Lease Revenue Note	2.49%	9/24/2015	2026	1,612,500	856,500	163,000
Total Lease Revenue Notes					\$ 9,874,278	\$ 844,835
Lease Liabilities						
Mendota Convenience Station	2.52%	7/1/2021	2023	\$ 19,513	\$ 2,926	\$ 2,926
Mud Hollow Convenience Station	1.02%	7/1/2021	2026	12,225	8,731	1,711
Xerox Altalink-Library	0.91%	7/1/2021	2026	53,899	38,846	10,714
Xerox Altalink-Library	2.74%	7/1/2021	2023	25,493	5,531	5,530
Sharp Copier-DSS	2.11%	7/1/2021	2023	31,383	9,412	8,053
Community Service Building-DSS	2.01%	7/1/2021	2026	1,136,990	481,552	116,786
Parking Lot	3.85%	7/1/2021	2024	64,820	65,028	-
Total Lease Liabilities					\$ 612,026	\$ 145,720
Other Obligations						
Landfill Post-closure liability	n/a	n/a	n/a	n/a	\$ 134,868	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,305,382	-
Net pension liability	n/a	n/a	n/a	n/a	1,182,064	-
Compensated Absences	n/a	n/a	n/a	n/a	1,474,976	1,106,232
Total Other Obligations					\$ 5,097,290	\$ 1,106,232
Total Long-term Obligations					\$ 39,596,708	\$ 3,285,158

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022:

	Balance July 1, 2021	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2022
Compensated absences	\$ 3,353,917	\$ 2,229,700	\$ (2,515,438)	\$ 3,068,179
Net OPEB liabilities	17,945,697	2,359,747	(4,205,155)	16,100,289
Net pension liability - VRS ⁽¹⁾	61,234,540	11,451,519	(40,139,273)	32,546,786
Net pension liability - supplemental retirement program	9,246,927	2,100,304	(3,724,875)	7,622,356
Total	<u>\$ 91,781,081</u>	<u>\$ 18,141,270</u>	<u>\$ (50,584,741)</u>	<u>\$ 59,337,610</u>

⁽¹⁾ Beginning balance excludes School Board (nonprofessional) net pension liability which resulted in an ending balance net pension asset.

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	\$ 3,068,179	\$ 2,301,134
Net OPEB liabilities	n/a	n/a	n/a	n/a	16,100,289	-
Net pension liability - VRS	n/a	n/a	n/a	n/a	32,546,786	-
Net pension liability - supplemental retirement program	n/a	n/a	n/a	n/a	7,622,356	-
Total Other Obligations					<u>\$ 59,337,610</u>	<u>\$ 2,301,134</u>

Note 9-Pension Plans:

Plan Description

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2020 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	222	128
Inactive members:		
Vested inactive members	55	16
Non-vested inactive members	61	27
Inactive members active elsewhere in VRS	109	13
Total inactive members	225	56
Active members	267	89
Total covered employees	714	273

(1) Includes Component Unit Washington Park Authority

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 was 11.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,396,027 and \$1,290,439 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit Washington County Park Authority's (WCPA) contractually required contribution rate for the year ended June 30, 2022 was 11.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit WCPA were \$4,812 and \$4,460 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2022 was 7.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board were \$185,351 and \$190,225 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB statement No. 68, less that employer's fiduciary net position. The County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, 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, 2021, 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, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 53,635,194	\$ 44,672,736	\$ 8,962,458
Changes for the year:			
Service cost	\$ 1,362,227	\$ -	\$ 1,362,227
Interest	3,505,963	-	3,505,963
Assumption changes	2,032,100	-	2,032,100
Differences between expected and actual experience	(763,264)	-	(763,264)
Impact in change of proportion	(126,271)	(105,172)	(21,099)
Contributions - employer	-	1,286,596	(1,286,596)
Contributions - employee	-	545,289	(545,289)
Net investment income	-	12,093,802	(12,093,802)
Benefit payments, including refunds of employee contributions	(3,137,445)	(3,137,445)	-
Administrative expenses	-	(30,502)	30,502
Other changes	-	1,136	(1,136)
Net changes	\$ 2,873,310	\$ 10,653,704	\$ (7,780,394)
Balances at June 30, 2021	\$ 56,508,504	\$ 55,326,440	\$ 1,182,064

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit Washington County Park Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 74,710	\$ 62,226	\$ 12,484
Changes for the year:			
Service cost	\$ 5,117	\$ -	\$ 5,117
Interest	13,169	-	13,169
Assumption changes	7,633	-	7,633
Differences between expected and actual experience	(2,867)	-	(2,867)
Impact in change of proportion	126,271	105,172	21,099
Contributions - employer	-	4,833	(4,833)
Contributions - employee	-	2,048	(2,048)
Net investment income	-	45,425	(45,425)
Benefit payments, including refunds of employee contributions	(11,784)	(11,784)	-
Administrative expenses	-	(115)	115
Other changes	-	4	(4)
Net changes	\$ 137,539	\$ 145,583	\$ (8,044)
Balances at June 30, 2021	\$ 212,249	\$ 207,809	\$ 4,440

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2020	\$ 14,685,358	\$ 12,947,412	\$ 1,737,946
Changes for the year:			
Service cost	\$ 252,763	\$ -	\$ 252,763
Interest	956,244	-	956,244
Assumption changes	582,019	-	582,019
Differences between expected and actual experience	(62,121)	-	(62,121)
Contributions - employer	-	189,541	(189,541)
Contributions - employee	-	130,641	(130,641)
Net investment income	-	3,452,550	(3,452,550)
Benefit payments, including refunds of employee contributions	(1,037,565)	(1,037,565)	-
Administrative expenses	-	(9,042)	9,042
Other changes	-	322	(322)
Net changes	\$ 691,340	\$ 2,726,447	\$ (2,035,107)
Balances at June 30, 2021	\$ 15,376,698	\$ 15,673,859	\$ (297,161)

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 8,292,249	\$ 1,182,064	\$ (4,699,018)
Component Unit Washington County Park Authority			
Net Pension Liability (Asset)	\$ 31,146	\$ 4,440	\$ (17,650)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,288,619	\$ (297,161)	\$ (1,644,394)

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

For the year ended June 30, 2022, the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) recognized pension expense of \$655,796, \$2,899, and \$(125,339), respectively. At June 30, 2022, 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	\$ 68,901	\$ 717,888	\$ 268	\$ 2,204	\$ -	\$ 42,280
Net difference between projected and actual earnings on pension plan investments	-	5,994,691	-	25,559	-	1,699,649
Change in assumptions	1,430,907	-	5,385	-	303,541	-
Change in proportionate share	-	6,786	6,786	-	-	-
Employer contributions subsequent to the measurement date	1,396,027	-	4,812	-	185,351	-
Total	\$ 2,895,835	\$ 6,719,365	\$ 17,251	\$ 27,763	\$ 488,892	\$ 1,741,929

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

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

\$1,396,027, \$4,812, and \$185,351 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, 2023. 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>Primary Government</u>	<u>Component Unit Washington County Park Authority</u>	<u>Component Unit School Board (nonprofessional)</u>
2023	\$ (1,026,547)	\$ (3,661)	\$ (158,500)
2024	(969,178)	(3,834)	(363,861)
2025	(1,397,723)	(970)	(395,405)
2026	(1,826,109)	(6,859)	(520,622)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employee contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$6,187,637 and \$5,931,256 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

At June 30, 2022, the school division reported a liability of \$32,546,786 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.41925% as compared to 0.42080% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(399,156). 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.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,772,139
Net difference between projected and actual earnings on pension plan investments	-	20,510,113
Change of assumptions	5,702,112	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,825,102
Employer contributions subsequent to the measurement date	<u>6,187,637</u>	<u>-</u>
Total	\$ <u>11,889,749</u>	\$ <u>25,107,354</u>

\$6,187,637 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, 2023.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2023	\$ (4,907,101)
2024	(4,253,106)
2025	(4,415,492)
2026	(5,834,716)
Thereafter	5,173

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability (Asset)	<u>\$ 7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 62,813,534	\$ 32,546,786	\$ 7,648,342

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10-School Board Supplemental Retirement Program:

Defined Benefit Plan

Plan Description:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Plan Description: (Continued)

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

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

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

Contributions Policy

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

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

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

Actuarial Methods:

- Actuarial Cost Method

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

- Asset Cost Method

GASB 68 - Market value of assets

Actuarially determined contribution - Market value of assets

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022
Measurement Date	June 30, 2022
Mortality Table	Pub-2010 Public Retirement Plans Teachers Amount-Weighted mortality table projected generationally with Scale MP-2021
Discount Rate	4.00% for July 1, 2022 2.00% for July 1, 2021
Expected Long Term Rate of Return	4.00% for July 1, 2022 2.00% for July 1, 2021
Municipal Bond Rate	3.69% for July 1, 2022 2.16% for July 1, 2021
Inflation	2.00% per year
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.

Plan Membership

As of June 30, 2022, membership in the Supplemental Retirement Program was comprised as follows:

Active participants	823
Active in contract period	18
Participants receiving benefits	<u>99</u>
Total	940

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022 is as follows:

Total pension liability (TPL)	\$ 17,197,409
Plan fiduciary net position	9,575,053
Net pension liability (NPL)	<u>\$ 7,622,356</u>
Plan fiduciary net position as a percentage of the total pension liability	55.68%
Covered employee payroll	\$ 37,867,549
Net pension liability as a percentage of covered payroll	20.13%

Expected Rate of Return and Target Allocation

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

Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the net pension liability. As an illustration, the following table presents the net pension liability for the Supplemental Retirement Program calculated using the discount rate of 4.00%, as well as what the Supplemental Retirement Program's net pension liability would be if it were calculated using a discount rate of one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

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

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 18,441,096	\$ 17,197,409	\$ 16,048,638
Plan Fiduciary Net Position	9,575,053	9,575,053	9,575,053
Net Pension Liability	<u>\$ 8,866,043</u>	<u>\$ 7,622,356</u>	<u>\$ 6,473,585</u>

Summary of Deferred Outflows and Inflows of Resources

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Summary of Deferred Outflows and Inflows of Resources (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 711,734	\$ 579,430
Change in assumptions	3,404	2,652,596
Net difference between projected and actual earnings on pension plan investments	640,696	549,393
Total	<u>\$ 1,355,834</u>	<u>\$ 3,781,419</u>

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

Amortization Schedule of Deferred Outflows and Inflows of Resources

<u>Year Ended June 30,</u>	
2023	\$ (413,266)
2024	(388,104)
2025	(381,226)
2026	(324,070)
2027	(310,379)
Thereafter	(608,540)

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Components of Pension Expense

	Pension Expense
Service Cost	\$ 891,809
Interest Cost	394,801
Projected Earnings on Plan Assets	(203,263)
Recognition of Outflow (Inflow) of Resources due to differences between expected and actual experience in the measurement of total pension liability	79,199
Recognition of Outflow (Inflow) of Resources due to assumption change	(420,751)
Recognition of Outflow (Inflow) of Resources due to differences between projected and actual earnings on plan investments	(70,215)
Administrative Expense	22,000
Pension Expense	<u>\$ 693,580</u>

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

Note 11-Summary of Pension Related Items:

County Pension Plan:

	Primary Government				Component Unit Park Authority			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):								
County	\$ 2,895,835	\$ 6,719,365	\$ 1,182,064	\$ 655,796	\$ 17,251	\$ 27,763	\$ 4,440	\$ 2,899

*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	\$ 488,892	\$ 1,741,929	\$ (297,161)	\$ (125,339)
School Board Professional	11,889,749	25,107,354	32,546,786	(399,156)
School Board Supplemental:				
Retirement Plan (Note 10)	1,355,834	3,781,419	7,622,356	693,580
Totals	<u>\$ 13,734,475</u>	<u>\$ 30,630,702</u>	<u>\$ 39,871,981</u>	<u>\$ 169,085</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	267
Total retirees with coverage	<u>6</u>
Total	<u>273</u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was \$55,029.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 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	5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 0.00% in 2020 then to 4.00% over 53 years
Discount Rate	3.54% for accounting and funding disclosures as of June 30, 2022 2.16% for accounting and funding disclosures as of June 30, 2021
Retirement Age	The average age at retirement is 62

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 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 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. Sample rates are shown below.
- 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 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 set forward 2 years; unisex using 100% male.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2022 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

	Primary Government Total OPEB Liability
Balances at June 30, 2021	\$ 1,768,488
Changes for the year:	
Service cost	122,818
Interest	40,261
Changes in assumptions	(229,784)
Benefit payments	(55,029)
Net changes	\$ (121,734)
Balances at June 30, 2022	\$ 1,646,754

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Rate		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 1,809,595	\$ 1,646,754	\$ 1,501,829

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

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

Rate		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 1,438,381	\$ 1,646,754	\$ 1,894,790

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

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of \$22,988. At June 30, 2022, 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	\$ 34,533	\$ 43,255
Changes in assumptions	74,562	441,951
Total	\$ 109,095	\$ 485,206

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	
2023	\$ (130,181)
2024	(123,576)
2025	(63,772)
2026	(48,816)
2027	(9,766)

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

Plan Description

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

Benefits Provided

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

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	859
Total retirees with coverage	48
Total spouses of retirees	8
Total	<u>915</u>

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$532,565.

Total OPEB Liability

The Schools' net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 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	5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions start at 22.90% in 2020 then to 4.00% over 53 years
Discount Rate	3.54% for accounting and funding disclosures as of June 30, 2022 2.16% for accounting and funding disclosures as of June 30, 2021
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 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.

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. 5% of deaths are assumed to be service related.
- 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 setback 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 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2022 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$ 8,843,442
Changes for the year:	
Service cost	512,413
Interest	196,365
Changes in assumptions	(783,353)
Benefit payments	(532,565)
Net changes	\$ (607,140)
Balances at June 30, 2022	\$ 8,236,302

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Rate		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 8,799,190	\$ 8,236,302	\$ 7,701,902

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

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

Rate		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 7,365,763	\$ 8,236,302	\$ 9,256,883

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

For the year ended June 30, 2022, the Schools will recognize OPEB expense in the amount of \$864,245. At June 30, 2022, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 516,008	\$ -
Changes in assumptions	1,752,801	1,214,558
Total	<u>\$ 2,268,809</u>	<u>\$ 1,214,558</u>

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

Year Ended June 30

2023	\$ 155,467
2024	155,467
2025	193,911
2026	211,896
2027	211,896
Thereafter	125,614

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

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

Plan Description

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

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$68,583 and \$63,065 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (non-professional) were \$14,959 and \$15,255 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (professional) were \$208,185 and \$198,887 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the County reported a liability of \$658,628 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit-School Board (nonprofessional) reported a liability of \$159,272 for its proportionate share of the Net GLI OPEB Liability.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

At June 30, 2022, the Component Unit-School Board (professional) reported a liability of \$2,076,943 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021, the County's proportion was 0.05660% as compared to 0.05650% at June 30, 2020.

At June 30, 2021, the Component Unit-School Board (nonprofessional) proportion was 0.01370% as compared to 0.01360% at June 30, 2020.

At June 30, 2021, the Component Unit-School Board (professional) proportion was 0.17840% as compared to 0.17830% at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$23,129. 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, 2022, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$3,657. 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, 2022, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$45,648. 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, 2022, 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	\$ 75,119	\$ 5,018	\$ 18,166	\$ 1,214	\$ 236,883	\$ 15,825
Net difference between projected and actual earnings on GLI OPEB plan investments	-	157,200	-	38,015	-	495,722
Change in assumptions	36,310	90,114	8,781	21,792	114,501	284,170
Changes in proportion	11,741	14,960	1,661	8,878	1,478	112,672
Employer contributions subsequent to the measurement date	68,583	-	14,959	-	208,185	-
Total	\$ 191,753	\$ 267,292	\$ 43,567	\$ 69,899	\$ 561,047	\$ 908,389

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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)

\$68,583, \$14,959, and \$208,185 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit- School Board (Non-professional)	Component Unit- School Board (Professional)
2023	\$ (36,300)	\$ (10,714)	\$ (141,759)
2024	(26,891)	(8,946)	(116,484)
2025	(25,420)	(7,256)	(103,265)
2026	(47,125)	(12,118)	(163,678)
2027	(8,386)	(2,257)	(30,341)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions: (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions: (Continued)

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

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

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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	\$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 962,280	\$ 658,628	\$ 413,416
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 232,702	\$ 159,272	\$ 99,974
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 3,034,490	\$ 2,076,943	\$ 1,303,681

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2020 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	30	50
Inactive members:		
Vested inactive members	3	2
Total inactive members	33	52
Active members	76	89
Total covered employees	109	141

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2022 was 0.11% of covered employee compensation. The Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2022 was 1.060% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$3,776 and \$3,476 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions from the Component Unit - School board (Nonprofessional) to the Health Insurance Credit Program were \$29,365 and \$29,945 for the year ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million or additional employer contributions in FY 2021.

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, 2021. The total HIC OPEB liability (asset) was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2022

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, 2020	\$ 212,065	\$ 217,906	\$ (5,841)
Changes for the year:			
Service cost	\$ 3,575	\$ -	\$ 3,575
Interest	13,684	-	13,684
Differences between expected and actual experience	(9,511)	-	(9,511)
Assumption changes	3,737	-	3,737
Contributions - employer		3,477	(3,477)
Net investment income	-	55,207	(55,207)
Benefit payments	(18,679)	(18,679)	-
Administrative expenses	-	(614)	614
Net changes	\$ (7,194)	\$ 39,391	\$ (46,585)
Balances at June 30, 2021	\$ 204,871	\$ 257,297	\$ (52,426)

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2020	\$ 438,170	\$ -2,933	\$ 441,103
Changes for the year:			
Service cost	\$ 3,808	\$ -	\$ 3,808
Interest	28,675	-	28,675
Differences between expected and actual experience	(160,146)	-	(160,146)
Assumption changes	5,979	-	5,979
Contributions - employer	-	29,875	(29,875)
Net investment income	-	8	(8)
Benefit payments	(26,708)	(26,708)	-
Administrative expenses	-	(1)	1
Net changes	\$ (148,392)	\$ 3,174	\$ (151,566)
Balances at June 30, 2021	\$ 289,778	\$ 241	\$ 289,537

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County Net HIC OPEB Liability (Asset)	\$ (32,601)	\$ (52,426)	\$ (69,456)
Component Unit-School Board (Nonprofessional) Net HIC OPEB Liability	\$ 314,896	\$ 289,537	\$ 267,508

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

For the year ended June 30, 2022, the County and Component Unit-School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$(6,490) and \$26,585, respectively. At June 30, 2022, 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	\$ 3,327	\$ 11,594	\$ 43,615	\$ 121,314
Net difference between projected and actual earnings on HIC OPEB plan investments	-	26,061	-	46
Change in assumptions	4,610	35	32,421	-
Employer contributions subsequent to the measurement date	3,776	-	29,365	-
Total	\$ 11,713	\$ 37,690	\$ 105,401	\$ 121,360

\$3,776 and \$29,365 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, 2023. 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)
2023	\$ (7,466)	\$ (3,184)
2024	(6,558)	(3,662)
2025	(6,507)	(37,692)
2026	(9,222)	(786)

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% 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, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$466,520 and \$445,046 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022, the school division reported a liability of \$5,338,235 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was 0.41589% as compared to 0.41840% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$360,718. 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, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 93,152
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	70,321
Change in assumptions	144,302	21,454
Change in proportion	-	280,137
Employer contributions subsequent to the measurement date	<u>466,520</u>	<u>-</u>
Total	<u>\$ 610,822</u>	<u>\$ 465,064</u>

\$466,520 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, 2023.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2023	\$	(80,569)
2024		(81,368)
2025		(74,539)
2026		(57,046)
2027		(19,585)
Thereafter		(7,655)

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, 2020, 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, 2021.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,477,874
Plan Fiduciary Net Position	194,305
Teacher Employee Net HIC OPEB Liability (Asset)	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 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, 2022

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 6,009,373	\$ 5,338,235	\$ 4,770,293

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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)	\$ 109,095	\$ 485,206	\$ 1,646,754	\$ 22,988	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 13)	-	-	-	-	2,268,809	1,214,558	8,236,302	864,245
VRS OPEB Plans:								
Group Life Insurance Plan (Note 14)								
County	191,753	267,292	658,628	23,129	-	-	-	-
School Board Nonprofessional	-	-	-	-	43,567	69,899	159,272	3,657
School Board Professional	-	-	-	-	561,047	908,389	2,076,943	45,648
County Health Insurance Credit Plan (Note 15)	11,713	37,690	(52,426)	(6,490)	105,401	121,360	289,537	26,585
Teacher Health Insurance Credit Plan (Note 16)	-	-	-	-	610,822	465,064	5,338,235	360,718
Totals	\$ 312,561	\$ 790,188	\$ 2,252,956	\$ 39,627	\$ 3,589,646	\$ 2,779,270	\$ 16,100,289	\$ 1,300,853

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 18-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government:

	Beginning Balance	GASBS No. 87 Implementation	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,745,423	\$ -	\$ -	\$ -	\$ 1,745,423
Construction in progress	359,247	-	1,555,021	(397,458)	1,516,810
Total capital assets not being depreciated	<u>\$ 2,104,670</u>	<u>\$ -</u>	<u>\$ 1,555,021</u>	<u>\$ (397,458)</u>	<u>\$ 3,262,233</u>
Capital assets, being depreciated:					
Buildings	\$ 36,663,621	\$ -	\$ 296,088	\$ -	\$ 36,959,709
Improvements other than buildings	284,275	-	68,315	-	352,590
Machinery and equipment	9,847,467	-	1,231,721	(388,756)	10,690,432
Total capital assets being depreciated	<u>\$ 46,795,363</u>	<u>\$ -</u>	<u>\$ 1,596,124</u>	<u>\$ (388,756)</u>	<u>\$ 48,002,731</u>
Accumulated depreciation:					
Buildings	\$ (10,256,632)	\$ -	\$ (727,999)	\$ -	\$ (10,984,631)
Improvements other than buildings	(194,780)	-	(18,178)	-	(212,958)
Machinery and equipment	(6,806,015)	-	(893,903)	388,756	(7,311,162)
Total accumulated depreciation	<u>\$ (17,257,427)</u>	<u>\$ -</u>	<u>\$ (1,640,080)</u>	<u>\$ 388,756</u>	<u>\$ (18,508,751)</u>
Total capital assets being depreciated, net	<u>\$ 29,537,936</u>	<u>\$ -</u>	<u>\$ (43,956)</u>	<u>\$ -</u>	<u>\$ 29,493,980</u>
Intangible right-to-use capital assets, being amortized:					
Land	\$ -	\$ 16,206	\$ -	\$ -	\$ 16,206
Buildings	-	596,016	-	-	596,016
Improvements other than buildings	-	-	64,820	-	64,820
Machinery and equipment	-	78,763	-	-	78,763
Total intangible right-to-use capital assets, being amortized	<u>\$ -</u>	<u>\$ 690,985</u>	<u>\$ 64,820</u>	<u>\$ -</u>	<u>\$ 755,805</u>
Accumulated amortization:					
Land	\$ -	\$ -	\$ (3,716)	\$ -	\$ (3,716)
Buildings	-	-	(119,138)	-	(119,138)
Improvements other than buildings	-	-	(1,421)	-	(1,421)
Machinery and equipment	-	-	(25,121)	-	(25,121)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (149,396)</u>	<u>\$ -</u>	<u>\$ (149,396)</u>
Total intangible right-to-use capital assets, net	<u>\$ -</u>	<u>\$ 690,985</u>	<u>\$ (84,576)</u>	<u>\$ -</u>	<u>\$ 606,409</u>
Governmental activities capital assets, net	<u>\$ 31,642,606</u>	<u>\$ 690,985</u>	<u>\$ 1,426,489</u>	<u>\$ (397,458)</u>	<u>\$ 33,362,622</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 18-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 160,640
Judicial administration	2,034
Public safety	594,130
Public works	430,756
Health and welfare	162,830
Education	335,962
Parks, recreation, and cultural	103,124
Total depreciation/amortization expense-primary government	<u>\$ 1,789,476</u>

Capital asset activity for the School Board for the year ended June 30, 2022 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	110,290	300,075	(285,300)	125,065
Total capital assets not being depreciated	<u>\$ 2,929,765</u>	<u>\$ 300,075</u>	<u>\$ (285,300)</u>	<u>\$ 2,944,540</u>
Capital assets, being depreciated:				
Buildings	\$ 44,839,964	\$ 285,300	\$ -	\$ 45,125,264
Machinery and equipment	24,633,959	2,554,125	(1,304,559)	25,883,525
Total capital assets being depreciated	<u>\$ 69,473,923</u>	<u>\$ 2,839,425</u>	<u>\$ (1,304,559)</u>	<u>\$ 71,008,789</u>
Accumulated depreciation:				
Buildings	\$ (37,251,897)	\$ (750,439)	\$ -	\$ (38,002,336)
Machinery and equipment	(19,257,350)	(1,307,781)	1,298,731	(19,266,400)
Total accumulated depreciation	<u>\$ (56,509,247)</u>	<u>\$ (2,058,220)</u>	<u>\$ 1,298,731</u>	<u>\$ (57,268,736)</u>
Total capital assets being depreciated, net	<u>\$ 12,964,676</u>	<u>\$ 781,205</u>	<u>\$ (5,828)</u>	<u>\$ 13,740,053</u>
Governmental activities capital assets, net	<u>\$ 15,894,441</u>	<u>\$ 1,081,280</u>	<u>\$ (291,128)</u>	<u>\$ 16,684,593</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 19-Risk Management:

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

Note 20-Contingent Liabilities:

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

Note 21-Surety Bonds:

Primary Government:

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 21-Surety Bonds: (Continued)

Component Unit - School Board:

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

Note 22-Landfill Liability:

State and federal laws and regulations required the County to place a final cover on its landfill site which was closed on March 20, 1995, and to perform certain maintenance and monitoring functions at the site for ten years after closure. While the County has completed its required 10 year monitoring period, its landfill has not been released from (Department of Environmental Quality) DEQ monitoring requirements. The \$63,416 liability is the total estimated post-closure care liability at June 30, 2022 and represents what it would cost to perform all post-closure care in 2022. (Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations.) The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the DEQ's assurance requirements for landfill post-closure costs.

In addition to the landfill, the County has a transfer station which require certain closure costs once it is no longer in use. For June 30, 2022, the estimated closure costs for the transfer station are \$71,450. (Actual costs for closure may change due to inflation, deflation, changes in technology or changes in regulations.)

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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	\$ -	\$ 3,502,431
Tax assessments due after June 30	13,388,418	13,388,418
Prepaid property taxes due after June 30 but paid in advance by taxpayers	1,023,751	1,023,751
Total unavailable/deferred revenue	\$ 14,412,169	\$ 17,914,600

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 2022, a total of \$11,595,906 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 \$919,800 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 2022 were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2021-22	\$ 1,034,617	\$ 11,481,089	\$ (11,595,906)	\$ 919,800
2020-21	958,647	12,655,167	(12,579,197)	1,034,617
2019-20	858,283	11,890,502	(11,790,138)	958,647
2018-19	850,626	10,222,227	(10,214,570)	858,283

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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 2022 is \$70,059.

Note 26-Litigation:

As of June 30, 2022, 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-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. 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. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

Primary Government:	
	Governmental Activities
Lessee activity:	
Lease assets	\$ 690,985
Lease liabilities	\$ (690,985)

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 28-Fund Balance:

	General Fund	ARPA	County Capital Improvements	School Capital Improvements	School Fund
Nonspendable:					
Prepaid items	\$ 26,890	\$ -	\$ -	\$ -	\$ -
Restricted:					
Forfeited Asset Sharing	\$ 543,914	\$ -	\$ -	\$ -	\$ -
Health Insurance	1,407	-	-	-	-
Special Grant Projects	6,570	-	-	-	-
CARES/ARPA	-	43,458	-	-	-
Courthouse Project	-	-	17,587,959	-	-
Opioid Settlement Funds	40,501	-	-	-	-
School Board - Food Service	-	-	-	-	947,046
School Board - Activity Funds	-	-	-	-	74,605
School Board - Fiscal Agency	-	-	-	-	709,655
Total	\$ 592,392	\$ 43,458	\$ 17,587,959	\$ -	\$ 1,731,306
Committed:					
Law Library	\$ 47,049	\$ -	\$ -	\$ -	\$ -
Capital Improvements	-	-	-	635,144	-
Cash Flows	5,000,000	-	-	-	-
Total	\$ 5,047,049	\$ -	\$ -	\$ 635,144	\$ -
Assigned:					
Economic Incentives	\$ 22,564	\$ -	\$ -	\$ -	\$ -
Utilities	-	-	-	-	-
Traffic Enforcement	363,604	-	-	-	-
School Board - Textbook	-	-	-	-	1,580,434
School Board - Activity Funds	-	-	-	-	1,163,707
School Capital Needs	5,600	-	-	-	-
Courthouse Project	7,354,556	-	-	-	-
Total	\$ 7,746,324	\$ -	\$ -	\$ -	\$ 2,744,141

Note 29-Restricted Net Position:

	Primary Government Governmental Activities	Component Unit School Board
Restricted:		
Forfeited Asset Sharing	\$ 543,914	\$ -
Health Insurance	1,407	-
Special Grant Projects	6,570	-
CARES/ARPA	43,458	-
Opioid Settlement Funds	1,165,984	-
Net OPEB Asset	52,426	-
Net Pension Asset	-	297,161
School Board - Food Service	-	947,046
School Board - Activity Funds	-	74,605
School Board - Fiscal Agency	-	709,655
Total	\$ 1,813,759	\$ 2,028,467

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 30-Commitments and Contingencies:

The County has obligated funds for the project described below as of June 30, 2022:

Project	Amount of Contract	Amount of Contract Outstanding	Accounts Payable	Retainage Payable
Washington County Courthouse	\$ 27,885,975	\$ 26,555,355	\$ 108,334	\$ 9,680

Note 31-Subsequent Events:

ARPA Funding

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

On May 21, 2021, the County received its share of the first half of the CSLFRF funds. The second half was received June 30, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$9,023,558 from the allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 32-Upcoming Pronouncements:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 32-Upcoming Pronouncements: (Continued)

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

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

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

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 39,661,500	\$ 39,888,948	\$ 41,974,694	\$ 2,085,746
Other local taxes	10,554,000	10,554,000	12,480,639	1,926,639
Permits, privilege fees, and regulatory licenses	204,750	204,750	368,294	163,544
Fines and forfeitures	1,093,081	1,116,744	1,082,236	(34,508)
Revenue from the use of money and property	215,000	214,998	171,864	(43,134)
Charges for services	864,432	1,056,932	1,627,945	571,013
Miscellaneous	933,500	1,115,845	1,091,261	(24,584)
Recovered costs	179,069	526,818	1,258,554	731,736
Intergovernmental:				
Commonwealth	12,993,402	14,421,415	14,160,257	(261,158)
Federal	4,108,672	4,417,360	4,670,319	252,959
Total revenues	\$ 70,807,406	\$ 73,517,810	\$ 78,886,063	\$ 5,368,253
EXPENDITURES				
Current:				
General government administration	\$ 4,063,636	\$ 5,007,283	\$ 3,868,869	\$ 1,138,414
Judicial administration	2,279,086	2,933,392	2,263,746	669,646
Public safety	14,893,434	17,848,398	15,698,510	2,149,888
Public works	3,934,013	4,415,679	3,826,286	589,393
Health and welfare	10,855,406	12,245,249	11,866,985	378,264
Education	27,766,195	30,613,997	29,089,730	1,524,267
Parks, recreation, and cultural	2,397,601	2,765,837	2,299,291	466,546
Community development	1,546,977	1,772,705	1,549,331	223,374
Nondepartmental	579,228	522,243	457,180	65,063
Debt service:				
Principal retirement	1,957,670	1,957,670	2,117,859	(160,189)
Interest and other fiscal charges	1,440,760	1,566,995	1,515,953	51,042
Total expenditures	\$ 71,714,006	\$ 81,649,448	\$ 74,553,740	\$ 7,095,708
Excess (deficiency) of revenues over (under) expenditures	\$ (906,600)	\$ (8,131,638)	\$ 4,332,323	\$ 12,463,961
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (5,341,583)	\$ (1,051,036)	\$ 4,290,547
Loan proceeds	-	-	48,675	48,675
Sale of capital assets	6,600	49,500	49,500	-
Total other financing sources (uses)	\$ 6,600	\$ (5,292,083)	\$ (952,861)	\$ 4,339,222
Net change in fund balances	\$ (900,000)	\$ (13,423,721)	\$ 3,379,462	\$ 16,803,183
Fund balances - beginning	900,000	13,423,721	34,126,626	20,702,905
Fund balances - ending	\$ -	\$ -	\$ 37,506,088	\$ 37,506,088

County of Washington, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 1,362,227	\$ 1,309,381	\$ 1,158,196	\$ 1,130,197	\$ 1,232,016	\$ 1,216,787	\$ 1,197,031	\$ 1,190,097
Interest	3,505,963	3,442,999	3,254,655	3,194,594	3,146,004	3,051,538	2,921,020	2,786,695
Differences between expected and actual experience	(763,264)	(583,334)	1,360,797	(866,196)	(1,148,228)	(543,493)	47,701	-
Impact of change in proportion	(126,271)	130,976	959	471	(2,775)	(2,340)	-	-
Changes of assumptions	2,032,100	-	1,459,983	-	(112,337)	-	-	-
Benefit payments	(3,137,445)	(3,082,517)	(2,622,030)	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)	(1,996,668)
Net change in total pension liability	\$ 2,873,310	\$ 1,217,505	\$ 4,612,560	\$ 878,011	\$ 848,185	\$ 1,243,880	\$ 2,046,664	\$ 1,980,124
Total pension liability - beginning	53,635,194	52,417,689	47,805,129	46,927,118	46,078,933	44,835,054	42,788,390	40,808,274
Total pension liability - ending (a)	\$ 56,508,504	\$ 53,635,194	\$ 52,417,689	\$ 47,805,129	\$ 46,927,118	\$ 46,078,934	\$ 44,835,054	\$ 42,788,398
Plan fiduciary net position								
Impact of change in proportion	\$ (105,172)	\$ 112,942	\$ 873	\$ 416	\$ (2,264)	\$ (1,963)	\$ -	\$ -
Contributions - employer	1,286,596	1,057,628	999,999	1,106,411	1,074,445	1,325,357	1,286,475	1,374,053
Contributions - employee	545,289	554,327	518,760	516,069	513,810	507,065	496,874	504,115
Net investment income	12,093,802	860,754	2,866,355	3,031,464	4,553,902	641,519	1,653,959	4,958,189
Benefit payments	(3,137,445)	(3,082,517)	(2,622,030)	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)	(1,996,668)
Administrator charges	(30,502)	(29,888)	(28,766)	(26,416)	(26,409)	(23,371)	(22,642)	(26,594)
Other	1,136	(1,008)	(1,804)	(2,696)	(4,048)	(275)	(352)	262
Net change in plan fiduciary net position	\$ 10,653,704	\$ (527,762)	\$ 1,733,387	\$ 2,044,193	\$ 3,842,941	\$ (30,280)	\$ 1,295,226	\$ 4,813,357
Plan fiduciary net position - beginning	44,672,736	45,200,498	43,467,111	41,422,918	37,579,977	37,610,257	36,315,031	31,501,680
Plan fiduciary net position - ending (b)	\$ 55,326,440	\$ 44,672,736	\$ 45,200,498	\$ 43,467,111	\$ 41,422,918	\$ 37,579,977	\$ 37,610,257	\$ 36,315,037
County's net pension liability - ending (a) - (b)	\$ 1,182,064	\$ 8,962,458	\$ 7,217,191	\$ 4,338,018	\$ 5,504,200	\$ 8,498,957	\$ 7,224,797	\$ 6,473,361
Plan fiduciary net position as a percentage of the total pension liability	97.91%	83.29%	86.23%	90.93%	88.27%	81.56%	83.89%	84.87%
Covered payroll	\$ 11,636,080	\$ 11,568,452	\$ 10,855,168	\$ 10,742,040	\$ 10,344,991	\$ 10,341,453	\$ 9,974,884	\$ 9,957,113
County's net pension liability as a percentage of covered payroll	10.16%	77.47%	66.49%	40.38%	53.21%	82.18%	72.43%	65.01%

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

County of Washington, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board - Supplemental Retirement Pension Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total pension liability						
Service cost	\$ 891,809	\$ 902,534	\$ 952,614	\$ 948,677	\$ 990,851	\$ 1,011,218
Interest	394,801	393,617	415,555	422,795	397,014	384,337
Differences between expected and actual experience	194,348	(102,433)	(524,875)	(472,908)	1,180,230	475,415
Changes in assumptions	(2,579,523)	4,540	(692,150)	-	-	-
Benefit payments, including refunds of employee contributions	(1,104,572)	(1,151,999)	(1,244,009)	(1,284,839)	(1,189,082)	(1,244,478)
Net change in total pension liability	\$ (2,203,137)	\$ 46,259	\$ (1,092,865)	\$ (386,275)	\$ 1,379,013	\$ 626,492
Total pension liability - beginning	19,400,546	19,354,287	20,447,152	20,833,427	19,454,414	18,827,922
Total pension liability - ending (a)	\$ 17,197,409	\$ 19,400,546	\$ 19,354,287	\$ 20,447,152	\$ 20,833,427	\$ 19,454,414
Plan fiduciary net position						
Contributions - employer	\$ 1,145,352	\$ 1,425,162	\$ 1,382,908	\$ 1,438,098	\$ 1,457,080	\$ 1,116,599
Net investment income	(597,607)	868,783	387,974	418,289	146,385	188,569
Benefit payments, including refunds of employee contributions	(1,104,572)	(1,151,999)	(1,244,009)	(1,284,839)	(1,189,082)	(1,244,478)
Administrative expense	(21,739)	(20,110)	(18,826)	(17,957)	(9,954)	(2,208)
Net change in plan fiduciary net position	\$ (578,566)	\$ 1,121,836	\$ 508,047	\$ 553,591	\$ 404,429	\$ 58,482
Plan fiduciary net position - beginning	10,153,619	9,031,783	8,523,736	7,970,145	7,565,716	7,507,234
Plan fiduciary net position - ending (b)	\$ 9,575,053	\$ 10,153,619	\$ 9,031,783	\$ 8,523,736	\$ 7,970,145	\$ 7,565,716
School Board's net pension liability - ending (a) - (b)	\$ 7,622,356	\$ 9,246,927	\$ 10,322,504	\$ 11,923,416	\$ 12,863,282	\$ 11,888,698
Plan fiduciary net position as a percentage of the total pension liability	55.68%	52.34%	46.67%	41.69%	38.26%	38.89%
Covered payroll	\$ 37,867,549	\$ 37,750,882	\$ 38,188,055	\$ 38,745,934	\$ 38,643,824	\$ 39,204,917
School Board's net pension liability as a percentage of covered payroll	20.13%	24.49%	27.03%	30.77%	33.29%	30.32%

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

County of Washington, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit Washington County Park Authority
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 5,117	\$ 1,824	\$ 4,511	\$ 4,425	\$ 4,836	\$ 4,703	\$ 4,564	\$ 4,537
Interest	13,169	4,797	12,677	12,508	12,349	11,794	11,136	10,624
Differences between expected and actual experience	(2,867)	(813)	5,300	(3,391)	(4,507)	(2,101)	182	-
Impact of change in proportion	126,271	(130,976)	(960)	(471)	2,775	2,340	-	-
Changes of assumptions	7,633	-	5,687	-	(441)	-	-	-
Benefit payments	(11,784)	(4,294)	(10,213)	(10,106)	(8,897)	(9,580)	(8,079)	(7,612)
Net change in total pension liability	\$ 137,539	\$ (129,462)	\$ 17,002	\$ 2,965	\$ 6,115	\$ 7,156	\$ 7,803	\$ 7,549
Total pension liability - beginning	74,710	204,172	187,170	184,205	178,090	170,933	163,130	155,573
Total pension liability - ending (a)	\$ 212,249	\$ 74,710	\$ 204,172	\$ 187,170	\$ 184,205	\$ 178,089	\$ 170,933	\$ 163,122
Plan fiduciary net position								
Impact of change in proportion	\$ 105,172	\$ (112,942)	\$ (873)	\$ (416)	\$ 2,264	\$ 1,963	\$ -	\$ -
Contributions - employer	4,833	1,473	3,895	4,332	4,218	5,122	4,905	5,238
Contributions - employee	2,048	772	2,021	2,021	2,017	1,960	1,894	1,922
Net investment income	45,425	1,199	11,165	11,869	17,876	2,479	6,306	18,902
Benefit payments	(11,784)	(4,294)	(10,213)	(10,106)	(8,897)	(9,580)	(8,079)	(7,612)
Administrator charges	(115)	(42)	(112)	(103)	(104)	(90)	(86)	(101)
Other	4	-	(8)	(12)	(16)	(1)	(1)	1
Net change in plan fiduciary net position	\$ 145,583	\$ (113,834)	\$ 5,875	\$ 7,585	\$ 17,358	\$ 1,853	\$ 4,939	\$ 18,350
Plan fiduciary net position - beginning	62,226	176,060	170,185	162,600	145,242	143,389	138,450	120,094
Plan fiduciary net position - ending (b)	\$ 207,809	\$ 62,226	\$ 176,060	\$ 170,185	\$ 162,600	\$ 145,242	\$ 143,389	\$ 138,444
Component Unit WCPA's net pension liability - ending (a) - (b)	\$ 4,440	\$ 12,484	\$ 28,112	\$ 16,985	\$ 21,605	\$ 32,847	\$ 27,544	\$ 24,678
Plan fiduciary net position as a percentage of the total pension liability	97.91%	83.29%	86.23%	90.93%	88.27%	81.56%	83.89%	84.87%
Covered payroll	\$ 40,213	\$ 16,717	\$ 42,501	\$ 42,166	\$ 39,982	\$ 39,427	\$ 38,029	\$ 37,961
Component Unit WCPA's net pension liability as a percentage of covered payroll	11.04%	74.68%	66.14%	40.28%	54.04%	83.31%	72.43%	65.01%

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

County of Washington, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 252,763	\$ 256,716	\$ 252,288	\$ 264,484	\$ 279,258	\$ 293,270	\$ 279,645	\$ 286,590
Interest	956,244	956,415	960,953	994,338	1,015,129	991,923	969,365	949,439
Differences between expected and actual experience	(62,121)	(229,482)	(177,385)	(787,021)	(592,020)	8,966	46,177	-
Changes of assumptions	582,019	-	336,199	-	(55,104)	-	-	-
Benefit payments	(1,037,565)	(934,816)	(926,873)	(970,576)	(917,986)	(1,007,279)	(938,586)	(964,155)
Net change in total pension liability	\$ 691,340	\$ 48,833	\$ 445,182	\$ (498,775)	\$ (270,723)	\$ 286,880	\$ 356,601	\$ 271,874
Total pension liability - beginning	<u>14,685,358</u>	<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>	<u>14,045,486</u>
Total pension liability - ending (a)	<u>\$ 15,376,698</u>	<u>\$ 14,685,358</u>	<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>
Plan fiduciary net position								
Contributions - employer	\$ 189,541	\$ 208,112	\$ 199,699	\$ 284,527	\$ 304,534	\$ 321,291	\$ 329,457	\$ 353,164
Contributions - employee	130,641	131,357	126,383	122,797	142,076	132,681	131,838	130,716
Net investment income	3,452,550	251,310	847,302	925,330	1,409,419	198,960	542,672	1,687,553
Benefit payments	(1,037,565)	(934,816)	(926,873)	(970,576)	(917,986)	(1,007,279)	(938,586)	(964,155)
Administrator charges	(9,042)	(8,902)	(8,832)	(8,284)	(8,434)	(7,746)	(7,794)	(9,397)
Other	322	(292)	(531)	(811)	(1,242)	(87)	(112)	89
Net change in plan fiduciary net position	\$ 2,726,447	\$ (353,231)	\$ 237,148	\$ 352,983	\$ 928,367	\$ (362,180)	\$ 57,475	\$ 1,197,970
Plan fiduciary net position - beginning	<u>12,947,412</u>	<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>	<u>10,888,880</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,673,859</u>	<u>\$ 12,947,412</u>	<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>
School Division's net pension liability - ending (a) - (b)	<u>\$ (297,161)</u>	<u>\$ 1,737,946</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability	101.93%	88.17%	90.87%	92.05%	86.52%	78.75%	82.76%	84.42%
Covered payroll	\$ 2,824,992	\$ 2,807,493	\$ 2,723,589	\$ 2,626,988	\$ 2,716,445	\$ 2,620,073	\$ 2,674,140	\$ 2,617,034
School Division's net pension liability as a percentage of covered payroll	-10.52%	61.90%	49.05%	42.93%	72.87%	121.32%	94.60%	85.23%

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

County of Washington, Virginia
Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates June 30, 2014 through June 30, 2021

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2021	0.41925%	\$ 32,546,786	\$ 36,780,692	88.49%	85.46%
2020	0.42080%	61,234,540	36,682,301	166.93%	71.47%
2019	0.42676%	56,164,041	35,583,475	157.84%	73.51%
2018	0.43818%	51,529,000	35,260,376	146.14%	74.81%
2017	0.45021%	55,366,000	35,392,792	156.43%	72.92%
2016	0.45537%	63,816,000	34,658,445	184.13%	68.28%
2015	0.46113%	58,039,000	34,284,601	169.29%	70.68%
2014	0.48436%	58,533,000	35,253,945	166.03%	70.88%

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

County of Washington, Virginia
Schedule of Employer Contributions - Pension
Pension Plans
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 1,396,027	\$ 1,396,027	\$ -	\$ 12,647,760	11.04%
2021	1,290,439	1,290,439	-	11,636,080	11.09%
2020	1,054,090	1,054,090	-	11,568,452	9.11%
2019	998,459	998,459	-	10,855,168	9.20%
2018	1,106,407	1,106,407	-	10,742,040	10.30%
2017	1,097,538	1,097,538	-	10,344,991	10.61%
2016	1,325,194	1,325,194	-	10,341,453	12.81%
2015	1,286,475	1,286,475	-	9,974,884	12.90%
2014	1,374,081	1,374,081	-	9,957,113	13.80%
2013	1,300,182	1,300,182	-	9,421,612	13.80%
Component Unit Washington County Park Authority					
2022	\$ 4,812	\$ 4,812	\$ -	\$ 43,596	11.04%
2021	4,460	4,460	-	40,213	11.09%
2020	1,468	1,468	-	16,717	8.78%
2019	3,889	3,889	-	42,501	9.15%
2018	4,336	4,336	-	42,166	10.28%
2017	4,308	4,308	-	39,982	10.77%
2016	5,176	5,176	-	39,427	13.13%
2015	4,905	4,905	-	38,029	12.90%
2014	5,239	5,239	-	37,961	13.80%
2013	4,957	4,957	-	35,920	13.80%
Component Unit School Board (nonprofessional)					
2022	\$ 185,351	\$ 185,351	\$ -	\$ 2,770,245	6.69%
2021	190,225	190,225	-	2,824,992	6.73%
2020	207,174	207,174	-	2,807,493	7.38%
2019	203,223	203,223	-	2,723,589	7.46%
2018	284,527	284,527	-	2,626,988	10.83%
2017	310,218	310,218	-	2,716,445	11.42%
2016	322,026	322,026	-	2,620,073	12.29%
2015	329,457	329,457	-	2,674,140	12.32%
2014	353,300	353,300	-	2,617,034	13.50%
2013	366,464	366,464	-	2,714,546	13.50%
Component Unit School Board (professional)					
2022	\$ 6,187,637	\$ 6,187,637	\$ -	\$ 38,555,407	16.05%
2021	5,931,256	5,931,256	-	36,780,692	16.13%
2020	5,591,377	5,591,377	-	36,682,301	15.24%
2019	5,431,000	5,431,000	-	35,583,475	15.26%
2018	5,665,000	5,665,000	-	35,260,376	16.07%
2017	5,123,000	5,123,000	-	35,392,792	14.47%
2016	4,848,000	4,848,000	-	34,658,445	13.99%
2015	4,960,000	4,960,000	-	34,284,601	14.47%
2014	4,110,610	4,110,610	-	35,253,945	11.66%
2013	4,145,991	4,145,991	-	35,557,384	11.66%
Component Unit School Board - Supplemental Retirement Pension Plan (1)					
2022	\$ 1,145,352	\$ 1,145,352	\$ -	\$ 37,867,549	3.02%
2021	1,425,162	1,425,162	-	37,750,882	3.78%
2020	1,382,908	1,382,908	-	38,188,055	3.62%
2019	1,438,098	1,438,098	-	38,745,934	3.71%
2018	1,457,080	1,457,080	-	38,643,824	3.77%
2017	1,433,150	1,116,599	316,551	39,204,917	2.85%

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

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

County of Washington, Virginia
Notes to Required Supplementary Information - Pension
Pension Plans
For the Year Ended June 30, 2022

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 122,818	\$ 124,178	\$ 85,763	\$ 129,553	\$ 147,277
Interest	40,261	39,378	51,637	89,054	82,392
Effect of Plan Changes	-	-	-	(411,822)	-
Changes in assumptions	(229,784)	(79,666)	176,241	(551,747)	(89,180)
Effect of economic/demographic gains or losses	-	50,977	-	-	-
Differences between expected and actual experience	-	-	-	(121,903)	-
Benefit payments	(55,029)	(47,788)	(43,241)	(30,916)	(76,284)
Net change in total OPEB liability	\$ (121,734)	\$ 87,079	\$ 270,400	\$ (897,781)	\$ 64,205
Total OPEB liability - beginning	1,768,488	1,681,409	1,411,009	2,308,790	2,244,585
Total OPEB liability - ending	\$ 1,646,754	\$ 1,768,488	\$ 1,681,409	\$ 1,411,009	\$ 2,308,790
Covered employee payroll	\$ 11,599,216	\$ 11,599,216	\$ 10,703,126	\$ 10,703,126	\$ 10,514,119
County's total OPEB liability (asset) as a percentage of covered employee payroll	14.20%	15.25%	15.71%	13.18%	21.96%

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

County of Washington, Virginia
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2022

Valuation Date: 7/1/2020
Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.00% in 2020 then to 4.00% over 53 years
Discount Rate	2.16% for accounting and funding disclosures as of June 30, 2021
	3.54% for accounting and funding disclosures as of June 30, 2022
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	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 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. Sample rates are shown below.
	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 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 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, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 512,413	\$ 321,396	\$ 225,688	\$ 273,552	\$ 323,245
Interest	196,365	141,509	200,595	263,845	226,975
Changes in assumptions	(783,353)	2,019,091	534,741	(1,217,393)	(177,186)
Effect of economic/demographic gains or losses	-	486,677	-	386,473	-
Benefit payments	(532,565)	(411,599)	(357,425)	(359,368)	(394,844)
Net change in total OPEB liability	\$ (607,140)	\$ 2,557,074	\$ 603,599	\$ (652,891)	\$ (21,810)
Total OPEB liability - beginning	8,843,442	6,286,368	5,682,769	6,335,660	6,357,470
Total OPEB liability - ending	\$ 8,236,302	\$ 8,843,442	\$ 6,286,368	\$ 5,682,769	\$ 6,335,660
 Covered employee payroll	 \$ 37,638,661	 \$ 37,638,661	 \$ 36,384,146	 \$ 36,384,146	 \$ 32,112,464
 School Board's total OPEB liability (asset) as a percentage of covered employee payroll	 21.88%	 23.50%	 17.28%	 15.62%	 19.73%

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

County of Washington, Virginia
Notes to Required Supplementary Information - School OPEB
For the Year Ended June 30, 2022

Valuation Date: 7/1/2020
Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	5.35% to 3.50% depending on years of service
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 22.90% in 2020 then to 4.00% over 53 years
Discount Rate	2.16% for accounting and funding disclosures as of June 30, 2021
	3.54% for accounting and funding disclosures as of June 30, 2022
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	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.
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. 5% of deaths are assumed to be service related.
	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 setback 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 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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, 2021

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					
2021	0.05660% \$	658,628 \$	11,678,733	5.64%	67.45%
2020	0.05650%	942,058	11,616,544	8.11%	52.64%
2019	0.05567%	905,899	10,913,809	8.30%	52.00%
2018	0.05680%	862,000	10,799,595	7.98%	51.22%
2017	0.05647%	850,000	10,416,753	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2021	0.01370% \$	159,272 \$	2,824,992	5.64%	67.45%
2020	0.01360%	227,629	2,807,497	8.11%	52.64%
2019	0.01390%	226,190	2,723,587	8.30%	52.00%
2018	0.01376%	209,000	2,617,104	7.99%	51.22%
2017	0.01473%	221,000	2,716,445	8.14%	48.86%
Component Unit School Board (professional)					
2021	0.17840% \$	2,076,943 \$	36,830,900	5.64%	67.45%
2020	0.17830%	2,975,035	36,687,712	8.11%	52.64%
2019	0.18162%	2,955,441	35,604,784	8.30%	52.00%
2018	0.18551%	2,818,000	35,275,151	7.99%	51.22%
2017	0.19188%	2,888,000	35,393,745	8.16%	48.86%

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

County of Washington, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 68,583	\$ 68,583	-	\$ 12,700,514	0.54%
2021	63,065	63,065	-	11,678,733	0.54%
2020	60,406	60,406	-	11,616,544	0.52%
2019	57,000	57,000	-	10,913,809	0.52%
2018	56,158	56,158	-	10,799,595	0.52%
2017	54,167	54,167	-	10,416,753	0.52%
2016	49,923	49,923	-	10,400,684	0.48%
2015	48,292	48,292	-	10,060,894	0.48%
2014	47,990	47,990	-	9,997,908	0.48%
2013	45,447	45,447	-	9,468,150	0.48%
Component Unit School Board (nonprofessional)					
2022	\$ 14,959	\$ 14,959	-	\$ 2,770,245	0.54%
2021	15,255	15,255	-	2,824,992	0.54%
2020	14,000	14,000	-	2,807,497	0.50%
2019	14,000	14,000	-	2,723,587	0.51%
2018	14,000	14,000	-	2,617,104	0.53%
2017	14,000	14,000	-	2,716,445	0.52%
2016	12,607	12,607	-	2,626,388	0.48%
2015	12,836	12,836	-	2,674,140	0.48%
2014	12,562	12,562	-	2,617,034	0.48%
2013	13,030	13,030	-	2,714,546	0.48%
Component Unit School Board (professional)					
2022	\$ 208,185	\$ 208,185	-	\$ 38,552,830	0.54%
2021	198,887	198,887	-	36,830,900	0.54%
2020	190,776	190,776	-	36,687,712	0.52%
2019	184,000	184,000	-	35,604,784	0.52%
2018	183,000	183,000	-	35,275,151	0.52%
2017	184,000	184,000	-	35,393,745	0.52%
2016	166,775	166,775	-	34,744,814	0.48%
2015	164,567	164,567	-	34,284,725	0.48%
2014	170,023	170,023	-	35,421,424	0.48%
2013	170,611	170,611	-	35,543,959	0.48%

County of Washington, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Washington, Virginia
Schedule of Changes in the Employer's Net OPEB Asset and Related Ratios
Primary Government
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

	2021	2020	2019	2018	2017
Total HIC OPEB Liability					
Service cost	\$ 3,575	\$ 3,670	\$ 3,246	\$ 3,000	\$ 3,000
Interest	13,684	13,396	14,259	14,000	14,000
Differences between expected and actual experience	(9,511)	5,857	(9,543)	(3,000)	-
Changes of assumptions	3,737	-	4,443	-	(4,000)
Benefit payments	(18,679)	(18,647)	(16,628)	(19,000)	(8,000)
Other changes	-	-	12	1,000	1,000
Net change in total HIC OPEB liability	\$ (7,194)	\$ 4,276	\$ (4,211)	\$ (4,000)	\$ 6,000
Total HIC OPEB Asset - beginning	212,065	207,789	212,000	216,000	210,000
Total HIC OPEB Asset - ending (a)	\$ 204,871	\$ 212,065	\$ 207,789	\$ 212,000	\$ 216,000
Plan fiduciary net position					
Contributions - employer	\$ 3,477	\$ 3,106	\$ 3,046	\$ 2,000	\$ 2,000
Net investment income	55,207	4,480	14,100	16,000	24,000
Benefit payments	(18,679)	(18,647)	(16,628)	(19,000)	(8,000)
Administrator charges	(614)	(414)	(304)	-	-
Other	-	(2)	169	(1,000)	1,000
Net change in plan fiduciary net position	\$ 39,391	\$ (11,477)	\$ 383	\$ (2,000)	\$ 19,000
Plan fiduciary net position - beginning	217,906	229,383	229,000	231,000	212,000
Plan fiduciary net position - ending (b)	\$ 257,297	\$ 217,906	\$ 229,383	\$ 229,000	\$ 231,000
Employer's net HIC OPEB asset - ending (a) - (b)	\$ (52,426)	\$ (5,841)	\$ (21,594)	\$ (17,000)	\$ (15,000)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	125.59%	102.75%	110.39%	108.02%	106.94%
Covered payroll	\$ 3,160,443	\$ 3,105,665	\$ 3,045,660	\$ 3,136,197	\$ 3,039,394
Employer's net HIC OPEB asset as a percentage of covered payroll	-1.66%	-0.19%	-0.71%	-0.54%	-0.49%

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

County of Washington, Virginia
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

	2021	2020	2019	2018	2017
Total HIC OPEB Liability					
Service cost	\$ 3,808	\$ 7,170	\$ 3,721	\$ 4,000	\$ 4,000
Interest	28,675	9,758	19,276	20,000	21,000
Benefit changes	-	17,086	-	-	-
Differences between expected and actual experience	(160,146)	86,252	1,031	(15,000)	-
Changes of assumptions	5,979	52,600	5,630	-	(4,000)
Benefit payments	(26,708)	(26,976)	(25,502)	(26,000)	(25,000)
Other changes	-	-	124	1,000	(1,000)
Net change in total HIC OPEB liability	\$ (148,392)	\$ 145,890	\$ 4,280	\$ (16,000)	\$ (5,000)
Total HIC OPEB Liability - beginning	438,170	292,280	288,000	304,000	309,000
Total HIC OPEB Liability - ending (a)	\$ 289,778	\$ 438,170	\$ 292,280	\$ 288,000	\$ 304,000
Plan fiduciary net position					
Contributions - employer	\$ 29,875	\$ 22,461	\$ 21,443	\$ 21,000	\$ 22,000
Net investment income	8	(3)	100	1,000	1,000
Benefit payments	(26,708)	(26,976)	(25,502)	(26,000)	(25,000)
Administrator charges	(1)	1	(1)	-	-
Other	-	-	544	(1,000)	(1,000)
Net change in plan fiduciary net position	\$ 3,174	\$ (4,517)	\$ (3,416)	\$ (5,000)	\$ (3,000)
Plan fiduciary net position - beginning	(2,933)	1,584	5,000	10,000	13,000
Plan fiduciary net position - ending (b)	\$ 241	\$ (2,933)	\$ 1,584	\$ 5,000	\$ 10,000
Employer's net HIC OPEB liability - ending (a) - (b)	\$ 289,537	\$ 441,103	\$ 290,696	\$ 283,000	\$ 294,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.08%	-0.67%	0.54%	1.74%	3.29%
Covered payroll	\$ 2,824,992	\$ 2,807,497	\$ 2,723,587	\$ 2,617,104	\$ 2,716,445
Employer's net HIC OPEB liability as a percentage of covered payroll	10.25%	15.71%	10.67%	10.81%	10.82%

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

County of Washington, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 3,776	\$ 3,776	\$ -	\$ 3,432,554	0.11%
2021	3,476	3,476	-	3,160,443	0.11%
2020	3,106	3,106	-	3,105,665	0.10%
2019	3,000	3,000	-	3,045,660	0.10%
2018	2,000	2,000	-	3,136,197	0.06%
2017	2,000	2,000	-	3,039,394	0.07%
2016	3,413	3,413	-	3,102,845	0.11%
2015	3,232	3,232	-	2,938,344	0.11%
2014	1,230	1,230	-	3,074,512	0.04%
2013	3,772	3,772	-	9,430,471	0.04%
Component Unit School Board (nonprofessional)					
2022	\$ 29,365	\$ 29,365	\$ -	\$ 2,770,245	1.06%
2021	29,945	29,945	-	2,824,992	1.06%
2020	22,460	22,460	-	2,807,497	0.80%
2019	22,000	22,000	-	2,723,587	0.81%
2018	20,000	20,000	-	2,617,104	0.76%
2017	21,000	21,000	-	2,716,445	0.77%
2016	18,602	18,602	-	2,620,073	0.71%
2015	18,986	18,986	-	2,674,140	0.71%
2014	22,506	22,506	-	2,617,034	0.86%
2013	23,345	23,345	-	2,714,546	0.86%

County of Washington, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Washington, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	0.41589% \$	5,338,235 \$	36,780,692	14.51%	13.15%
2020	0.41840%	5,458,488	36,682,301	14.88%	9.95%
2019	0.42424%	5,553,715	35,583,475	15.61%	8.97%
2018	0.43617%	5,538,000	35,275,151	15.70%	8.08%
2017	0.44848%	5,689,000	35,393,745	16.07%	7.04%

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

County of Washington, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 466,520	\$ 466,520	\$ -	\$ 38,555,407	1.21%
2021	445,046	445,046	-	36,780,692	1.21%
2020	440,188	440,188	-	36,682,301	1.20%
2019	424,000	424,000	-	35,583,475	1.19%
2018	434,000	434,000	-	35,275,151	1.23%
2017	393,000	393,000	-	35,393,745	1.11%
2016	368,033	368,033	-	34,720,087	1.06%
2015	363,418	363,418	-	34,284,725	1.06%
2014	393,178	393,178	-	35,421,424	1.11%
2013	394,394	394,394	-	35,531,009	1.11%

County of Washington, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

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

Other Supplementary Information

County of Washington, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 52,410	\$ 52,410
Intergovernmental:				
Commonwealth	-	761,202	247,500	(513,702)
Total revenues	\$ -	\$ 761,202	\$ 299,910	\$ (461,292)
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 466,202	\$ -	\$ 466,202
Public works	-	4,499,074	1,809,994	2,689,080
Parks, recreation, and cultural	-	440,995	317,500	123,495
Total expenditures	\$ -	\$ 5,406,271	\$ 2,127,494	\$ 3,278,777
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (4,645,069)	\$ (1,827,584)	\$ 2,817,485
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 4,645,069	\$ 354,521	\$ (4,290,548)
Issuance of lease liability	-	-	64,820	64,820
Total other financing sources (uses)	\$ -	\$ 4,645,069	\$ 419,341	\$ (4,225,728)
Net change in fund balances	\$ -	\$ -	\$ (1,408,243)	\$ (1,408,243)
Fund balances - beginning	-	19,001,652	18,996,202	(5,450)
Fund balances - ending	\$ -	\$ 19,001,652	\$ 17,587,959	\$ (1,413,693)

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, 2022

	School Capital Projects Fund				
	Budgeted Amounts				Variance with Final Budget Positive Negative
	Original	Final	Actual		
EXPENDITURES					
Current:					
Education	\$ 150,000	\$ 1,000,587	\$ 365,443	\$ 635,144	
Total expenditures	\$ 150,000	\$ 1,000,587	\$ 365,443	\$ 635,144	
Excess (deficiency) of revenues over (under) expenditures	\$ (150,000)	\$ (1,000,587)	\$ (365,443)	\$ 635,144	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 696,515	\$ 696,515	\$ -	
Total other financing sources (uses)	\$ -	\$ 696,515	\$ 696,515	\$ -	
Net change in fund balances	\$ (150,000)	\$ (304,072)	\$ 331,072	\$ 635,144	
Fund balances - beginning	150,000	304,072	304,072	-	
Fund balances - ending	\$ -	\$ -	\$ 635,144	\$ 635,144	

County of Washington, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
ARPA Fund
For the Year Ended June 30, 2022

	ARPA Fund				Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual			
	Original	Final				
REVENUES						
Revenue from the use of money and property	\$	-	\$	-	\$ 43,458	\$ 43,458
Intergovernmental revenues:						
Federal		-		-	1,428,331	1,428,331
Total revenues	\$	-	\$	-	\$ 1,471,789	\$ 1,471,789
EXPENDITURES						
Current:						
General government administration	\$	-	\$	5,219,950	\$ 1,428,331	\$ 3,791,619
Total expenditures	\$	-	\$	5,219,950	\$ 1,428,331	\$ 3,791,619
Excess (deficiency) of revenues over (under) expenditures	\$	-	\$	(5,219,950)	\$ 43,458	\$ (5,263,408)
Net change in fund balances	\$	-	\$	(5,219,950)	\$ 43,458	\$ (5,263,408)
Fund balances - beginning		-		5,219,950	-	5,219,950
Fund balances - ending	\$	-	\$	-	\$ 43,458	\$ (43,458)

FIDUCIARY FUNDS

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

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

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

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

County of Washington, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2022

	Special Welfare	Fringe Benefits	Soil Erosion Deposits	Commonwealth Attorney Collection Program	Total
ASSETS					
Cash and cash equivalents	\$ 58,393	\$ 30,437	\$ 47,086	\$ 66,865	\$ 202,781
Accounts receivable	-	-	-	1,906	1,906
Total assets	<u>\$ 58,393</u>	<u>\$ 30,437</u>	<u>\$ 47,086</u>	<u>\$ 68,771</u>	<u>\$ 204,687</u>
NET POSITION					
Restricted for:					
Social services clients	\$ 58,393	\$ -	\$ -	\$ -	\$ 58,393
School board employee fringe benefits	-	30,437	-	-	30,437
Soil erosion deposits	-	-	47,086	-	47,086
Commonwealth Attorney collection program	-	-	-	68,771	68,771
Total net position	<u>\$ 58,393</u>	<u>\$ 30,437</u>	<u>\$ 47,086</u>	<u>\$ 68,771</u>	<u>\$ 204,687</u>

County of Washington, Virginia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2022

	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>Soil Erosion Deposits</u>	<u>Commonwealth Attorney Collection Program</u>	<u>Total</u>
Additions					
Interest	\$ 248	\$ 6,584	\$ -	\$ -	\$ 6,832
Social services receipts	11,833	-	-	-	11,833
Fringe benefits receipts from retirees	-	146,264	-	-	146,264
Soil erosion deposit	-	-	13,595	-	13,595
Commonwealth Attorney collections	-	-	-	68,726	68,726
Total additions	<u>\$ 12,081</u>	<u>\$ 152,848</u>	<u>\$ 13,595</u>	<u>\$ 68,726</u>	<u>\$ 247,250</u>
Deductions:					
Payments for social services clients	\$ 39,778	\$ -	\$ -	\$ -	\$ 39,778
Payments for fringe benefits	-	147,620	-	-	147,620
Return of soil erosion deposits	-	-	11,128	-	11,128
Payments for Commonwealth Attorney Collections	-	-	-	101,237	101,237
Total deductions	<u>\$ 39,778</u>	<u>\$ 147,620</u>	<u>\$ 11,128</u>	<u>\$ 101,237</u>	<u>\$ 299,763</u>
 Net Increase (decrease) in fiduciary net position	 \$ (27,697)	 \$ 5,228	 \$ 2,467	 \$ (32,511)	 \$ (52,513)
 Net Position, beginning	 86,090	 25,209	 44,619	 101,282	 257,200
Net Position, ending	<u><u>\$ 58,393</u></u>	<u><u>\$ 30,437</u></u>	<u><u>\$ 47,086</u></u>	<u><u>\$ 68,771</u></u>	<u><u>\$ 204,687</u></u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Washington, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Activity Fund	Total School Fund
ASSETS			
Cash and cash equivalents	\$ 3,729,648	\$ -	\$ 3,729,648
Cash in custody of others	-	1,835,703	1,835,703
Accounts receivable	878,298	70,087	948,385
Due from primary government	4,129,278	-	4,129,278
Due from other governmental units	4,007,093	-	4,007,093
Total assets	<u>\$ 12,744,317</u>	<u>\$ 1,905,790</u>	<u>\$ 14,650,107</u>
LIABILITIES			
Accounts payable	\$ 742,158	\$ 72,167	\$ 814,325
Accrued wages	8,764,724	-	8,764,724
Total liabilities	<u>\$ 9,506,882</u>	<u>\$ 72,167</u>	<u>\$ 9,579,049</u>
FUND BALANCES			
Restricted	\$ 1,656,701	\$ 74,605	\$ 1,731,306
Assigned	1,580,434	1,163,707	2,744,141
Unassigned	300	595,311	595,611
Total fund balances	<u>\$ 3,237,435</u>	<u>\$ 1,833,623</u>	<u>\$ 5,071,058</u>
Total liabilities and fund balances	<u>\$ 12,744,317</u>	<u>\$ 1,905,790</u>	<u>\$ 14,650,107</u>

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

Total fund balances per above \$ 5,071,058

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	7,122,928	
Machinery and equipment	6,617,125	
Construction in progress	<u>125,065</u>	16,684,593

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

Net pension asset		297,161
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Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.

Prepaid items		929,821
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Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 13,734,475	
OPEB related items	<u>3,589,646</u>	17,324,121

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.

3,224,902

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	\$ (16,100,289)	
Net pension liability - VRS	(32,546,786)	
Compensated absences	(3,068,179)	
Net pension liability - supplemental retirement	<u>(7,622,356)</u>	(59,337,610)

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

Pension related items	\$ (30,630,702)	
OPEB related items	<u>(2,779,270)</u>	(33,409,972)

Net position of governmental activities		<u>\$ (49,215,926)</u>
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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, 2022

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	\$ 13,624	\$ -	\$ 13,624
Charges for services	2,136,997	1,993,618	4,130,615
Miscellaneous	1,885,076	-	1,885,076
Recovered costs	89,202	-	89,202
Intergovernmental:			
Local government	28,997,316	-	28,997,316
Commonwealth	50,079,597	-	50,079,597
Federal	13,794,651	-	13,794,651
Total revenues	<u>\$ 96,996,463</u>	<u>\$ 1,993,618</u>	<u>\$ 98,990,081</u>
EXPENDITURES			
Current:			
Education	\$ 94,655,639	\$ 2,570,811	\$ 97,226,450
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,340,824</u>	<u>\$ (577,193)</u>	<u>\$ 1,763,631</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 166,433	\$ 805,652	\$ 972,085
Transfers out	(805,652)	(166,433)	(972,085)
Total other financing sources and uses	<u>\$ (639,219)</u>	<u>\$ 639,219</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,701,605	\$ 62,026	\$ 1,763,631
Fund balances - beginning	1,535,830	1,771,597	3,307,427
Fund balances - ending	<u>\$ 3,237,435</u>	<u>\$ 1,833,623</u>	<u>\$ 5,071,058</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			\$ 1,763,631
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation expense in the current period.			
Capital Outlay		\$ 2,854,200	
Depreciation Expense		<u>(2,058,220)</u>	795,980
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.			(5,828)
Certain items reported as expenditures in the fund statements are deferred and shown as assets or the statement of net position.			8,483
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		\$ 285,738	
Pension related items		7,611,905	
OPEB related items		<u>(48,072)</u>	7,849,571
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.			
			2,685,101
Change in net position of governmental activities			<u>\$ 13,096,938</u>

*The School Activity Fund does not require a legally adopted budget.

County of Washington, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 13,000	\$ 13,000	\$ 13,624	\$ 624
Charges for services	2,565,244	2,565,244	2,136,997	(428,247)
Miscellaneous	1,863,644	1,863,644	1,885,076	21,432
Recovered costs	235,000	235,000	89,202	(145,798)
Intergovernmental:				
Local government	27,673,781	30,521,583	28,997,316	(1,524,267)
Commonwealth	49,720,920	49,290,514	50,079,597	789,083
Federal	14,099,518	23,002,706	13,794,651	(9,208,055)
Total revenues	\$ 96,171,107	\$ 107,491,691	\$ 96,996,463	\$ (10,495,228)
EXPENDITURES				
Current:				
Education	\$ 98,925,701	\$ 109,600,885	\$ 94,655,639	\$ 14,945,246
Excess (deficiency) of revenues over (under) expenditures	\$ (2,754,594)	\$ (2,109,194)	\$ 2,340,824	\$ 4,450,018
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 166,433	\$ 166,433
Transfers out	-	-	(805,652)	(805,652)
Total other financing sources and uses	\$ -	\$ -	\$ (639,219)	\$ (639,219)
Net change in fund balances	\$ (2,754,594)	\$ (2,109,194)	\$ 1,701,605	\$ 3,810,799
Fund balances - beginning	2,754,594	2,109,194	1,535,830	(573,364)
Fund balances - ending	\$ -	\$ -	\$ 3,237,435	\$ 3,237,435

County of Washington, Virginia
Statement of Net Position
Proprietary Fund - Discretely Presented Component Unit - School Board
June 30, 2022

	Internal Service <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,144,702
	<hr/>
LIABILITIES	
Current liabilities:	
Incurred but unpaid liability	\$ 919,800
	<hr/>
NET POSITION	
Unrestricted	\$ 3,224,902
Total net position	\$ 3,224,902
	<hr/> <hr/>

County of Washington, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	Internal Service <u>Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 14,258,605
OPERATING EXPENSES	
Insurance claims and expenses	\$ 11,595,906
Operating income (loss)	\$ 2,662,699
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 22,402
Change in net position	\$ 2,685,101
Total net position - beginning	539,801
Total net position - ending	\$ 3,224,902

County of Washington, Virginia
Statement of Cash Flows
Proprietary Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	Internal Service <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 14,258,605
Payments for premiums	(11,710,723)
Net cash provided by (used for) operating activities	<u>\$ 2,547,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 22,402
Net cash provided by (used for) investing activities	<u>\$ 22,402</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,570,284
Cash and cash equivalents - beginning	1,574,418
Cash and cash equivalents - ending	<u><u>\$ 4,144,702</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 2,662,699
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in amounts incurred but unpaid	\$ (114,817)
Net cash provided by (used for) operating activities	<u><u>\$ 2,547,882</u></u>

County of Washington, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2022

	Employee Early Retirement Incentive <u>Plan</u>
ASSETS	
Cash and cash equivalents	\$ 1,809,464
Receivables:	
Interest and dividends	45,638
Contributions	190,892
Investments, at fair value:	
U.S. government obligations	5,365,339
Equity securities	2,163,720
Total assets	<u>\$ 9,575,053</u>
NET POSITION	
Held in trust for retirement plan	<u><u>\$ 9,575,053</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, 2022

	Employee Early Retirement Incentive <u>Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,145,352
Investment earnings:	
Interest	\$ 6,337
Dividends	78,109
Net increase (decrease) in the fair market value of investments	(682,053)
Total investment earnings	\$ (597,607)
Less investment expense	
Net investment earnings	\$ (597,607)
Total additions	\$ 547,745
DEDUCTIONS	
Benefits	\$ 1,104,572
Administrative expenses	21,739
Total deductions	\$ 1,126,311
Change in net position	\$ (578,566)
Net position - beginning	10,153,619
Net position - ending	\$ 9,575,053

County of Washington, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2022

	Park <u>Authority</u>	Industrial Develop- <u>ment Authority</u>	Virginia Highlands <u>Airport Authority</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 136,147	\$ 2,195,383	\$ 1,294,473	\$ 3,626,003
Cash in custody of others	30,000	-	-	30,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	75,544	91,614	167,158
Notes receivable	-	8,678,280	-	8,678,280
Leases receivable	-	1,064,783	797,224	1,862,007
Rent receivable	-	22,752	-	22,752
Grants receivable	-	-	71,571	71,571
Due from other governmental units	-	35,368	-	35,368
Inventories	-	-	83,171	83,171
Prepaid items	-	5,583	28,280	33,863
Net pension asset	-	-	132,772	132,772
Capital assets (net of accumulated depreciation):				
Land	753,776	14,599,038	13,120,373	28,473,187
Buildings and system	128,802	692,849	1,997,711	2,819,362
Improvements other than buildings	184,705	632,206	6,479,348	7,296,259
Machinery and equipment	18,284	2,734	122,527	143,545
Construction in progress	6,500	-	28,686,075	28,692,575
Total assets	<u>\$ 1,258,214</u>	<u>\$ 28,004,520</u>	<u>\$ 52,905,139</u>	<u>\$ 82,167,873</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ -	\$ 1,492,385	\$ -	\$ 1,492,385
Pension related items	17,251	-	31,917	49,168
OPEB related items	-	-	4,597	4,597
Total deferred outflows of resources	<u>\$ 17,251</u>	<u>\$ 1,492,385</u>	<u>\$ 36,514</u>	<u>\$ 1,546,150</u>
LIABILITIES				
Accounts payable	\$ 5,357	\$ 19,016	\$ 238,808	\$ 263,181
Accrued wages	7,789	-	20,659	28,448
Accrued interest payable	-	41,711	6,960	48,671
Due to other governmental units	-	21,849	-	21,849
Unearned revenue	-	-	58,121	58,121
Long-term liabilities:				
Due within one year	-	1,013,805	767,554	1,781,359
Due in more than one year	4,440	11,095,225	28,967	11,128,632
Total liabilities	<u>\$ 17,586</u>	<u>\$ 12,191,606</u>	<u>\$ 1,121,069</u>	<u>\$ 13,330,261</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 27,763	\$ -	\$ 156,220	\$ 183,983
OPEB related items	-	-	7,145	7,145
Lease related items	-	1,053,277	784,734	1,838,011
Total deferred inflows of resources	<u>\$ 27,763</u>	<u>\$ 1,053,277</u>	<u>\$ 948,099</u>	<u>\$ 2,029,139</u>
NET POSITION				
Net investment in capital assets	\$ 1,092,067	\$ 15,926,827	\$ 49,638,480	\$ 66,657,374
Unrestricted	138,049	325,195	1,234,005	1,697,249
Total Net Position	<u>\$ 1,230,116</u>	<u>\$ 16,252,022</u>	<u>\$ 50,872,485</u>	<u>\$ 68,354,623</u>

County of Washington, Virginia
Combining Statement of Activities
Other Component Units
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit		
					Washington County Park Authority	Industrial Development Authority	Virginia Highlands Airport Authority
OTHER COMPONENT UNITS:							
Washington Park Authority	\$ 341,314	\$ 329,270	\$ -	\$ -	\$ (12,044)	\$ -	\$ (12,044)
Industrial Development Authority	1,215,528	-	381,857	214,970	-	(618,701)	(618,701)
Virginia Highlands Airport Authority	2,642,922	1,498,730	2,299,500	4,085,745	-	-	5,241,053
Total other component units	\$ 4,199,764	\$ 1,828,000	\$ 2,681,357	\$ 4,300,715	\$ (12,044)	\$ (618,701)	\$ 5,241,053
							\$ 4,610,308
General revenues:							
Unrestricted revenues from use of money and property					\$ 47	\$ 300,389	\$ 329,353
Miscellaneous					1,289	22,914	14,622
Payments from Washington County					-	561,653	-
Total general revenues					\$ 1,336	\$ 884,956	\$ 343,975
Change in net position					\$ (10,708)	\$ 266,255	\$ 5,585,028
Net position - beginning					1,240,824	15,985,767	45,287,457
Net position - ending					\$ 1,230,116	\$ 16,252,022	\$ 50,872,485
							\$ 68,354,623

Supporting Schedules

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 26,425,000	\$ 26,425,000	\$ 27,057,002	\$ 632,002
Real and personal public service corporation taxes	1,633,500	1,633,500	1,862,194	228,694
Personal property taxes	7,940,000	8,167,448	8,918,271	750,823
Mobile home taxes	137,000	137,000	115,242	(21,758)
Machinery and tools taxes	2,871,000	2,871,000	3,182,864	311,864
Penalties	305,000	305,000	363,024	58,024
Interest	350,000	350,000	476,097	126,097
Total general property taxes	<u>\$ 39,661,500</u>	<u>\$ 39,888,948</u>	<u>\$ 41,974,694</u>	<u>\$ 2,085,746</u>
Other local taxes:				
Local sales and use taxes	\$ 7,710,000	\$ 7,710,000	\$ 9,190,568	\$ 1,480,568
Consumers' utility taxes	1,100,000	1,100,000	1,140,662	40,662
Franchise license taxes	-	-	49	49
Utility license taxes	125,000	125,000	132,601	7,601
Motor vehicle licenses	1,110,000	1,110,000	1,138,725	28,725
Bank stock taxes	37,500	37,500	77,055	39,555
Taxes on recordation and wills	351,500	351,500	604,544	253,044
Hotel and motel room taxes	120,000	120,000	196,435	76,435
Total other local taxes	<u>\$ 10,554,000</u>	<u>\$ 10,554,000</u>	<u>\$ 12,480,639</u>	<u>\$ 1,926,639</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses and other animal related fees	\$ 29,500	\$ 29,500	\$ 28,767	\$ (733)
Zoning, subdivision plat and soil erosion permits	1,500	1,500	53,285	51,785
Building permits	126,250	126,250	222,142	95,892
Waste hauling fees	27,500	27,500	24,821	(2,679)
Other permits and licenses	20,000	20,000	39,279	19,279
Total permits, privilege fees, and regulatory licenses	<u>\$ 204,750</u>	<u>\$ 204,750</u>	<u>\$ 368,294</u>	<u>\$ 163,544</u>
Fines and forfeitures:				
Court fines, forfeitures and interest	\$ 1,093,081	\$ 1,116,744	\$ 1,082,236	\$ (34,508)
Revenue from use of money and property:				
Revenue from use of money	\$ 215,000	\$ 214,998	\$ 171,864	\$ (43,134)
Total revenue from use of money and property	<u>\$ 215,000</u>	<u>\$ 214,998</u>	<u>\$ 171,864</u>	<u>\$ (43,134)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 17,932	\$ 17,932	\$ 13,732	\$ (4,200)
Charges for transportation of prisoners	7,500	7,500	11,467	3,967
Charges for copies	15,000	15,000	11,472	(3,528)
Charges for Commonwealth's Attorney	6,000	6,000	3,666	(2,334)
Charges for highways and streets	5,000	17,500	12,500	(5,000)
Commission fees	243,000	243,000	774,354	531,354
Charges for sanitation and waste removal and other related fees	510,000	690,000	785,283	95,283
Charges for parks and recreation	50,000	50,000	8,079	(41,921)
Charges for library	10,000	10,000	7,392	(2,608)
Total charges for services	<u>\$ 864,432</u>	<u>\$ 1,056,932</u>	<u>\$ 1,627,945</u>	<u>\$ 571,013</u>
Miscellaneous:				
Miscellaneous	\$ 183,500	\$ 365,845	\$ 372,381	\$ 6,536
Revenue Sharing - Bristol	50,000	50,000	108,597	58,597
Bristol, Tenn.-payment in lieu of taxes	-	-	24,407	24,407
Tennessee Valley Authority-payment in lieu of taxes	700,000	700,000	585,876	(114,124)
Total miscellaneous	<u>\$ 933,500</u>	<u>\$ 1,115,845</u>	<u>\$ 1,091,261</u>	<u>\$ (24,584)</u>

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Insurance recoveries	\$ -	\$ 119,688	\$ 134,559	\$ 14,871
Regional jail	-	222,544	865,640	643,096
Facility management CS building	90,000	90,000	86,441	(3,559)
Other recovered costs	89,069	94,586	171,914	77,328
Total recovered costs	<u>\$ 179,069</u>	<u>\$ 526,818</u>	<u>\$ 1,258,554</u>	<u>\$ 731,736</u>
Total revenue from local sources	<u>\$ 53,705,332</u>	<u>\$ 54,679,035</u>	<u>\$ 60,055,487</u>	<u>\$ 5,376,452</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 40,000	\$ 40,000	\$ 34,442	\$ (5,558)
Mobile home titling tax	10,000	10,000	103,423	93,423
Motor vehicle rental tax	7,000	7,000	8,348	1,348
Grantors tax	100,000	100,000	182,658	82,658
Communications sales taxes	1,400,000	1,400,000	1,155,015	(244,985)
Games of skill tax	12,000	12,000	2,880	(9,120)
Personal property tax relief funds	2,559,286	2,559,286	2,559,286	-
Total noncategorical aid	<u>\$ 4,128,286</u>	<u>\$ 4,128,286</u>	<u>\$ 4,046,052</u>	<u>\$ (82,234)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 719,500	\$ 719,500	\$ 722,458	\$ 2,958
Sheriff	2,514,330	2,662,887	2,516,056	(146,831)
Commissioner of revenue	178,100	178,100	178,183	83
Treasurer	204,500	204,500	206,258	1,758
Registrar/electoral board	77,250	77,250	80,280	3,030
Clerk of the Circuit Court	466,000	549,885	550,328	443
Total shared expenses	<u>\$ 4,159,680</u>	<u>\$ 4,392,122</u>	<u>\$ 4,253,563</u>	<u>\$ (138,559)</u>
Other categorical aid:				
Virginia Public Assistance	\$ 2,700,811	\$ 2,700,811	\$ 2,844,692	\$ 143,881
Comprehensive services	1,358,000	2,304,514	2,097,187	(207,327)
Victim witness grant	24,103	24,103	31,030	6,927
Litter control grant	35,000	35,000	55,429	20,429
EMS grant-Four for life	70,000	70,000	107,302	37,302
Fire programs	170,000	170,000	179,769	9,769
Dog and cat sterilization grant	1,500	1,500	1,458	(42)
E-911 wireless grant	190,000	190,000	265,881	75,881
Library state aid	156,022	178,168	178,168	-
Asset forfeiture funds	-	11,724	11,724	-
SLC E-rate	-	14,423	14,423	-
DOJ - internet crimes against children	-	16,972	940	(16,032)
Arts grant	-	4,500	4,500	-
Library of VA preservation of records	-	68,056	-	(68,056)
Police equipment	-	681	-	(681)
Other state grants	-	110,555	68,139	(42,416)
Total other categorical aid	<u>\$ 4,705,436</u>	<u>\$ 5,901,007</u>	<u>\$ 5,860,642</u>	<u>\$ (40,365)</u>
Total categorical aid	<u>\$ 8,865,116</u>	<u>\$ 10,293,129</u>	<u>\$ 10,114,205</u>	<u>\$ (178,924)</u>
Total revenue from the Commonwealth	<u>\$ 12,993,402</u>	<u>\$ 14,421,415</u>	<u>\$ 14,160,257</u>	<u>\$ (261,158)</u>

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 3 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 30,500	\$ 30,500	\$ 74,218	\$ 43,718
Categorical aid:				
Virginia Public Assistance	\$ 3,559,777	\$ 3,559,777	\$ 3,749,410	\$ 189,633
QSCB interest rate subsidy	400,000	400,000	407,847	7,847
Victim witness grant	81,570	81,570	72,402	(9,168)
DMV Highway safety	-	41,194	24,401	(16,793)
VDEM grant	9,015	9,015	9,015	-
Coronavirus relief fund	-	8,530	-	(8,530)
ARPA	-	86,075	234,597	148,522
DCJS-VSTOP grant	27,810	27,810	21,057	(6,753)
Alcohol safety	-	90,232	8,885	(81,347)
DHCD	-	77,824	61,237	(16,587)
Bullet proof vest	-	4,833	7,250	2,417
Total categorical aid	\$ 4,078,172	\$ 4,386,860	\$ 4,596,101	\$ 209,241
Total revenue from the federal government	\$ 4,108,672	\$ 4,417,360	\$ 4,670,319	\$ 252,959
Total General Fund	\$ 70,807,406	\$ 73,517,810	\$ 78,886,063	\$ 5,368,253
Special Revenue Fund:				
ARPA Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 43,458	\$ 43,458
Total revenue from use of money and property	\$ -	\$ -	\$ 43,458	\$ 43,458
Total revenue from local sources	\$ -	\$ -	\$ 43,458	\$ 43,458
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
American Rescue (ARPA) COVID-19	\$ -	\$ -	\$ 1,428,331	\$ 1,428,331
Total categorical aid	\$ -	\$ -	\$ 1,428,331	\$ 1,428,331
Total revenue from the federal government	\$ -	\$ -	\$ 1,428,331	\$ 1,428,331
Total ARPA Fund	\$ -	\$ -	\$ 1,471,789	\$ 1,471,789
Capital Projects Funds				
County Capital Improvements Fund				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 52,410	\$ 52,410
Total revenue from use of money and property	\$ -	\$ -	\$ 52,410	\$ 52,410

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 4 of 5

<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>
Capital Projects Funds (Continued)				
County Capital Improvements Fund (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VA wireless E911 grant	\$ -	\$ 466,202	\$ -	\$ (466,202)
Mendota Trail	-	295,000	247,500	(47,500)
Total categorical aid	\$ -	\$ 761,202	\$ 247,500	\$ (513,702)
Total revenue from the Commonwealth	\$ -	\$ 761,202	\$ 247,500	\$ (513,702)
Total County Capital Improvements Fund	\$ -	\$ 761,202	\$ 299,910	\$ (461,292)
Total Primary Government	\$ 70,807,406	\$ 74,279,012	\$ 80,657,762	\$ 6,378,750
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 12,000	\$ 12,000	\$ 13,624	\$ 1,624
Revenue from the use of property	1,000	1,000	-	(1,000)
Total revenue from use of money and property	\$ 13,000	\$ 13,000	\$ 13,624	\$ 624
Charges for services:				
Charges for education	\$ 830,000	\$ 830,000	\$ 1,059,938	\$ 229,938
Governor's School	464,960	464,960	951,891	486,931
Transportation of pupils	55,000	55,000	1,405	(53,595)
Cafeteria sales	1,215,284	1,215,284	123,763	(1,091,521)
Total charges for services	\$ 2,565,244	\$ 2,565,244	\$ 2,136,997	\$ (428,247)
Miscellaneous:				
Other miscellaneous	\$ 1,863,644	\$ 1,863,644	\$ 1,885,076	\$ 21,432
Recovered costs:				
Other recovered costs	\$ 235,000	\$ 235,000	\$ 89,202	\$ (145,798)
Total revenue from local sources	\$ 4,676,888	\$ 4,676,888	\$ 4,124,899	\$ (551,989)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Washington, Virginia	\$ 27,673,781	\$ 30,521,583	\$ 28,997,316	\$ (1,524,267)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 8,508,559	\$ 8,508,559	\$ 10,547,143	\$ 2,038,584
Basic school aid	21,254,358	21,254,358	20,013,743	(1,240,615)
GED funding	25,159	25,159	24,699	(460)
Summer remedial	-	-	37,677	37,677
Regular foster care	220,385	220,385	104,389	(115,996)
Adult high school courses	38,909	38,909	38,909	-
Gifted and talented	221,777	221,777	219,969	(1,808)
Remedial education	733,572	733,572	697,751	(35,821)
National board certified teacher	-	-	5,000	5,000
Compensation supplement	1,445,815	1,445,815	1,433,519	(12,296)
Preschool initiative	821,528	821,528	761,047	(60,481)
Special education	2,550,440	2,550,440	2,529,640	(20,800)
Textbook payment	458,354	458,354	454,616	(3,738)
Vocational education	1,070,503	1,070,503	1,061,772	(8,731)
Vocational equipment	-	-	31,514	31,514
Vocational educational occupational tech ed	-	-	146,335	146,335

County of Washington, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
Page 5 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Social security fringe benefits	\$ 1,351,989	\$ 1,351,989	\$ 1,340,963	\$ (11,026)
Retirement fringe benefits	3,151,798	3,151,798	3,126,094	(25,704)
Life insurance fringe benefits	93,829	93,829	93,064	(765)
State lottery payments	1,724,264	1,724,264	1,719,155	(5,109)
Early reading intervention	70,218	70,218	205,974	135,756
Jobs for Virginia graduates-lottery proceeds	-	-	30,000	30,000
At risk payments	1,711,760	1,711,760	1,706,388	(5,372)
Adult literacy	-	-	83,420	83,420
Homebound	23,871	23,871	14,883	(8,988)
School food	91,914	91,914	45,841	(46,073)
Regional programs	328,073	328,073	323,540	(4,533)
Project graduation	6,642	6,642	990	(5,652)
Special education - foster care	-	-	119,231	119,231
Mentor teacher program	3,827	3,827	9,980	6,153
Primary class size	1,000,334	1,000,334	1,013,632	13,298
Technology	492,000	492,000	440,000	(52,000)
SOL algebra readiness	113,600	113,600	108,723	(4,877)
Special ed jail program	1,687	1,687	-	(1,687)
English as a second language	52,915	52,915	41,576	(11,339)
GED testing	-	-	79,765	79,765
Governors school program	909,733	479,327	982,733	503,406
Other state funds	1,243,107	1,243,107	485,922	(757,185)
Total categorical aid	\$ 49,720,920	\$ 49,290,514	\$ 50,079,597	\$ 789,083
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ 43,500	\$ 43,500	\$ 25,685	\$ (17,815)
Adult basic education	450,000	450,000	414,216	(35,784)
Title I	1,500,000	1,500,000	1,866,747	366,747
Title VI-B, special education flow-through	1,700,000	1,700,000	1,441,774	(258,226)
Title VI-B, special education preschool	20,000	20,000	64,088	44,088
Title IV Part A LEA	250,000	250,000	141,552	(108,448)
Vocational education	160,000	160,000	141,283	(18,717)
Title II Part A	262,000	262,000	263,497	1,497
School breakfast and lunch program	2,219,518	2,254,518	4,584,869	2,330,351
Education stabilization funds	6,911,760	15,779,948	4,716,468	(11,063,480)
School Safety National Activities	-	-	20,220	20,220
ARPA	-	-	114,252	114,252
Other federal	582,740	582,740	-	(582,740)
Total categorical aid	\$ 14,099,518	\$ 23,002,706	\$ 13,794,651	\$ (9,208,055)
Total revenue from the federal government	\$ 14,099,518	\$ 23,002,706	\$ 13,794,651	\$ (9,208,055)
Total School Operating Fund	\$ 96,171,107	\$ 107,491,691	\$ 96,996,463	\$ (10,495,228)

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 179,501	\$ 179,501	\$ 159,513	\$ 19,988
General and financial administration:				
County administrator	\$ 258,013	\$ 261,013	\$ 253,201	\$ 7,812
Personnel	163,301	171,978	165,484	6,494
Legal services	184,583	184,583	165,326	19,257
Commissioner of revenue	709,932	735,501	721,425	14,076
Treasurer	942,190	1,833,583	916,581	917,002
Central accounting and purchasing	290,805	290,805	284,211	6,594
Information technology	781,216	799,926	736,415	63,511
Assessor	75,000	75,000	36,591	38,409
Auditor	95,000	95,000	91,050	3,950
Total general and financial administration	\$ 3,500,040	\$ 4,447,389	\$ 3,370,284	\$ 1,077,105
Board of elections:				
Registrar	\$ 256,940	\$ 268,238	\$ 244,457	\$ 23,781
Electoral board	127,155	112,155	94,615	17,540
Total board of elections	\$ 384,095	\$ 380,393	\$ 339,072	\$ 41,321
Total general government administration	\$ 4,063,636	\$ 5,007,283	\$ 3,868,869	\$ 1,138,414
Judicial administration:				
Courts:				
Circuit court	\$ 117,655	\$ 117,655	\$ 105,286	\$ 12,369
General district court	35,817	36,307	22,418	13,889
Juvenile and domestic relations court	21,461	21,461	11,554	9,907
Special magistrates	5,378	5,378	4,785	593
Clerk of the circuit court	823,248	1,062,614	889,679	172,935
Law library	12,000	60,718	9,972	50,746
Total courts	\$ 1,015,559	\$ 1,304,133	\$ 1,043,694	\$ 260,439
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,263,527	\$ 1,629,259	\$ 1,220,052	\$ 409,207
Total judicial administration	\$ 2,279,086	\$ 2,933,392	\$ 2,263,746	\$ 669,646
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,131,247	\$ 7,091,009	\$ 6,467,667	\$ 623,342
Litter Control	31,301	31,301	44,920	(13,619)
Victim witness assistance	121,683	121,683	113,379	8,304
Animal control	25,296	31,901	23,216	8,685
Interstate enforcement	534,695	1,128,285	679,452	448,833
Court security	96,873	97,873	116,379	(18,506)
Other Sheriff grants	41,515	455,314	238,028	217,286
Total law enforcement and traffic control	\$ 6,982,610	\$ 8,957,366	\$ 7,683,041	\$ 1,274,325
Fire and rescue services:				
Volunteer fire departments	\$ 1,498,534	\$ 1,842,519	\$ 1,771,165	\$ 71,354
E-911	765,625	765,625	688,104	77,521
Total fire and rescue services	\$ 2,264,159	\$ 2,608,144	\$ 2,459,269	\$ 148,875
Correction and detention:				
Regional jail payments	\$ 4,132,239	\$ 4,132,239	\$ 4,132,239	\$ -
Juvenile probation and detention	153,248	153,248	153,248	-
Total correction and detention	\$ 4,285,487	\$ 4,285,487	\$ 4,285,487	\$ -
Inspections:				
Building	\$ 405,718	\$ 457,643	\$ 406,798	\$ 50,845

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Medical examiner	\$ 1,000	\$ 1,000	\$ 1,020	\$ (20)
Emergency services	954,460	1,538,758	862,895	675,863
Total other protection	<u>\$ 955,460</u>	<u>\$ 1,539,758</u>	<u>\$ 863,915</u>	<u>\$ 675,843</u>
Total public safety	<u>\$ 14,893,434</u>	<u>\$ 17,848,398</u>	<u>\$ 15,698,510</u>	<u>\$ 2,149,888</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,448,866	\$ 2,748,716	\$ 2,513,792	\$ 234,924
Maintenance of general buildings and grounds:				
General properties	\$ 1,485,147	\$ 1,666,963	\$ 1,312,494	\$ 354,469
Total public works	<u>\$ 3,934,013</u>	<u>\$ 4,415,679</u>	<u>\$ 3,826,286</u>	<u>\$ 589,393</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	\$ 7,724,062	\$ 7,816,661	\$ 7,417,760	\$ 398,901
Area agency on aging	72,055	72,055	72,055	-
Senior services	116,450	117,100	117,100	-
Community action agency	157,668	157,668	156,133	1,535
Community services	2,045,806	3,342,400	3,364,572	(22,172)
Total welfare	<u>\$ 10,116,041</u>	<u>\$ 11,505,884</u>	<u>\$ 11,127,620</u>	<u>\$ 378,264</u>
Total health and welfare	<u>\$ 10,855,406</u>	<u>\$ 12,245,249</u>	<u>\$ 11,866,985</u>	<u>\$ 378,264</u>
Education:				
Other instructional costs:				
Contributions to community college	\$ 92,414	\$ 92,414	\$ 92,414	\$ -
Contribution to County School Board	27,673,781	30,521,583	28,997,316	1,524,267
Total education	<u>\$ 27,766,195</u>	<u>\$ 30,613,997</u>	<u>\$ 29,089,730</u>	<u>\$ 1,524,267</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks	\$ 200,624	\$ 200,624	\$ 194,342	\$ 6,282
Recreation	308,113	303,151	174,654	128,497
Total parks and recreation	<u>\$ 508,737</u>	<u>\$ 503,775</u>	<u>\$ 368,996</u>	<u>\$ 134,779</u>
Cultural enrichment:				
Cultural enrichment	\$ 118,003	\$ 127,503	\$ 127,503	\$ -
Library:				
Washington County library	\$ 1,441,269	\$ 1,804,967	\$ 1,492,724	\$ 312,243
Branch libraries	329,592	329,592	310,068	19,524
Total library	<u>\$ 1,770,861</u>	<u>\$ 2,134,559</u>	<u>\$ 1,802,792</u>	<u>\$ 331,767</u>
Total parks, recreation, and cultural	<u>\$ 2,397,601</u>	<u>\$ 2,765,837</u>	<u>\$ 2,299,291</u>	<u>\$ 466,546</u>
Community development:				
Planning and community development:				
Regional planning	\$ 49,951	\$ 49,951	\$ 49,951	\$ -
Zoning	102,238	102,238	93,956	8,282
Community development	214,826	213,233	160,213	53,020

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Planning and community development: (Continued)				
Economic development	\$ 140,992	\$ 308,816	\$ 202,229	\$ 106,587
CARES municipal utility relief	-	72,140	63,576	8,564
Contribution to Virginia Highlands Airport	224,200	224,200	195,500	28,700
Contribution to Washington County Industrial Development Authority	650,277	612,134	612,134	-
Contribution to Economic development	-	12,500	12,500	-
Total planning and community development	<u>\$ 1,382,484</u>	<u>\$ 1,595,212</u>	<u>\$ 1,390,059</u>	<u>\$ 205,153</u>
Environmental management:				
Contribution to soil and water district	\$ 17,770	\$ 17,770	\$ 17,770	-
Cooperative extension program:				
Extension office	\$ 146,723	\$ 159,723	\$ 141,502	\$ 18,221
Total community development	<u>\$ 1,546,977</u>	<u>\$ 1,772,705</u>	<u>\$ 1,549,331</u>	<u>\$ 223,374</u>
Nondepartmental:				
Revenue refunds	\$ 80,500	\$ 80,500	\$ 108,310	\$ (27,810)
Other non departmental	498,728	441,743	348,870	92,873
Total nondepartmental	<u>\$ 579,228</u>	<u>\$ 522,243</u>	<u>\$ 457,180</u>	<u>\$ 65,063</u>
Debt service:				
Principal retirement	\$ 1,957,670	\$ 1,957,670	\$ 2,117,859	\$ (160,189)
Interest and other fiscal charges	1,440,760	1,566,995	1,515,953	51,042
Total debt service	<u>\$ 3,398,430</u>	<u>\$ 3,524,665</u>	<u>\$ 3,633,812</u>	<u>\$ (109,147)</u>
Total General Fund	<u><u>\$ 71,714,006</u></u>	<u><u>\$ 81,649,448</u></u>	<u><u>\$ 74,553,740</u></u>	<u><u>\$ 7,095,708</u></u>
Special Revenue Fund:				
ARPA Fund:				
General government administration:				
General and financial administration:				
General government	\$ -	\$ 5,219,950	\$ 1,428,331	\$ 3,791,619
Total general government administration	<u>\$ -</u>	<u>\$ 5,219,950</u>	<u>\$ 1,428,331</u>	<u>\$ 3,791,619</u>
Total ARPA Fund	<u><u>\$ -</u></u>	<u><u>\$ 5,219,950</u></u>	<u><u>\$ 1,428,331</u></u>	<u><u>\$ 3,791,619</u></u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Public safety:				
Emergency services equipment	\$ -	\$ 466,202	\$ -	\$ 466,202
Total public safety	<u>\$ -</u>	<u>\$ 466,202</u>	<u>\$ -</u>	<u>\$ 466,202</u>
Public works:				
Solid waste equipment	\$ -	\$ 51,649	\$ -	\$ 51,649
Solid waste facilities	-	15,320	-	15,320
General services - Green Cove EMS	-	124,965	124,882	83
Courthouse	-	3,818,862	1,525,473	2,293,389
Equipment	-	150,538	153,214	(2,676)
General services facilities	-	337,740	6,425	331,315
Total public works	<u>\$ -</u>	<u>\$ 4,499,074</u>	<u>\$ 1,809,994</u>	<u>\$ 2,689,080</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Mendota trail project	\$ -	\$ 440,995	\$ 317,500	\$ 123,495
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ 440,995</u>	<u>\$ 317,500</u>	<u>\$ 123,495</u>
Total Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ 5,406,271</u></u>	<u><u>\$ 2,127,494</u></u>	<u><u>\$ 3,278,777</u></u>

County of Washington, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
Page 4 of 4

<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>
School Capital Projects Fund:				
Education:				
Operating costs:				
Facilities	\$ 150,000	\$ 1,000,587	\$ 365,443	\$ 635,144
Total School Capital Projects Fund	\$ 150,000	\$ 1,000,587	\$ 365,443	\$ 635,144
Total Primary Government	\$ 71,864,006	\$ 93,276,256	\$ 78,475,008	\$ 14,801,248
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction costs				
Administration, attendance and health	\$ 3,654,895	\$ 3,795,801	\$ 3,526,980	\$ 268,821
Instruction	75,006,702	82,277,961	70,280,071	11,997,890
Instructional technology	2,835,710	3,442,626	2,833,946	608,680
Total instruction costs	\$ 81,497,307	\$ 89,516,388	\$ 76,640,997	\$ 12,875,391
Operating costs:				
Pupil transportation	\$ 5,559,480	\$ 5,823,475	\$ 5,843,699	\$ (20,224)
Operation and maintenance of school plant	7,715,800	10,241,518	8,067,522	2,173,996
School food services	4,153,114	4,019,504	4,103,421	(83,917)
Total operating costs	\$ 17,428,394	\$ 20,084,497	\$ 18,014,642	\$ 2,069,855
Total School Operating Fund	\$ 98,925,701	\$ 109,600,885	\$ 94,655,639	\$ 14,945,246

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
2021-22	\$ 5,599,547	\$ 2,042,480	\$ 14,792,403	\$ 3,722,983	\$ 11,892,612	\$ 29,791,135	\$ 2,497,995	\$ 1,542,439	\$ 1,251,835	\$ 73,133,429
2020-21	4,964,274	2,143,930	14,654,648	4,674,732	10,715,602	27,706,636	2,227,415	6,541,971	965,966	74,595,174
2019-20	4,151,979	1,308,309	14,115,117	4,514,320	9,555,389	27,254,510	2,237,034	1,489,230	625,379	65,251,267
2018-19	3,484,548	1,520,934	12,337,009	3,649,087	8,481,758	28,729,896	2,041,937	1,513,061	751,524	62,509,754
2017-18	3,689,352	1,604,907	13,065,517	3,595,141	8,951,575	29,877,348	2,195,660	1,815,211	772,034	65,566,745
2016-17	4,036,671	1,646,936	12,289,555	3,460,678	8,895,767	30,413,235	2,190,464	4,127,452	795,330	67,856,088
2015-16	3,656,368	1,593,653	11,422,288	3,378,345	8,583,706	29,232,848	2,166,884	3,495,175	1,456,592	64,985,859
2014-15	3,508,913	1,602,299	11,090,052	3,729,458	7,800,245	28,369,156	2,233,396	2,325,083	1,077,287	61,735,889
2013-14	3,801,462	1,590,653	10,667,821	3,504,762	8,434,168	28,605,420	2,261,825	2,544,189	1,185,934	62,596,234
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

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	Gain on disposal of capital assets		
2021-22	\$ 3,078,475	\$ 16,126,913	\$ 259,224	\$ 41,831,688	\$ 12,480,639	\$ 267,732	\$ 3,569,906	\$ 4,120,270	\$ 49,500	\$ 81,784,347	
2020-21	2,988,182	23,057,731	622,059	40,552,439	11,797,008	267,683	1,147,852	4,093,099	323,351	84,849,404	
2019-20	2,495,335	11,833,894	90,694	39,425,070	10,723,489	450,980	1,313,517	4,178,080	-	70,511,059	
2018-19	2,455,107	11,061,620	100,686	38,688,720	10,048,347	546,431	1,346,362	4,218,527	-	68,465,800	
2017-18	2,245,836	10,776,143	137,679	38,072,161	10,014,078	216,464	1,317,667	4,337,419	-	67,117,447	
2016-17	1,937,707	11,472,283	486,654	37,193,772	10,019,462	130,177	1,347,159	4,375,293	-	66,962,507	
2015-16	1,742,312	11,012,920	192,216	36,955,004	9,569,743	136,324	954,452	4,372,419	-	64,935,390	
2014-15	1,864,511	9,378,338	233,206	35,963,625	9,294,629	119,508	937,614	4,393,869	-	62,185,300	
2013-14	1,875,166	9,503,961	687,141	34,581,104	9,229,842	123,575	956,021	4,413,735	-	61,370,545	
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	

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
2021-22	\$ 3,868,869	\$ 2,263,746	\$ 15,698,510	\$ 3,826,286	\$ 11,866,985	\$ 97,318,864	\$ 2,299,291	\$ 1,549,331	\$ 457,180	\$ 3,633,812	\$ 142,782,874
2020-21	4,359,704	2,147,936	16,248,444	4,211,381	10,671,136	88,643,133	2,056,988	6,542,215	1,106,026	3,253,631	139,240,594
2019-20	3,826,547	1,949,788	13,960,192	3,378,946	9,559,783	81,510,703	2,092,063	1,488,157	546,919	3,148,940	121,462,038
2018-19	3,364,364	1,756,598	13,674,623	3,539,434	8,832,336	81,895,688	2,140,850	1,546,997	436,931	3,271,046	120,458,867
2017-18	3,474,046	1,703,350	13,015,910	3,316,763	9,098,096	81,151,695	2,170,289	1,833,451	376,911	3,216,948	119,357,459
2016-17	3,473,710	1,668,714	12,284,821	2,975,593	8,951,391	80,094,615	2,079,364	4,140,390	527,288	3,079,559	119,275,445
2015-16	3,295,436	1,643,657	11,472,090	3,142,723	8,661,176	77,053,746	2,110,093	3,505,726	454,331	3,346,936	114,685,914
2014-15	3,221,950	1,624,187	11,496,109	3,472,833	7,963,697	75,359,860	2,114,710	2,277,067	474,926	3,132,595	111,137,934
2013-14	3,646,300	1,576,652	10,879,901	3,147,631	8,313,672	76,185,425	2,276,600	2,645,385	397,681	3,003,020	112,072,267
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

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2021-22	\$ 41,974,694	\$ 12,480,639	\$ 368,294	\$ 1,082,236	\$ 185,488	\$ 5,758,560	\$ 2,976,337	\$ 1,347,756	\$ 82,704,824	\$ 148,878,828
2020-21	40,914,567	11,797,008	258,803	1,231,424	273,594	3,136,242	2,141,901	1,003,279	85,833,929	146,590,747
2019-20	39,079,567	10,723,489	232,449	1,163,812	458,180	3,306,332	2,232,690	759,356	67,615,709	125,571,584
2018-19	38,910,431	10,048,347	205,690	1,379,152	557,739	3,522,428	2,567,520	1,235,189	65,179,178	123,605,674
2017-18	38,080,529	10,014,078	215,341	1,404,827	230,152	3,149,711	2,663,381	516,870	63,235,119	119,510,008
2016-17	36,984,433	10,019,462	239,854	1,137,417	142,342	2,990,892	2,767,322	300,352	63,024,271	117,606,345
2015-16	36,911,855	9,569,743	185,303	954,757	151,722	3,223,703	2,317,970	374,475	60,015,399	113,704,927
2014-15	35,818,485	9,294,629	187,014	1,021,836	129,317	3,198,816	2,281,105	768,230	58,310,428	111,009,860
2013-14	35,051,160	9,229,842	115,185	1,105,942	139,081	3,296,870	2,065,364	712,881	58,642,337	110,358,662
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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1,3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2,3)	Percent of Delinquent Taxes to Tax Levy
2021-22	\$ 43,827,891	\$ 42,048,588	95.94%	\$ 1,559,860	43,608,448	99.50%	\$ 4,948,673	11.29%
2020-21	42,020,075	40,793,843	97.08%	1,629,662	42,423,505	100.96%	5,002,236	11.90%
2019-20	41,346,051	39,656,332	95.91%	1,301,441	40,957,773	99.06%	5,202,313	12.58%
2018-19	40,775,956	39,260,144	96.28%	1,340,087	40,600,231	99.57%	4,997,804	12.26%
2017-18	40,282,119	38,776,872	96.26%	1,157,509	39,934,381	99.14%	4,144,224	10.29%
2016-17	39,044,004	37,687,741	96.53%	1,228,661	38,916,402	99.67%	4,174,045	10.69%
2015-16	38,927,722	37,392,739	96.06%	1,329,749	38,722,488	99.47%	3,845,600	9.88%
2014-15	37,902,384	36,675,879	96.76%	1,054,734	37,730,613	99.55%	3,856,871	10.18%
2013-14	34,784,577	33,893,005	97.44%	948,362	34,841,367	100.16%	3,563,916	10.25%
2012-13	33,132,974	31,903,695	96.29%	1,014,696	32,918,391	99.35%	3,643,003	11.00%

(1) Exclusive of penalties and interest.

(2) Includes current year taxes receivable only.

(3) Exclusive of rollback taxes and revenue sharing.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes (3)	Machinery and Tools	Public Utility (2)(4)		Total
				Real Estate and	Personal Property	
2021-22	\$ 4,548,805,381	\$ 752,509,884	\$ 205,764,615	\$ 298,072,835	\$	5,805,152,715
2020-21	4,528,822,488	660,946,617	199,754,342	278,118,046		5,667,641,493
2019-20	4,161,733,124	657,131,399	195,996,786	272,217,355		5,287,078,664
2018-19	4,089,614,123	620,551,921	187,150,779	301,328,958		5,198,645,781
2017-18	4,101,812,545	604,977,439	195,128,680	238,971,622		5,140,890,286
2016-17	4,117,406,258	593,997,271	189,916,150	199,721,217		5,101,040,896
2015-16	3,928,394,099	574,783,612	186,627,925	299,745,060		4,989,550,696
2014-15	3,887,864,596	570,992,102	180,011,133	186,055,671		4,824,923,502
2013-14	3,856,764,808	553,941,886	179,966,820	190,675,256		4,781,348,770
2012-13	3,643,100,137	542,187,701	176,763,685	155,434,116		4,517,485,639

(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 (2)	Personal Property	Machinery and Tools
2021-22	\$ 0.60	\$ 1.70	1.55
2020-21	0.60	1.70	1.55
2019-20	0.63	1.70	1.55
2018-19	0.63	1.70	1.55
2017-18	0.63	1.70	1.55
2016-17	0.63	1.70	1.55
2015-16	0.63	1.70	1.55
2014-15	0.63	1.70	1.55
2013-14	0.63	1.70	1.55
2012-13	0.63	1.55	1.55

(1) Per \$100 of assessed value.

(2) Rate for 2020-2021 is for 2021 taxes

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2021-22	54,876	\$ 5,805,153	\$ 21,646,931	\$ 21,646,931	0.37%	394
2020-21	54,876	5,667,641	23,011,565	23,011,565	0.41%	419
2019-20	54,876	5,287,079	8,768,194	8,768,194	0.17%	160
2018-19	54,876	5,198,646	10,668,827	10,668,827	0.21%	194
2017-18	54,876	5,140,890	12,551,815	12,551,815	0.24%	229
2016-17	54,876	5,101,041	14,406,774	14,406,774	0.28%	263
2015-16	54,876	4,989,551	16,104,443	16,104,443	0.32%	293
2014-15	54,876	4,824,924	16,117,239	16,117,239	0.33%	294
2013-14	54,876	4,781,349	17,525,265	17,525,265	0.37%	319
2012-13	54,876	4,517,486	18,840,729	18,840,729	0.42%	343

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2021-22	\$ 2,117,859	\$ 1,515,953	\$ 3,633,812	\$ 142,782,874	2.54%
2020-21	2,308,637	944,994	3,253,631	139,240,594	2.34%
2019-20	2,484,818	664,122	3,148,940	121,462,038	2.59%
2018-19	2,449,453	821,593	3,271,046	120,458,867	2.72%
2017-18	2,407,802	809,146	3,216,948	119,357,459	2.70%
2016-17	2,230,600	848,959	3,079,559	119,275,445	2.58%
2015-16	2,142,313	1,204,623	3,346,936	114,685,914	2.92%
2014-15	1,913,959	1,218,636	3,132,595	111,137,934	2.82%
2013-14	1,814,351	1,188,669	3,003,020	112,072,267	2.68%
2012-13	1,645,280	1,224,772	2,870,052	112,627,288	2.55%

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

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Washington, Virginia's basic financial statements, and have issued our report thereon dated December 8, 2022. Our report includes a reference to other auditors who audited the financial statements of the Virginia Highlands Airport Authority and Washington County School Board School Activity Funds, as described in our report on the County of Washington, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Faneer, Cox Associates

Blacksburg, Virginia
December 8, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Washington, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Washington, Virginia's major federal programs for the year ended June 30, 2022. 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 \$4,085,745 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, 2022. Our audit, described below, did not include the operations of the Virginia Highlands Airport Authority because the component unit engaged other auditors to perform an audit of compliance.

In our opinion, County of Washington, Virginia complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

Report on Internal Control over Compliance (Continued)

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

Polinse, Fauer, Cox Associates

Blacksburg, Virginia
December 8, 2022

County of Washington, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Guardianship Assistance	93.090	1110121, 1110122	\$ 459
Title IV-E Prevention Program	93.472	1140122	5,911
Temporary Assistance for Needy Families	93.558	0400121, 0400122	432,579
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950120, 0950121, 0950221	44,642
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122	1,997
Low-Income Home Energy Assistance	93.568	0600421, 0600422	76,125
Community-based Child Abuse Prevention Grants	93.590		1,000
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121, 0760122	93,684
Chafee Education and Training Vouchers Program CETV	93.599	9160121	264
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	1,009
Foster Care Title IV-E	93.658	1100121, 1100122	670,541
Adoption Assistance	93.659	1120121, 1120122	527,619
Social Services Block Grant	93.667	1000121, 1000122	640,551
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120, 9150121	22,502
Elder Abuse Prevention Interventions Program	93.747	8000221, 8000321	14,215
Children's Health Insurance Program	93.767	0540121, 0540122	4,375
Medicaid Cluster:			
Medical Assistance Program	93.778	1200121, 1200122	414,646
Total Department of Health and Human Services			\$ 2,952,119
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture:			
Food Distribution (Note 3)	10.555	Not available	\$ 297,856
Virginia Department of Education:			
National School Lunch Program	10.555	40254, 41106, 86557	3,086,519 \$ 3,384,375
School Breakfast Program	10.553	40253, 41110	1,113,226
Summer Food Service Program for Children	10.559	60302, 60303	81,454
Total Child Nutrition Cluster			4,579,055
Virginia Department of Education:			
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	86556	5,814
Forest Service Schools and Roads Cluster:			
Schools and Roads--Grants to States	10.665	43841	25,685
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121, 00010122, 0040121, 0040122	797,291
Total Department of Agriculture			\$ 5,407,845
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	21-U3717VA20, 22-V3717VA21	\$ 21,057
Crime Victim Assistance	16.575	22-O1107VW19, 21Y9278VW19	72,402
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	Not applicable	7,250
Equitable Sharing Program	16.922	Not applicable	50,451
Total Department of Justice			\$ 151,160
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FOP 2021 51407, FOP 2022 52400, FSC 2021 51390, FSC 2022 52394	\$ 24,401
Alcohol Open Container Requirements	20.607	154AL 2021 51357, 154AL 2022 52387	8,885
Total Department of Transportation			\$ 33,286
National Endowment for the Humanities:			
Pass Through Payments:			
The Library of Virginia:			
Grants to States	45.310	Not available	\$ 22,464
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Not available	\$ 9,015

County of Washington, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	42901	\$ 1,866,747
Special Education Cluster:			
Special Education - Grants to States	84.027	43071, 40287	\$ 1,441,774
Special Education - Preschool Grants	84.173	62521	64,088
Total Special Education Cluster			1,505,862
School Safety National Activities (formerly, Drug-Free Schools and Communities - National Programs)	84.184	60167	20,220
Supporting Effective Instruction State Grants (formerly, Improving Teacher Quality State Grants)	84.367	61480	263,497
Student Support and Academic Enrichment Program	84.424	60281	141,552
Adult Education - Basic Grants to States	84.002	42801, 61111	414,216
Career and Technical Education - Basic Grants to States	84.048	60031	141,283
Education Stabilization Fund:			
COVID 19 - Elementary and Secondary School Emergency Relief Fund (ESSER Fund)	84.425D	50,185, 50195, 60177	\$ 4,338,378
COVID 19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	50193, 41112	378,090
Total Department of Education			\$ 9,069,845
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD50790	\$ 61,237
Department of Treasury:			
Direct Payments:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 1,428,331
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	63,576
Virginia Compensation Board:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	148,557
Virginia Department of Education:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	45277	114,252
Total Department of Treasury			\$ 1,754,716
Total Expenditures of Federal Awards			\$ 19,461,687
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, 2022. 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, 2022, the County had no food commodities in inventory.			
Note 4 -- Loans and Loan Guarantees:			
The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.			
Note 5 -- Relationship to the Financial Statements Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:			
Intergovernmental federal revenues per the basic financial statements:			
Primary government:			
General Fund			\$ 4,670,319
Less: Payment in lieu of taxes			(74,218)
Less: QSCB interest			(407,847)
Add: Equitable Sharing Program			50,451
ARPA Fund			1,428,331
Total primary government			\$ 5,667,036
Component Unit School Board:			
School Operating Fund			\$ 13,794,651
Total expenditures of federal awards per basic financial statements			\$ 19,461,687
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards			\$ 19,461,687

County of Washington, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I: Grants to Local Educational Agencies
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.425	COVID 19 - Education Stabilization Fund

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, 2022

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

County of Washington, Virginia

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

There were no prior audit findings.