

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2019



Orange County, Virginia

COUNTY OF ORANGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

PREPARED BY
FINANCE DEPARTMENT
ORANGE, VIRGINIA

COUNTY OF ORANGE, VIRGINIA

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INTRODUCTORY SECTION

ORANGE COUNTY, VIRGINIA

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November 30, 2019

To the Board of Supervisors and the Citizens of Orange County:

It is my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This report has been prepared in accordance with Section 15.2-2503 of the Code of Virginia, 1950, as amended. The report is designed to present fairly the respective financial position of the government activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia ("County" or "Orange County") in all material respects, and to demonstrate compliance with applicable finance-related legal and contractual provisions.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh their benefits, Orange County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

PBMares, LLP, a firm of licensed certified public accountants, has audited and issued an unmodified "clean" opinion on the financial statements of Orange County for the fiscal year ended June 30, 2019. The Independent Auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

Orange County, Virginia, is a rural, but developing county with a landscape dominated by gently rolling hillsides, spectacular views of the beautiful Blue Ridge Mountains, the Rapidan River and several of Virginia's most significant historic areas. Located in Virginia's north-central Piedmont region, the County is 72 miles northwest of Richmond, 55 miles southwest of Washington, D.C. and 25 miles northeast of Charlottesville. The County consists of 355 square miles of land that ranges in elevation from 175 feet above sea level along the Rapidan River to 1,200 feet above sea level in the mountains and has an estimated population of 36,644. The County was named after William IV, Prince of Orange, and was formed in 1734. The Town of Orange became Orange County's judicial seat in 1749 when Culpeper County was formed making the previous courthouse location at Raccoon Ford far from the center of the new County.

The County includes two incorporated towns, the Towns of Gordonsville (population 1,605) and Orange (population 5,049), which are two of the main centers of commercial and industrial activity. The Route 3 Corridor in the eastern end of the County is also a commercial center. A planned residential community known as the Lake of the Woods is located on this corridor within the County and offers a private residential setting with recreation and open space areas.



Orange County Courthouse

The County operates under the traditional Board of Supervisors/County Administrator form of government as defined under Virginia law. The governing body of the County is the Board of Supervisors, which establishes policies for the administration of the County. The Board of Supervisors consists of five members representing the five election districts. The Chairman of the Board of Supervisors is elected from the Board of Supervisors and serves in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out policies established by the Board of Supervisors, and directs business and administrative procedures with the County government. In addition to the elected Board of Supervisors, five constitutional officers are elected. These officers include the Commissioner of Revenue, the Commonwealth's Attorney, the Clerk of the Circuit Court, the Sheriff, and the Treasurer.

The County provides a full range of services to its residents, including education, public safety, judicial services, solid waste disposal, community and economic development, airport, parks and recreation activities, public libraries, health and welfare, and general administration.

Orange County is financially accountable for a legally separate school district, which is reported separately within the financial statements as a component unit. Orange County Public Schools is the single largest service provided by the County. The School Board is composed of five elected members from each of the election districts. The School Board appoints a Superintendent to administer the policies of the School Board. The school system is comprised of one high school, two middle schools, five elementary schools and one primary school. The average daily membership for establishing the amounts of state school aid for school year 2018-2019 was 4,725. This represents a decrease of twenty-one students from the prior year. The mission statement adopted by the Orange County Public Schools is: *"Improving the future by empowering our students to value learning, achieve their full potential, and pursue their dreams."*

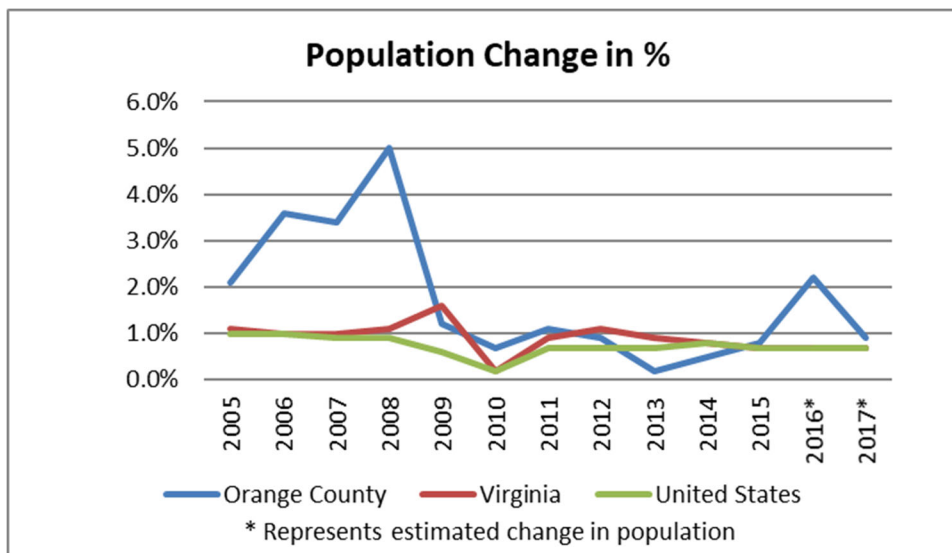
The Economic Development Authority (EDA) is a component unit of the County and has the power to issue tax-exempt industrial development revenue bonds to qualifying enterprises wishing to utilize that form of financing. Those bonds represent limited obligations of the EDA to be repaid solely from the revenue and receipts from the project funded with these proceeds. The debt outstanding does not constitute a debt or pledge of the faith and credit of the County or the EDA.

On April 26, 2016, the Board of Supervisors adopted a resolution authorizing the creation of the Orange County Broadband Authority, another component unit of the County. The Broadband Authority was created to facilitate the provision of affordable broadband service to businesses, governmental agencies, and the public. Access to affordable, reliable high-speed broadband, particularly in the rural geography of the County, is important for fostering economic development, improving educational opportunities, ensuring public safety, and enhancing the overall quality of life for the citizens of Orange County.

Virginia law requires the County to maintain a balanced budget in each fiscal year. The annual budget serves as the foundation of the County's financial planning and control. County departments and agencies begin their budget preparation each fall. In February, the County Administrator submits a proposed operating and capital budget. The operating and capital budget includes proposed expenditures and the means of financing such expenditures. Work sessions are scheduled to further refine the proposal and align it with the County's Comprehensive Plan, Strategic Plan, Capital Improvement Plan and other goals and objectives. A public hearing is conducted to obtain citizen comments on the proposed budget and tax rates. After consideration of public comment, the Board approves and appropriates the budget and sets property tax rates. The legal level of budgetary control (the level at which management cannot adjust the budget without the approval of the governing body) is the functional level. Functional categories include General Administration, Judicial Administration, Public Safety, Public Works, Health & Welfare, Education, Parks, Recreation & Culture, and Community Development.

Economic Conditions and Outlook

The local economy continued to improve in fiscal year 2019. A major driver of the County's economy during the 2000's was population growth with many new residents moving in to enjoy the County's rural and picturesque location and proximity to the markets of Richmond, Charlottesville, Culpeper, Fredericksburg, and the Washington D.C./Northern Virginia metropolitan area. As indicated in the following chart, Orange County's population growth between 2005 and 2009 was well above the state and national rates and growth in the commercial and service sectors of the economy accompanied the new residents. As the general economy slowed, so did the in-migration and the most recent estimates now indicate Orange County's population growth is only slightly above the state and national rates.



Because tourism has become a rapidly-growing component of the County's economy, during fiscal year 2015, a study was conducted by Mangum Economics to measure the local economic impact of the industry. Orange County is home to several historical sites, vineyards, attractions, and agritourism businesses which have flourished during the past decade. The study revealed that, in 2015, tourism contributed \$11 million in payroll supporting 568 jobs and \$45 million in tourism expenditures in Orange County. The Mangum Economics study concluded that local tourism-related businesses can play a particularly useful role in rounding out the economic development strategies of rural communities such as Orange County.

Tourism revenue for Orange County reached \$52 million in 2018, a 5.3 percent increase over 2017. Local tourism-supported jobs totaled 613, generating \$12.5 million in payroll, while state and local tourism-related taxes generated \$3.7 million. All data was received by the Virginia Tourism Corporation (VTC) from US Travel Association and is based on domestic visitor spending (travelers from within the United States) from trips taken 50 miles or more away from home.

Tourism businesses directly contribute to these increases by creating and aiding in the retention of jobs, increasing economic diversity, taking advantage of existing rural and agricultural assets, generating new business opportunities for complimentary products and services, providing entry level positions which develop soft skills in first-time workers, and fostering the development of critical customer and local supplier networks.



James Madison's Montpelier

Orange County's largest tourist attraction is Montpelier, a 2,650-acre estate which was the lifelong home of James Madison. The estate was originally settled by James Madison's grandfather in the 1720s, and later served as an encampment for Civil War soldiers. In 1901, Montpelier was purchased by William duPont, a leading industrialist, and remained in the DuPont family for most of the 20th century. Marion DuPont Scott and her brother, William transformed the estate into one of the nation's leading equestrian estates and played an important role in establishing and promoting racing on the flat and steeple chasing in America.

Following Mrs. Scott's death, and in accordance with her bequest, ownership of Montpelier was transferred to the National Trust for Historic Preservation which later established The Montpelier Foundation. In 2003,

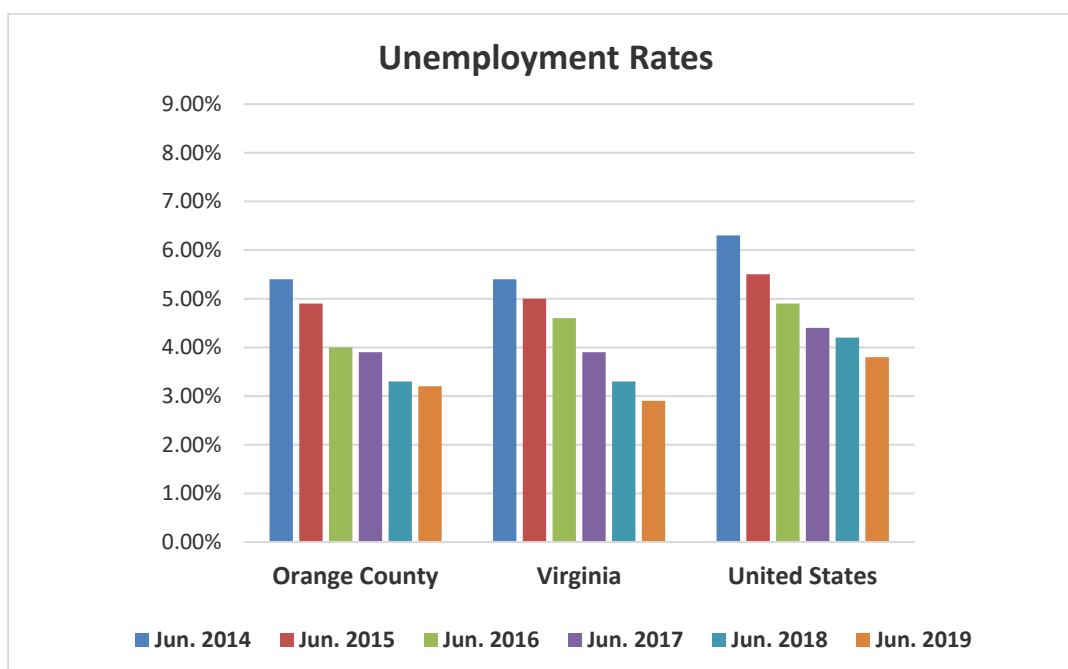
the Montpelier Foundation began restoration of the property to the 1820s home that James and Dolley Madison called home. Today, the home offers a window into the life and legacy of the Madisons, and a place of education where visitors, scholars and educators can explore the ideas of the Father of the Constitution and fourth president of the United States. The estate currently receives over 125,000 visitors a year and continues to also host the annual Montpelier Hunt Races.

Agriculture continues to play a major role in the County's economic life. The number of farms in the County has grown over the last several years even though the acreage devoted to farming has declined slightly. In addition to farming, however, the County is home to several related agribusinesses including two greenhouse facilities that supply a national retail chain, seven wineries, two breweries, and a laboratory specializing in natural pesticides and herbicides that have no adverse impact on the environment.

Orange County retains a strong core of manufacturing businesses taking advantage of the County's location, skilled labor force, and business friendly atmosphere. The County is the location for production and distribution facilities of nationally recognized industry leaders in such diverse sectors as plumbing tools, production molding, hardcover books, adhesive bonding, and rocket propulsion systems.

In June 2019, Governor Northam announced that the Virginia Department of Environmental Quality (DEQ) has issued permits for the construction and operation of three new solar projects in Halifax and Orange counties. These new solar projects are expected to generate more than 200 megawatts (MW) combined, which is enough electricity to power more than 25,000 homes. The project for Orange County is Sol Madison Solar, a 62.5 MW project developed by Cypress Creek Renewables. These solar projects are anticipated to offset the generation of approximately 345,598,101 pounds of carbon dioxide, 246,587 pounds of nitrogen oxides and 283,928 pounds of sulfur dioxide otherwise produced by fossil fuel-based electricity generation. These pollutants contribute to global warming and smog.

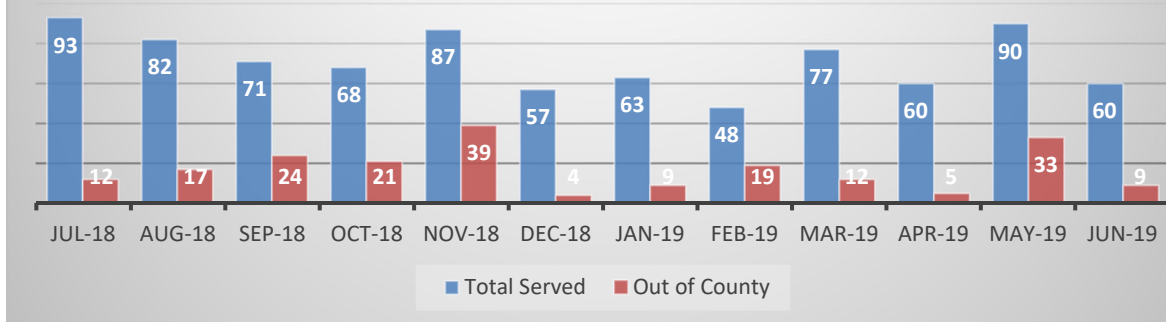
In July 2019, Governor Northam announced more than \$144,000 in Virginia Main Street grants for 12 projects, known as Downtown Investment Grants (DIG). The Town of Orange was awarded \$7,500 from this grant. DIG, administered by the Virginia Department of Housing and Community Development (DHCD), are for design and economic vitality projects targeting areas of specific need in historic downtown neighborhoods located in designated Virginia Main Street communities. These grants are available to designated Main Street organizations to accelerate the economic revitalization of their downtown districts by helping implement innovative strategies, plans, and programs that create an environment for increased private investment.



Unemployment rates in the County rose during the recession, but have now declined along with state and national rates. Information provided by the Virginia Employment Commission indicates a County unemployment rate at June 30, 2019 of 3.2%; higher than the state average of 2.9%, but below the national unemployment rate of 3.8%. According to the Bureau of Economic Analysis, in 2018 (the most recent year available), Orange County per capita personal income (\$49,010) rose by 5.9% over the previous year compared to the state-wide increase of 5.2%. The national increase in per capita personal income was 5.6%.

The Orange Workforce Center served 856 people during 2019 with a monthly average of 71.3 people. A total of 99 job-seekers were hired during fiscal year 2019; 73 through the Orange Workforce Center and 26 through the Workforce Innovation and Opportunity Act program. The Orange Workforce Center provided recruitment and hiring services to 75 businesses and held five Orange County Job Fairs.

Orange Workforce Center 2018-2019 Clients Served Comparison



During fiscal year 2019, property taxes were billed as follows:

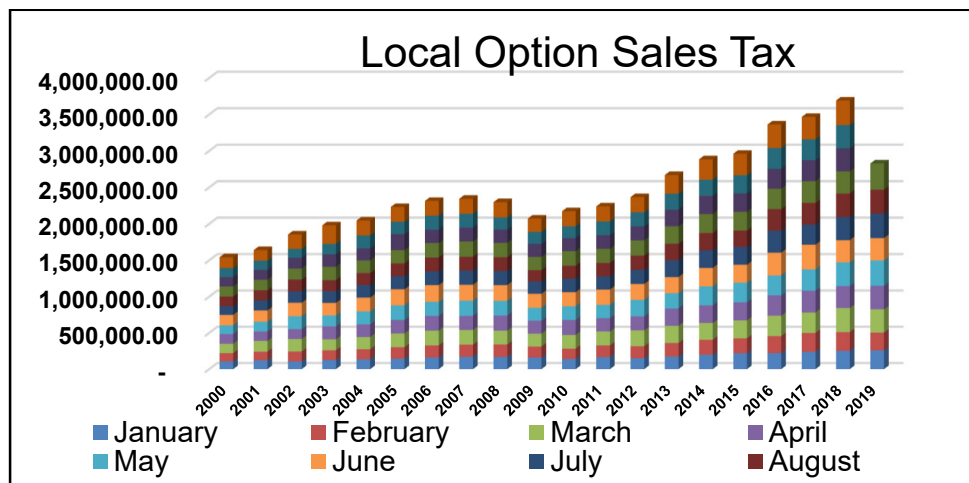
- 2nd Half Real Estate – 2018 Tax Year
- Public Service Companies – 2018 Tax Year
- All Personal Property – 2018 Tax Year
- 1st Half Real Estate– 2019 Tax Year

Real estate values for tax year 2019 increased by 1.1% over the 2018 values. Regular personal property values for tax year 2018, which includes automobiles, increased by 2.8%. Machinery and Tools assessed values increased by 33.8% as new investments were made in this category by local industries. Business and Heavy Equipment values decreased by 2.0%. Merchants Capital assessed values decreased by 3.6% for the 2018 tax year and assessed values for RVs and Campers increased by approximately 21.3% over the prior year. Total 2018 assessed values for Aircraft increased by 1.7% and the assessed values for Boats increased by 6.7%. Total property assessments for all property types increased by 5.9% and 4.7% for tax years 2017 and 2018 respectively. For tax year 2019, total property assessments decreased by 0.3%.

On February 27, 2018, the Board approved a change in the billing of property taxes for Public Service Companies (PSC). The billing schedule was changed from semi-annual for real estate and annual for personal property to an annual billing for both. The annual billing will enable the Commissioner of the Revenue to receive the certified values from the Virginia Department of Taxation prior to billing for the year. In the past, the first half PSC real estate taxes were estimated and once the values were received, the second half bills were adjusted to reflect any differences.

In tax year 2016, values for aircraft decreased reflecting the fact that several other neighboring localities with airports had reduced their property tax rates on aircraft. The Orange County Airport was experiencing a competitive disadvantage to recruit and locate new aircraft at the airport due to the continued assessment of the property tax. As an economic development strategy, the personal property tax on aircraft was eliminated in Orange County as part of the fiscal year 2016-2017 approved budget. It is anticipated that T-hanger and tie-down rentals at the Orange County Airport will increase by the elimination of the tax and by extension, fuel sales and service work at the airport should increase as well.

Orange county receives a 1% Local Option Sales Tax which is collected by the Virginia Department of Taxation and remitted to the County in which the sale occurred. Because this portion of sales tax is directly related to sales activity within the County, it provides a unique perspective on the County's local economy. The following chart is a historical representation of Local Option Sales Tax vendor collections through September 2019. The Local Option Sales Tax revenue is remitted to the County by the Virginia Department of Taxation two months after it is collected by the vendor.



According to a recent report by the Fredericksburg Area Association of Realtors, there was an increase of 42 sales (up by 23%) during the third quarter of 2019 compared to prior year. The average home sales price within the county increased by 8% during the twelve-month period ending September 2019, and the median length of time on the market has declined by two days during the same period. The supply of active units on the market decreased in Orange County by 19%. Based on this information, the next general reassessment of real property within the County (anticipated to become effective in 2020) may result in a more substantial increase in taxable assessed values.

The Orange County EDA adopted a strategic plan in March 2016. The strategic plan was crafted over a year-long effort which began with numerous stakeholder meetings throughout the county, developing a mission and vision statement as well as a key list of target industries, goals and strategies. Stakeholders include the Orange County Chamber of Commerce, Orange County School Board, major employers, environmental groups, faith based and minority groups, Town Councils, the County Board of Supervisors and the EDA. The final results of the discussions were adopted mission and vision statements as well as the identification of 12 industries to target for economic development in order to strengthen and further diversify the economic base. These target industries provide a range of jobs which match local skill sets in the region, attract new talent and add to the county's quality of life.

The table below identifies the target industries:

Adopted Mission Statement - Develop a well-balanced economic development program through recruitment and existing business efforts which create increased tax revenue and high-quality job opportunities for Orange residents while preserving the natural and cultural make-up of Orange County.

Adopted Vision Statement - Create a business environment that fosters entrepreneurial growth, attracts quality investment, with high value jobs in a community with an affordable cost of living and a great quality of life.

Strategic Plan: Target Industries		Regional CVPED Target Industries	Orange Base Industries	Orange Overall Target Industries
Industry				
1 Agribusiness		X	X	X
2 Arts, Entertainment, & Visitor Industries			X	X
3 Bioscience & Medical Devices		X		
4 Professional Services		X		X
5 Defense & Security		X	X	X
6 Eclectic Retail				X
7 Food Processing		X		X
8 Forestry & Wood Products			X	X
9 Health Services		X		X
10 Information Technology		X		X
11 Advanced Manufacturing		X	X	X
12 Transportation & Logistics			X	X
13 Education				X

Note: Central Virginia Partnership for Economic Development ("CVPED").

Major Initiatives

In September 2018, the Orange County EDA entered into an agreement with Roadstone Properties, LLC, also known as Aquaphalt, to sell a lot within the Thomas E. Lee Industrial park to Aquaphalt for \$1. In return, the company will invest \$2.3 million into a building and equipment at the site when it moves its distribution and manufacturing operation from Fluvanna to Orange over the next two years. The approximately \$2.3 million investment includes \$1.8 million of taxable real estate, \$300,000 in taxable machinery and \$200,000 in taxable tangible personal property. In addition to that investment, the company agrees to maintain six “new” jobs at the facility. Those jobs would be permanent, full-time positions with salaries of “no less than \$35,000, averaging approximately \$57,500.” It is anticipated that Aquaphalt will continue its investment and job creation in Orange County beyond the two-year agreement.

Aquaphalt is a cold mix asphalt repair product used on concrete or asphalt highways and roads. The product reacts with water and is an environmentally sustainable solution for roadway repairs. Aquaphalt originated in Austria and partnered with S.L. Williamson Company in 2011. S.L. Williamson Company is an asphalt paving and road construction company based in Charlottesville. Ace Hardware is one of Aquaphalt’s largest retailers.

In October 2018, Draper Aden Associates (Draper Aden) and ECS Mid-Atlantic, LLC (ECS) teamed up to perform and provide the Central Virginia Partnership for Economic Development (CVPED) due diligence research for strategic properties within the partner counties. Under this scope, Draper Aden and ECS were tasked with providing a Phase I Environmental Site Assessment (ESA) and Geotechnical Investigation for the property identified as “Thomas E. Lee Industrial Park (Lot 10)” in Orange County, Virginia. Utilizing the due diligence information and the Virginia Business Ready Sites Program (VBRSP) Site Characterization Tier Level criteria, Draper Aden was able to provide a Site Characterization letter describing the current Tier Level of the property as Tier Level 4. This characterization sets the current level of development suitability for the property and will assist the Office of Economic Development with future recruitment and development efforts.

To support the future growth goals of the Germanna Wilderness Area Plan, in October 2018, the County contracted with Buxton Company out of Fort Worth, TX to help develop a retail recruitment strategy. Buxton studied the Rt. 3 Area to determine what potential retailers would be a good match for the community based on consumer spending habits, demographics, and various other psychographics. As a result of the retail recruitment strategy, Buxton provided the Office of Economic Development with 20 retail matches for the targeted area. The Department then pursued the matches directly to gauge interest. Many conversations are ongoing, and several retailers have expressed interest.

Following the April 2018, announcement by Governor Northam that the census tract which includes portions of the Town of Orange was nominated for a Federal Opportunity Zone designation, Governor Northam announced on May 24, 2018, that the U.S. Department of Treasury has officially granted the designation. This designation is permanent until December 31, 2028. Throughout fiscal year 2019, the Office of Economic Development worked to better understand the Zone and its potential for soliciting investment. A prospectus is being developed in order to better encourage future investment and revitalization in the Town of Orange.



In June 2019, Orange County opened its first disc golf course. The course is located in the Thomas E. Lee Industrial Park. It is an 18-hole recreational course, with predominantly open terrain and mostly par 3 holes. The course is open from dawn to dusk to the public and will host various tournaments and events.

In November 2016, the Board of Supervisors authorized a bond sale totaling \$52,508,303 for the refinancing of the County’s 2007 Bonds (\$25,265,030) as well as new bonds to fund the construction of a Public Safety Communications System (\$9,333,922), Consolidated E-911 Dispatch and Facility (\$13,719,262), Dispatch Consolidation and Modernization Project (\$2,975,089) and a Fiber Optics/Rural Broadband Initiative (\$1,215,000). The new projects will strategically integrate the

telecommunications services and support facilities for public safety and education and in turn leverage private sector job creation and business investment. The broadband component of the project leverages educational e-rate funding to reduce the capital expense barriers for private-sector broadband companies in order to potentially serve unserved and underserved areas within Orange County. During fiscal year 2019, the school portion of the broadband project was completed and the second phase of providing residents and businesses consumer choice for affordable and reliable high-speed broadband was started. The Broadband Authority will be assuming responsibility of managing the broadband component upon completion.

Communication upgrades are underway by construction of eight new tower sites and implementation of a new P25 Radio System that will increase connectivity of all public safety and schools throughout the county to 95%. The project is expected to go live in phases beginning in fiscal year 2021.



Photo Credit: Orange County Review

Construction of a new public safety building also began during fiscal year 2019. The new 33,000 square foot facility will house the Sheriff's Office, Fire & EMS Administration, Information Technology, and Emergency Communications as well as provide space with a designated ECC/Board Meeting Room and hold the P25 Radio System equipment. The building will feature single-story construction with one main public entrance into a central lobby space. The lobby will be separated from the rest of the facility via access-controlled doorways. There will be customer service windows in the lobby for the sheriff's office and fire and EMS administration office.

In May 2019, Rescue station 23 on Berry Hill Road reopened after renovating the station following the closure of the building in 2017. The new improvements include upgraded crew quarters, HVAC systems, lighting, fire detection equipment, and a sprinkler system. County officials and Fire and EMS staff joined together for a ceremonial "push" of a medic unit into the newly renovated station during the dedication ceremony of the building.



Photo Credit: Orange County Review

Long-Term Financial Planning

Historically, the Finance Department has provided a financial forecast of revenues to the County Administrator and the Board of Supervisors. The forecast serves as a first step in the budget process for the upcoming fiscal year and is meant to provide a very preliminary view of the County's ability to meet its obligations and funding needs under a prescribed set of assumptions. The most recent revenue forecast included the following major assumptions:

- 1.3% increases in assessed values for real property
- 1.25% increases in assessed values for personal property
- 4% increases in other local taxes
- 5% increases in permits and privilege licenses
- 2% increases in fines and forfeitures

The results of the forecast are shown below and indicate ongoing challenges in balancing the County's annual budget with existing tax rates. The County's goal is to continue limiting the use of fund balance to one-time expenditures to avoid structural imbalance in the budget. As part of future budget discussions, the County will consider funding alternatives for the major capital projects as well as tax rate adjustments if necessary.

**Orange County Government
Five-Year General Fund Forecast**

	2018-2019 Actuals	2019-2020 Budget	2020-2021 Forecast	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast
Revenue:							
General Property Taxes	\$43,179,633	\$42,391,377	\$43,291,729	\$43,854,521	\$44,424,630	\$45,002,150	\$45,587,178
Other Local Taxes	6,734,140	6,911,230	7,187,679	7,475,186	7,774,194	8,085,162	8,408,568
Permits, Fees, License	507,803	442,251	533,193	559,853	587,845	617,238	648,100
Fines and Forfeitures	177,461	180,000	181,011	184,631	188,324	192,091	195,932
Use of Money and Property	623,207	458,967	542,557	545,270	547,996	550,736	553,490
Charges for Service	1,829,002	1,864,978	1,850,948	1,873,159	1,895,637	1,918,385	1,941,406
Miscellaneous Revenue	460,982	279,800	311,566	320,913	330,540	340,456	350,670
Recovered Costs	1,634,171	1,487,409	1,497,844	1,500,369	1,496,994	1,496,744	1,496,745
State Aid	8,788,336	8,622,993	8,709,223	8,796,315	8,884,278	8,973,121	9,062,852
Federal Grants	110,193	89,343	90,236	91,139	92,050	92,971	93,900
Transfer In from Other Funds	1,290	1,416	1,444	1,473	1,503	1,533	1,563
Total General Fund Revenue	\$64,046,218	\$62,729,764	\$64,197,431	\$65,202,830	\$66,223,993	\$67,270,586	\$68,340,405

Relevant Financial Policies

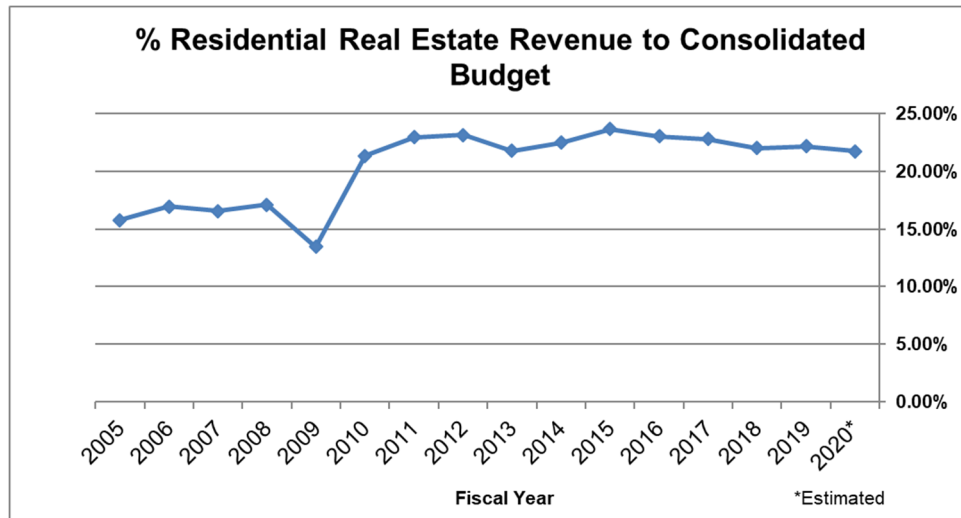
Following discussions at the 2014 planning retreat, the Board of Supervisors established a committee to draft several high-level financial policies for guiding future financial and budgetary decisions. The following policies were adopted by the Board on January 27, 2015.

Tax Revenue Generation

The Board's overall policy is not to raise tax rates and to do so only in cases where the County must meet legal mandates, fund specific capital projects, or when a revenue source is significantly diminished or lost.

Supporting Financial Operations

- Budget should be based on plans to achieve specific outcomes and the assessment of priorities rather than simply across-the-board increases.
- County services are maintained at existing levels and standards as a function of population changes, keeping a strong focus on maintaining high quality law enforcement, Fire/EMS, and public education.
- County services are subject to continuous improvement and innovation to gain cost and operational efficiencies.
- Typically, Real Property will be reassessed every four years.
- The Board's first priority is to expand the County's economy as a growing source of tax revenue to lessen the tax burden on residential real estate, which currently funds 22% of the total consolidated annual budget.



Debt

- Short-Term Debt such as lease purchase agreements used primarily for capital equipment purchases should be used for aiding and smoothing cash flow.
- Long-Term Debt should only be used for durable infrastructure such as real estate, buildings, and major IT systems.
- Long-Term Debt should NEVER be used for cash flow purposes.

Capital Improvement Plan and Budget

- The County will prepare annual updates of a five-year Capital Improvements Plan (CIP) which will specify proposed funding sources for capital projects, estimate the impact of any new debt, and include the level of annual General Fund contributions required for capital and debt service.
- The County will establish a Capital Projects Reserve Account to serve as the primary source of monies for the CIP. The Reserve may be funded through a combination of sources including transfers from the General Fund, carry-forward funds, user fees, debt proceeds, grants, donations, reserves, and unbudgeted revenue.
- Future combined budgets for General Fund contributions for Debt Service (*net of the amounts reimbursable as an obligation of another entity*) and Capital Projects will be no less than the amounts approved in the fiscal year 2014-2015 adopted budget.
- The County will consider additional appropriations to the Capital Projects Reserve Account from the General Fund Unassigned Fund Balance when funds may be available above the minimum amount established by the adopted Reserves Policy.

Reserves

The Board continued its Reserves Policy which sets the minimum level of acceptable unassigned General Fund balance for a fiscal stability reserve at 15% of the combined actual operating expenditures of the General Fund and School Operating Fund (net of inter-fund transfers). In addition, the Board's policy states that unassigned general fund balance should not exceed 18%. At June 30, 2019, unassigned General Fund balance increased from 22.58% to 23.10% of expenditures as defined in the policy. After June 30, 2019, carry-forward requests were approved, and additional fund balance amounts assigned of \$640,848 bringing the percentage to 22.42% of operating expenditures.

The Board amended the Reserves Policy to include additional reporting requirements and disclosures of cash balances each quarter. The policy also stipulates that if the Unassigned Fund Balance falls below the 15% minimum level, the Board must approve and adopt a plan to restore this balance to the minimum level within 24 months.

AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Orange for its comprehensive annual financial report for the fiscal year ended June 30, 2017. The comprehensive annual financial report for fiscal year ended June 30, 2018 has been submitted to GFOA and is awaiting review. The award for fiscal year 2017 was the twelfth consecutive year the County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report reflects the results of the Board of Supervisors' strong financial policies. The Board's support and cooperation in planning and conducting the financial operations of the County is acknowledged and appreciated. We also acknowledge and extend special recognition to the staffs of the Finance and Treasurer's departments for their efficient and dedicated service to the County. Their efforts to maintain the accounting and financial reporting system of the County have led to the high quality of information being reported to the Board of Supervisors and citizens of the County, as well as present and potential investors.

Respectfully submitted,



R. Bryan David,
County Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Orange
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

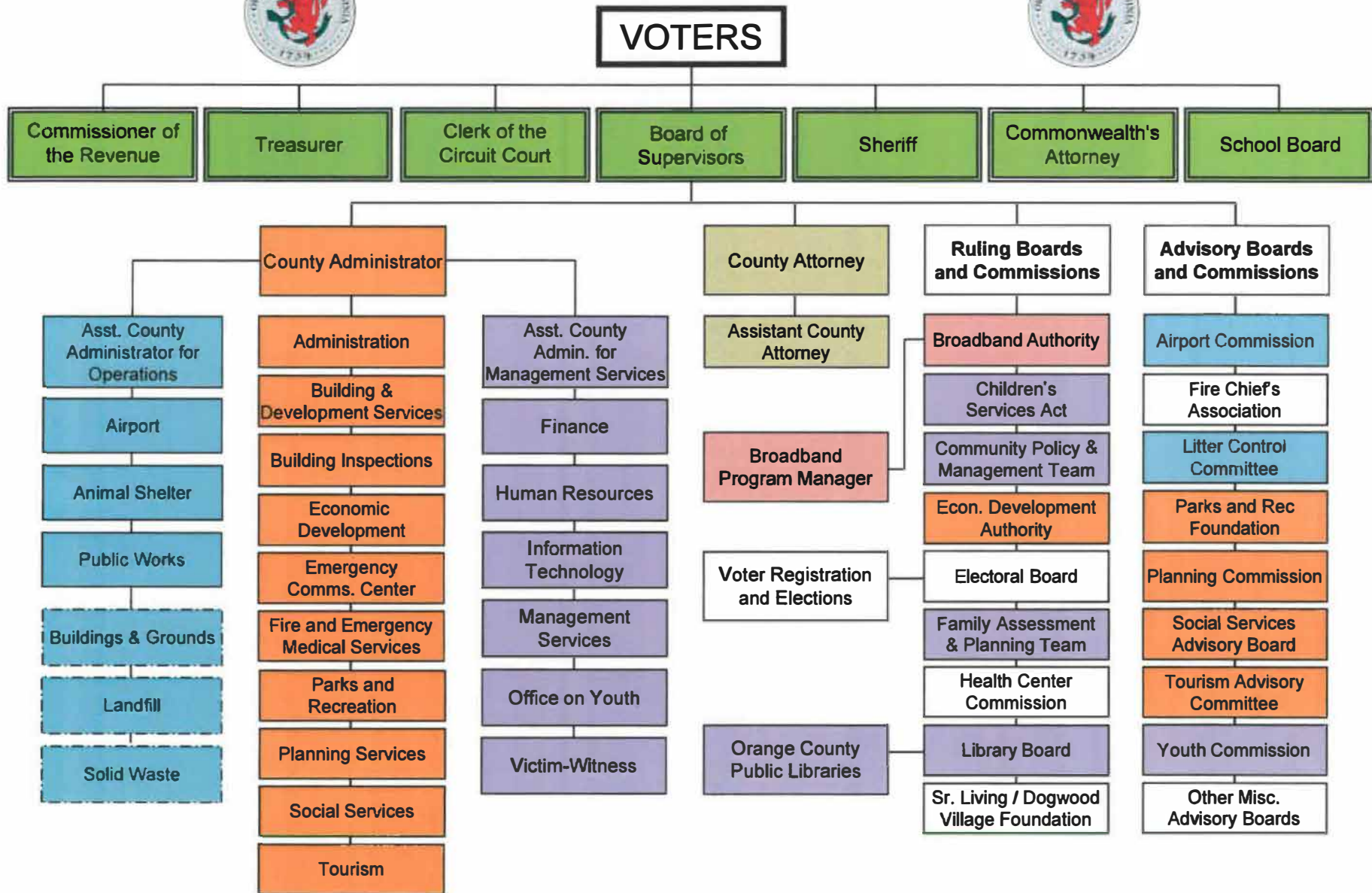
June 30, 2017

Christopher P. Morill

Executive Director/CEO



Orange County Organizational Chart



Fiscal Year 2019

Denotes Elected Officials

COUNTY OF ORANGE, VIRGINIA

Directory of Principal Officials June 30, 2019

Board of Supervisors

James K. White, Chair
James P. Crozier, Vice Chair

R. Mark Johnson

S. Teel Goodwin

Lee H. Frame

School Board

Sherrie Page, Chair
Jim Hopkins, Vice Chair

Carol Couch

Bette Winter

Michael Jones

Other Officials

Chief Judge of the Circuit Court
Clerk of the Circuit Court
Chief Judge of the General District Court
Chief Judge of the Juvenile & Domestic Relations Court
Clerk of the General & Juvenile & Domestic Relations Court
County Attorney
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Clerk of the School Board
Director of Social Services
County Administrator
Assistant County Administrator for Management Services
Assistant County Administrator for Operations
School Board Chief Financial Officer
Finance Manager

Timothy K. Sanner
Teresa T. Carroll
Claiborne H. Stokes, Jr.
Deborah S. Tinsley
Barbara B. Miller
Thomas E. Lacheney
Diana O'Connell
Renee Pope
Dawn Watson
Mark A. Amos
Dr. Cecil Snead
Laura Byram
Crystal Hale
R. Bryan David
Glenda Bradley
Kurt Hildebrand
Gary Honaker
Sara Keeler

INDEPENDENT AUDITORS

PBMares, LLP

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 4-14 and 107-125, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financials. The accompanying schedules listed in the table of contents as introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019 on our consideration of the County'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PBmares, LLP

Harrisonburg, Virginia
November 25, 2019

Management's Discussion and Analysis

As management of the County of Orange (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through x of this report.

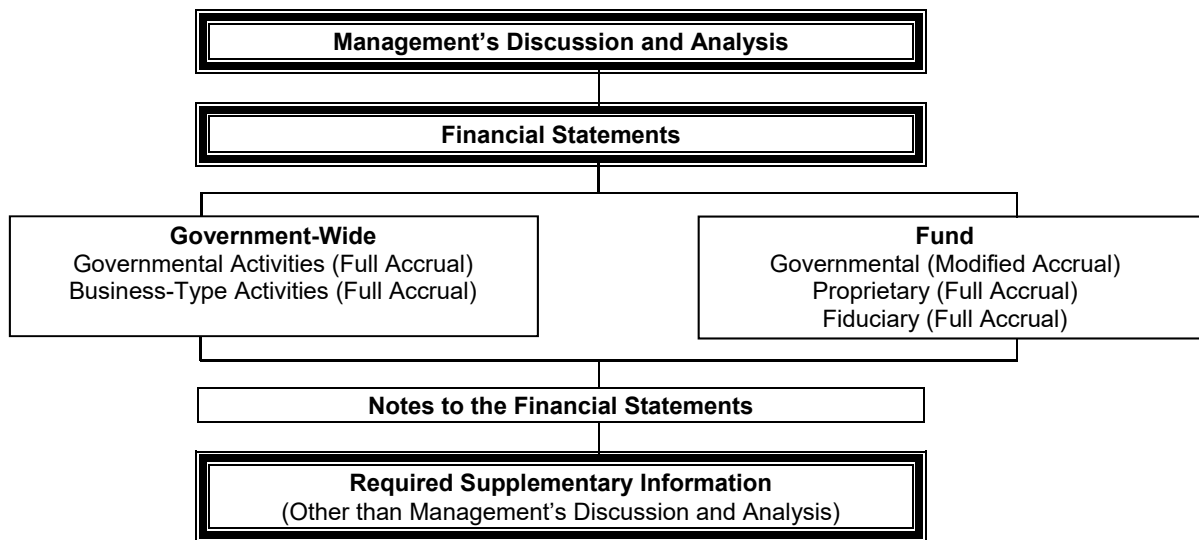
Financial Highlights

- Total assets and deferred outflows of resources of the County of Orange (primary government) exceeded total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$48,492,380 (*net position*). Of this amount, \$35,514,254 resulted from governmental activities and \$12,978,126 from business-type activities.
- On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$47,846,280, which was \$5,818,943 less than the general revenues, special item and transfers of \$53,665,223.
- On a government-wide basis for business-type activities, the County had expenses net of program revenues of \$3,076,837. The net position for business-type activities was reduced by a total of \$1,301,411. In comparison, the net position for business-type activities was reduced by \$178,813 for the year ended June 30, 2018.
- At June 30, 2019, unassigned General Fund balance was \$21,807,728 or 23.10% of actual operating expenditures as defined by the County's fund balance policy.

Using the Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance. As illustrated in the chart below, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Components of the Financial Section



The County's financial statements present two different kinds of statements (government-wide and fund), with two different approaches and views of the County's finances. The government-wide statements provide information on the overall financial status of the County. This method is more comparable to the method used in private industry. The fund financial statements focus on the individual funds of the County government, reporting the operations in more detail than the government-wide statements. When presented in a single report, both perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance the County's accountability.

Government-Wide Financial Statements

The government-wide statements report information about the County as a whole, using accounting methods similar to those used by private-sector companies. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual method of accounting. All of the year's revenue and expenses are considered, regardless of when the cash is received or paid.

The two government-wide statements, the Statement of Net Position and the Statement of Activities, report the County's net position and changes in it. The County's net position can be thought of as the difference between assets, liabilities, and deferred inflows/outflows of resources, which is one way to measure the County's financial position. Over time, increases and decreases in net position can be one indicator that the County's financial health is improving or deteriorating.

The Statement of Net Position presents information on all the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Net position is presented in three categories: net investment in capital assets, restricted, and unrestricted. To accurately use changes as an indicator of the County's financial health, the factors that contribute to the increases and decreases must be analyzed. Other factors, such as the County's tax rate, changes in the property tax base, and the condition of capital assets must also be considered when using the Statement of Net Position as a financial indicator.

The Statement of Activities provides information on how the County's net position changed during the year. Since the government-wide financial statements use the accrual method of accounting, changes in net position are recognized when an event occurs, regardless of the timing of cash. This will result in revenues and expenses being reported in this statement for some items that will not impact cash flow until a later time in another fiscal period.

The Statement of Net Position and the Statement of Activities are divided into the following types of activities:

- **Governmental Activities:** These activities are supported primarily by property taxes and report the County's basic services, such as general government and judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development.
- **Business-Type Activities:** These activities charge fees to customers to help cover the costs of the service. The County's Airport and Landfill Funds are the two business-type activities for Orange County.
- **Component Units:** The Orange County Public School Board, the Economic Development Authority, and the Broadband Authority are component units of the County. Component units are legally separate entities but are reported in the County's financial statements because the County is financially accountable and provides operating and capital funding.

Fund Financial Statements

Fund financial statements are the traditional governmental financial statements. They focus on the most significant funds instead of the County. Orange County operates three types of funds:

- **Governmental Funds:** The governmental funds report most of the County's basic services. The governmental funds serve essentially the same function as the governmental activities in the government-wide financial statements. The governmental fund financial statements focus on near-term cash flows and the amount of spendable resources available at the end of the fiscal year. It provides the reader a short-term view of the financial position. Since the information provides a narrow focus, the government-wide statements will provide additional information. Reconciliation from the fund statements is provided to facilitate this comparison.
- **Proprietary Funds:** There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds report the same functions as the business-type activities in the government-wide financial statements. Internal Service Funds account for the goods and services provided by one department or agency to other departments or agencies of the County. The County of Orange currently has two Enterprise Funds and one Internal Service Fund. The Internal Service Fund accounts for the activities of a self-insured health plan and is classified as a governmental activity.
- **Fiduciary Funds:** Fiduciary funds are used to report assets held in trustee or agency capacity for others and cannot be used to support the government's own programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Assets for Special Welfare, Rapidan Hills Limited Partnership, the Commonwealth of Virginia, the Parks and Recreation Foundation, and amounts for Bond Escrow are held in fiduciary funds. These fiduciary activities are excluded 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. The notes to the financial statements can be found on page 27 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Orange County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found in the labeled section of this report.

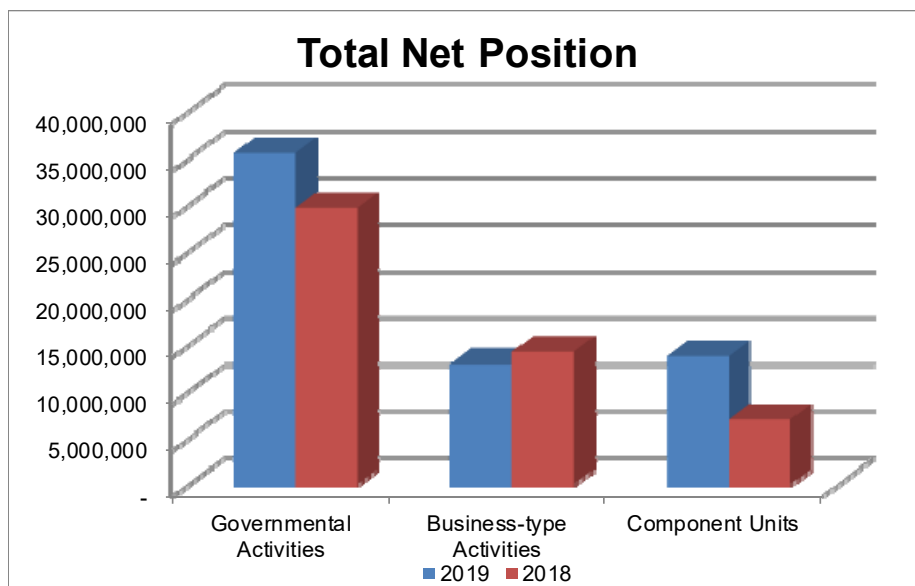
The combining statements, in connection with non-major governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found in the other supplementary information section of this report.

Government-Wide Financial Analysis

The following table presents the condensed Statement of Net Position:

Orange County, VA Summary Statement of Net Position

	Primary Government				Component Units	
	Governmental Activities		Business-type Activities			
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 72,097,439	\$ 72,736,774	\$ 3,828,591	\$ 4,138,952	\$ 9,026,667	\$ 10,133,812
Capital Assets (net)	54,230,370	54,034,416	12,782,934	13,346,905	65,786,195	61,003,490
Total Assets	126,327,809	126,771,190	16,611,525	17,485,857	74,812,862	71,137,302
Total Deferred Outflows of Resources	2,429,887	2,289,556	104,993	56,496	6,013,956	6,208,468
Long-term Liabilities	88,009,282	94,153,456	3,529,668	3,011,125	56,653,710	58,262,326
Other Liabilities	4,763,038	4,409,571	171,752	208,774	3,969,031	5,322,182
Total Liabilities	92,772,320	98,563,027	3,701,420	3,219,899	60,622,741	63,584,508
Total Deferred Inflows of Resources	471,122	802,408	36,972	42,917	6,420,914	6,717,304
Net Position:						
Net Investment in Capital Assets	(12,719,256)	(18,396,119)	12,629,800	13,346,905	58,861,841	53,931,261
Restricted	23,791,968	25,090,835	-	-	-	-
Unrestricted (deficit)	24,441,542	23,000,595	348,326	932,632	(45,078,678)	(46,887,303)
Total Net Position	\$ 35,514,254	\$ 29,695,311	\$ 12,978,126	\$ 14,279,537	\$ 13,783,163	\$ 7,043,958



The following table presents the condensed Statement of Activities:

**Orange County, VA
Summary Statement of Activities**

	Primary Government				Component Units	
	Governmental Activities		Business-type Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,496,561	\$ 3,455,532	\$ 830,063	\$ 759,334	\$ 1,019,254	\$ 1,096,673
Operating Grants and Contributions	7,377,472	7,366,901	14,768	281,678	34,656,863	33,593,651
Capital Grants and Contributions	846,000	1,499,023	-	-	-	-
General Revenues:						
General Property Taxes	42,849,380	41,316,740	-	-	-	-
Other Local Taxes	6,774,774	6,643,314	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-	21,139,840	22,071,124
Intergovernmental, Non-Categorical Aid	4,114,920	4,004,036	-	-	-	-
Use of Property and Money	1,223,203	746,102	-	-	13,609	9,186
Miscellaneous	478,372	473,033	-	34,700	1,553,263	1,239,460
Total Revenues	67,160,682	65,504,681	844,831	1,075,712	58,382,829	58,010,094
Expenses:						
General Government Administration	3,660,923	3,692,202	-	-	420,648	182,441
Judicial Administration	1,971,178	1,825,881	-	-	-	-
Public Safety	13,533,501	13,133,990	-	-	-	-
Public Works	1,354,514	1,210,318	-	-	91,452	153
Health and Human Services	7,434,957	7,569,465	-	-	-	-
Education	25,502,543	26,525,191	-	-	51,132,474	49,865,414
Parks, Recreation, and Cultural	1,374,658	1,331,700	-	-	-	-
Community Development	1,432,368	1,088,595	-	-	-	-
Interest	3,301,671	3,571,815	-	-	-	-
Airport	-	-	905,899	808,725	-	-
Landfill	-	-	3,015,769	2,663,521	-	-
Total Expenses	59,566,313	59,949,157	3,921,668	3,472,246	51,644,574	50,048,008
Change in Net Position Before Transfers	7,594,369	5,555,524	(3,076,837)	(2,396,534)	6,738,255	7,962,086
Transfers In (Out)	(1,775,426)	(2,217,721)	1,775,426	2,217,721	-	-
Change in Net Position	5,818,943	3,337,803	(1,301,411)	(178,813)	6,738,255	7,962,086
Net Position (deficit), beginning	29,695,311	26,357,508	14,279,537	14,458,350	7,043,958	(918,128)
Net Position, ending	\$35,514,254	\$29,695,311	\$ 12,978,126	\$ 14,279,537	\$ 13,782,213	\$ 7,043,958

Net Position

The Primary Government's governmental net position increased by \$5,818,943 or 19.60 % during the year ended June 30, 2019. This increase was primarily due to favorable variances between budgeted and actual expenditures within the County's governmental funds. The County's net position decreased in the business-type activities as expenses (including depreciation) continue to outpace revenues, particularly in the Landfill Fund. Leachate Management charges increased by \$200,417 or 302.3% due to the increased rainfall in fiscal year 2019. The Landfill also saw increased expenses for a one-time payment of \$352,000 for soil fill dirt. The decrease in Operating Grants and Contributions in business-type activities was attributed to a \$267,551, or 98.0% decrease in state and federal grants in the Airport fund. Charges for Service in the Airport Fund (including fuel sales) increased by 14.0% over the prior year as the number of aircraft based locally have increased due to the elimination of the personal property tax on aircraft. Net position in the County's component units increased by a total of \$6,738,255 during fiscal year 2019.

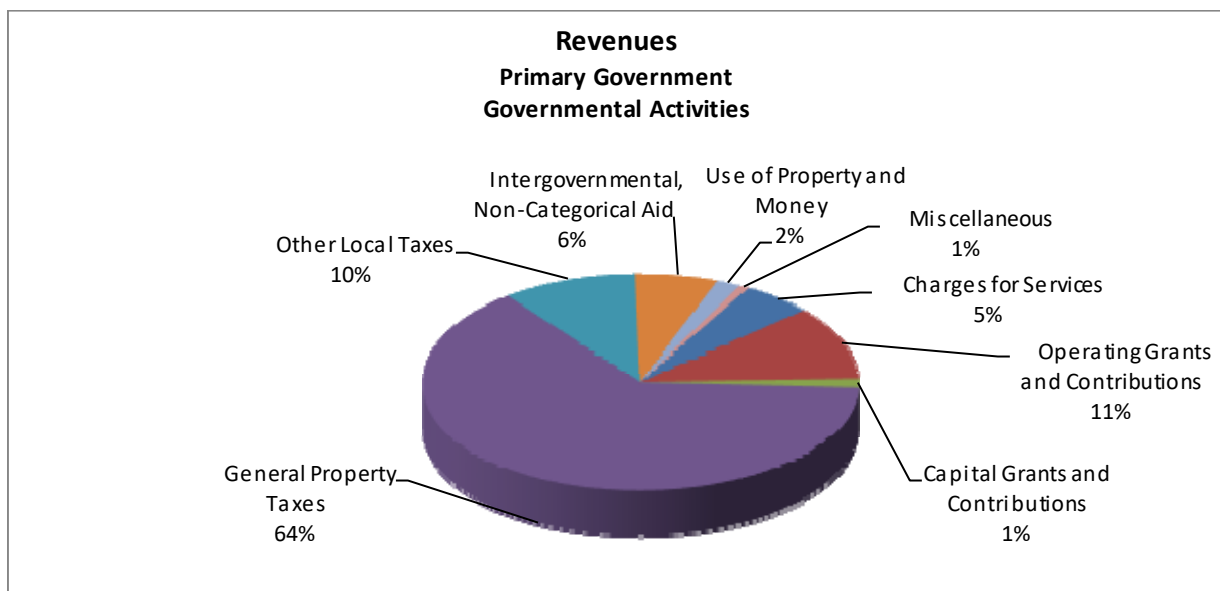
Unrestricted governmental net position decreased by \$1,440,947. Restricted governmental net position includes \$23,791,968 in restricted bond proceeds.

Revenues

For the fiscal year ended June 30, 2019, revenues generated by the Primary Government's governmental activities totaled \$67,160,682. General property taxes, the County's largest revenue source, were \$42,849,380. Included in this total are real and personal property levies, which are due on June 5th and December 5th each year. The real estate tax rate for fiscal year 2019 was \$.804/\$100, which was the same as the prior year.

Fiscal year 2019 continues to reflect the changes in the Personal Property Tax Relief Act (PPTRA) that were approved by the General Assembly in 2005. This legislation capped the amount localities receive from the state. The new legislation established a fixed amount to be provided to localities for funding tax relief for vehicles valued at less than \$20,000. The PPTRA became effective with the 2006 tax year and is based on the amount collected for 2004 taxes through December 2005. The total amount Orange County receives under the new program is \$2,763,073. This amount enabled the County to provide car tax relief of 31.44% up to the first \$20,000 in value for fiscal year 2019.

The other local tax category includes sales tax, consumer utilities tax, consumption tax, recordation tax, motor vehicle license tax, and food and beverage tax. Local sales and use tax revenue increased by \$186,794 or 5.81% from the previous fiscal year. Consumption Tax revenue increased by \$9,700 or 9.49%, while overall Consumer Utility Tax increased by 9.71%. Motor Vehicle License Tax revenue reflected little change from the prior year and Restaurant Food Taxes revenue was up by 2.95% from the prior year.



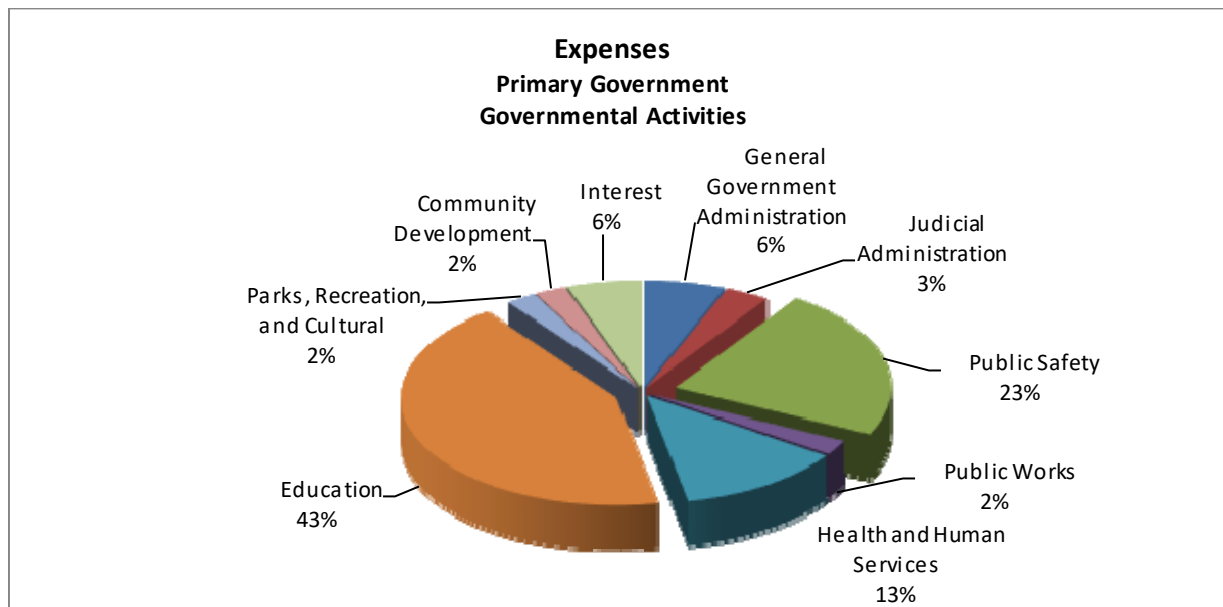
Program revenues are derived from the program itself and reduce the cost of the function to the County. This category includes charges for services and operating and capital grant revenues. Total program revenues for governmental activities were \$11,720,033 a decrease of \$601,423, or 4.9% from the previous year. This decrease is mainly attributable to the fact that the County received a donation of land and building for \$661,100 (contributed by the Orange County Volunteer Rescue Squad) in fiscal year 2018. In addition, reimbursements for the Children's Services Act of Virginia decreased by \$51,118 due to decreased program activity. Program revenues in the governmental funds include charges for services that totaled \$3,496,561 and includes charges for ambulance fees, recreation and childcare programs, and building permits. This category reflects an increase from the prior year of \$41,029, which was distributed across functional areas of expenditures. Operating grant revenue increased by \$10,571, or less than 1% over the prior year.

Proprietary funds generated program revenues of \$830,063 from charges for services and \$14,768 in operating grant revenues and contributions. Charges for services increased in the Airport Fund; however, this increase was offset somewhat by a small decrease in charges for services in the Landfill Fund. Within the component units, program revenues increased by \$985,793.

Expenses

For the fiscal year ended June 30, 2019, expenses for governmental activities totaled \$59,566,313, a decrease of .64% or \$382,844. Expenses include the cost of employee compensation, contributions to the school board, and interest on governmental debt. The largest changes are reflected in the education category, which decreased by \$1,022,648. Interest charges also decreased by 270,144, while public safety increased by \$399,511 over the previous fiscal year. The health and human services category decrease reflect the decrease in program activity related to the Children's Services Act. Expenses for the program decreased by \$286,136 for fiscal year 2019.

In the Primary Government category, personnel expenses for fiscal year 2019 included increases in general government health insurance costs of approximately 8.0% and funding for the County's share of increased operating costs due to the expansion of the Central Virginia Regional Jail. During fiscal year 2019, the County added two full-time positions, including one in Information Technology and one in Finance. One new part-time position was approved, which was a Library Seasonal Assistant. A full-time Senior Airport Operations position and a Broadband Director was also added in fiscal year 2019. A strategic management plan of reorganization of staff occurred during the fiscal year affecting numerous departments. A county-wide market wage adjustment of 2% was implemented for all positions. Required retirement contributions decreased to 9.12% of covered payroll for the year.



Expenditures within the other functional areas of governmental activities increased by amounts related to the allocation of expenses incurred by the self-insurance fund, changes in compensated absences, pension expenses, and other long-term liabilities included in the entity-wide financial statements. Interest on long-term debt reflects an decrease of \$270,144.

The County's Proprietary Funds reflect a total of \$3,921,668 in expenses compared to \$3,472,246 for fiscal year 2018. The Airport Fund reflects expenses that were \$97,174, or 12.02% higher than the previous year. The Landfill Fund reflects an increase in expenses of 13.22%, or \$352,248. The increase in the Airport Fund was due to the addition of a full-time personnel position. In the Landfill Fund, increases in costs were mainly attributable to increased use of the Landfill and expenses related to the purchase of a roll-off truck.

Within the School Board component unit, overall expenses increased by \$1,022,648 or 3.9%. The Economic Development Authority reflects expenses that are \$238,207 higher than the prior year due to changes in incentive payments and project activity. Created during fiscal year 2017, the Orange County Broadband Authority increased by \$91,299, with most of these expenses being related to personnel expenses.

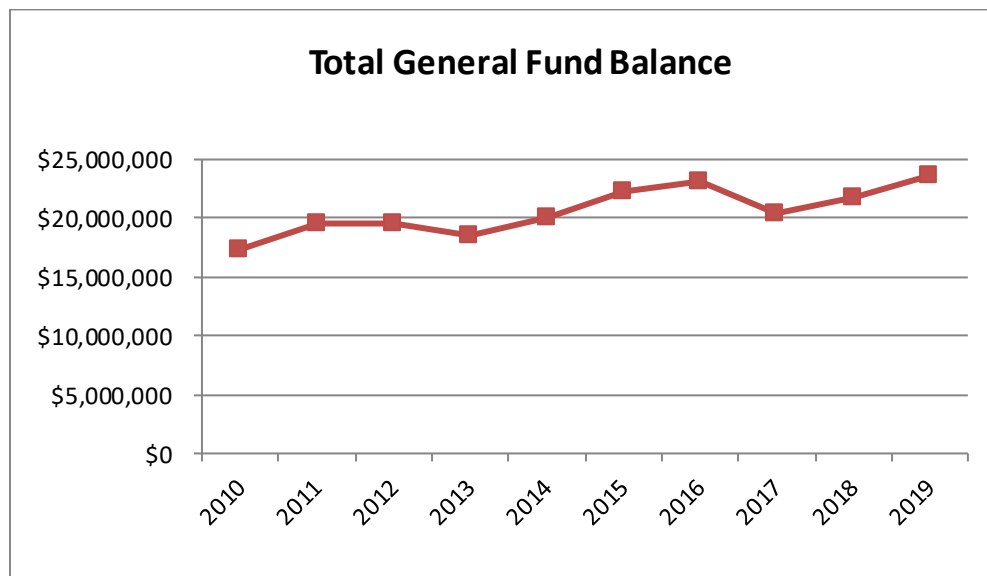
Financial Analysis of the Government's Funds

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

For the fiscal year ended June 30, 2019, the County's governmental funds reflected a combined fund balance of \$50,071,444, some of which is reserved for specific purposes, such as capital outlay and debt service. The decrease of \$468,045 under fiscal year 2018 reflects the use of \$3,400,054 in restricted cash from the 2016 bond issuance. The General Fund reflected an increase in fund balance of \$1,935,021, which is attributable to a combination of favorable budget-to-actual variances for revenues and expenditures. Other fund balance totals within governmental funds are assigned, committed, or restricted for specific purposes.

At June 30, 2019, unassigned General Fund balance was \$21,807,728 or 23.10% of actual operating expenditures as defined by the County's fund balance policy. Total general fund balance increased by \$1,935,021 from fiscal year 2018. Actual General Fund revenues were more than budget estimates (excluding appropriated fund balance) by \$1,573,567 and actual General Fund expenditures were less than budget estimates by \$3,364,571. The *revised* fiscal year 2019 budget included a total of \$2,964,235 in appropriated fund balance that was not ultimately used due to the overall favorable budget-to-actual variance.

The Board of Supervisors has established a fund balance policy, which sets the minimum level of acceptable unreserved General Fund balance at 15% of the combined actual operating expenditures of the General Fund and School Operating Fund plus transfers out (net primary government's appropriation to the School Board). In addition, the Board's policy states that unassigned General Fund balance should not exceed 18%. At June 30, 2019, unassigned General Fund balance increased from 22.58% of expenditures to 23.10% as defined in the policy. The additional appropriations approved since June 30, 2019 will bring the percentage to 22.42% of operating expenditures.



Fund balance in the Virginia Public Assistance Fund remained unchanged for fiscal year 2019. Fund balance within the Debt Service Fund balance decreased to \$0. Normally, this fund does not accumulate a fund balance because it is funded solely by transfers from the General Fund in an amount equal to the annual debt service due.

Fund balance in the Capital Projects Fund decreased by \$2,296,755 mainly due to the use of \$3,400,054 in bond proceeds and the continuation of several other ongoing projects within that fund. The Capital Projects Fund is assigned to specific capital projects as approved in the adopted Capital Improvements Plan.

General Fund Budgetary Highlights

Differences between the original operating budget and the final operating budget resulted in a net increase of \$3,684,952 in additional appropriations. Highlights of the budget amendments are as follows:

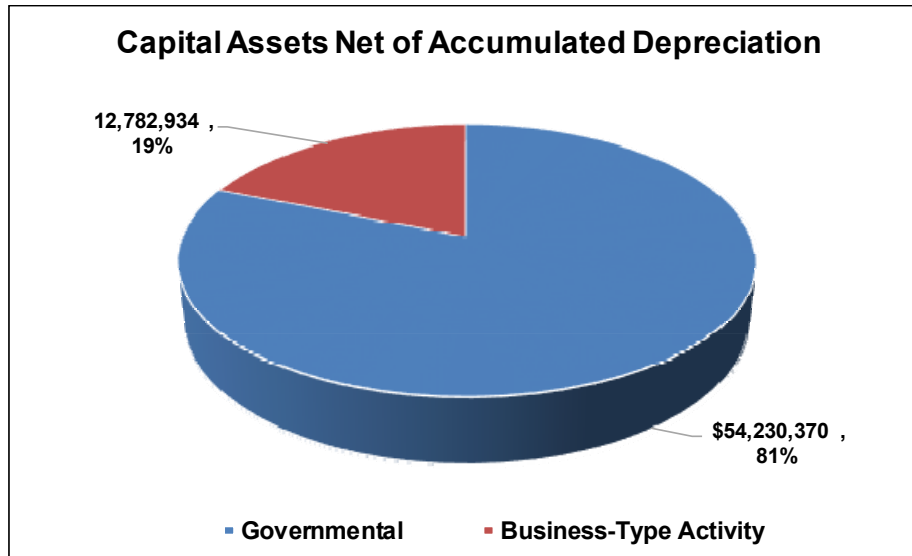
Budget Amendment	Amount
Land Acquisition and related expenses for Public Safety Building	\$ 1,204,782
Children's Services Act Budget (increased usage, state and local)	863,400
General Fund carryover requests for ongoing projects	603,066
Strategic Management Plan Expenses	150,703
Animal Shelter Donations	146,995
EDA incentive program	146,452
Additional Medical Expenses for Central Virginia Regional Jail	60,000
Additional contribution for Rappahannock Juvenile Detention Center	36,500
Additional Expenses for Emergency Communications Center Overtime	100,555
Additional Expenses for Office on Youth Program (funded by user fees)	38,571
Additional Information Technology Expenses	38,221
Additional Clerk of Circuit Court Expenses (state funds)	23,268
Additional Tower Space for Radio System	17,777
Various Grants received	15,558
E-Rate expenses for Library	15,400

The largest budget amendment was for the purchase of the land to build the new Public Safety Building. The second largest item was necessary during the year due to increased activity within the Children's Services Act program, which is designed to assist at-risk youth and their families. The program includes funding for services for children in foster care, those at-risk for entering foster care, and those who are seriously emotionally disturbed. While program expenses decreased by \$286,136 or 8.6% in fiscal year 2019, expenses are still trending much higher than in years prior to 2018. Carryforward of unspent funds from fiscal year 2018 for ongoing projects included appropriations of expenditures planned for projects, grants, and other items that were incomplete at the end of the fiscal year for a variety of reasons.

Differences between the final amended budget and actuals included property tax collections that exceeded budget estimates by a total of \$1,536,943, primarily in the personal property tax category. Other local tax revenues exceeded budget estimates by \$118,735. Total commonwealth intergovernmental revenues were under budget estimates by \$50,557. The largest expenditure variance between the final amended budget and actuals was in the Education category (\$1,180,954).

Capital Assets

The County of Orange's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounted to \$67,013,304 (net of accumulated depreciation). This investment in capital assets included land, construction in progress, landfill development, buildings and systems, improvements, machinery and equipment, harbor, and park facilities.



Orange County, VA
Primary Government
Change in Capital Assets

	Balance June 30, 2018	Net Increase/ (Decrease)	Balance June 30, 2019
Governmental Activities:			
Non-Depreciable Assets:			
Land	\$ 2,217,281	\$ 125,000	\$ 2,342,281
Easements	41,990	-	41,990
Construction in Progress	3,239,281	4,009,485	7,248,766
Other Capital Assets:			
Buildings & Improvements	20,993,254	722,053	21,715,307
School Buildings & Improvements	37,297,285	(4,652,960)	32,644,325
Furniture, Equipment and Vehicles	11,979,082	1,344,385	13,323,467
Less: Accumulated Depreciation	(21,733,757)	(1,352,009)	(23,085,766)
Business-type Activities:			
Non-Depreciable Assets:			
Land	1,824,311	-	1,824,311
Construction in Progress	703,614	21,576	725,190
Other Capital Assets:			
Buildings & Improvements	12,040,349	-	12,040,349
Landfill Development Costs	3,349,705	-	3,349,705
Furniture and Other Equipment	1,529,695	197,860	1,727,555
Less: Accumulated Depreciation	(6,100,769)	(783,407)	(6,884,176)
Net Capital Assets	<u>\$ 67,381,321</u>	<u>\$ (368,017)</u>	<u>\$ 67,013,304</u>

School Board capital assets are jointly owned by the County (Primary Government) and the Component Unit School Board for as long as the County owes general obligation debt on such assets. The County reports depreciation on these assets as an element of its share of the costs of the public-school system. Readers desiring more detailed information on capital asset activity should refer to Note 9 in the notes to the financial statements.

Long-Term Debt

The Constitution of Virginia, Article VII, Section 10, and the Public Finance Act provide the authority for a County to issue General Obligation (GO) Debt with no limit on the amount of GO Debt that a County may issue. All debt secured by the general obligation of the County must be approved by the Board of Supervisors and a public referendum, with the exception of Virginia Public School Authority (VPSA) Bonds and State Literary Fund Loans, which do not need approval by referendum.

The County operates a debt service fund for debt associated with the county and its school system. Debt for an Assisted Living Facility is also included; however, that facility makes lease payments to the County equal to the debt service each year. Funding for the repayment of county and school debt comes directly from the County's General Fund.

The County occasionally uses lease-purchase financing (capital leases) to acquire large equipment items as approved in the annual operating budget process. At June 30, 2019, the County had two such leases outstanding, which were for the purchase of two ambulances in FY15 and a roll-off truck for the landfill in FY19. The financing for the FY15 lease-purchase for ambulances carries a five-year term with an interest rate of 1.56%. The roll-off truck purchased during 2019 carries a seven-year term with an interest rate of 3.35%.

The School Board also occasionally uses lease-purchase financing to acquire large equipment items. During fiscal year 2013, the School Board entered an Energy Performance Contract for \$6,198,242 at an interest rate of 2.59% over a fifteen-year term. The proceeds from this issue were spent to acquire energy-saving equipment throughout the division, which has generated energy savings over the term in amounts sufficient to fund the debt service. A second phase of the Energy Performance Contract was entered in fiscal year 2016 with a fifteen-year term, an interest rate of 2.39% and a total amount of \$1,259,830.

During the fall of 2016, Orange County's financial advisors provided several financial models to facilitate the development of a comprehensive financing approach that would allow the County to optimize savings from a refinancing of the 2007 Bonds, address proposed new capital project financing, minimize issuance costs, and comply with recommended debt capacity ratios in order to maintain the County's AA general obligation bond rating. The first analysis was presented to the Board at its June 28, 2016 work session and demonstrated the County's ability to achieve the refinancing savings and finance the projects under consideration while remaining compliant with recommended debt ratios.

In November 2016, the Board of Supervisors authorized a lease-revenue bond sale totaling \$52,508,303 for the refinancing of the 2007 Bonds (\$25,265,030) as well as new bonds to fund the construction of a Public Safety Communications System (\$9,333,922), Consolidated E-911 Dispatch and Facility (\$13,719,262), Dispatch Consolidation and Modernization Project (\$2,975,089) and a Fiber Optics/Rural Broadband Initiative (\$1,215,000). Prior to the sale, the County received an upgrade of its lease-revenue bond rating from Standard & Poor's from AA- to AA and an upgrade of its general obligation bond rating from AA to AA+. In addition, the County received its first bond ratings from Moody's: Aa3 for lease-revenue and Aa2 for general obligation bonds. The refinancing portion of the 2016 Bonds did not extend the original maturity, which was 2034, and the final maturity for the new project bonds is 2036. The true interest cost (TIC) on the entire issue was 3.31%. The final savings on the refinancing over the term of the bonds was \$3,018,203.

The Primary Government's outstanding debt and other long-term liabilities at June 30, 2019 are as follows:

General Obligation Bonds:	
Series 2001	\$ 5,580,000
School Bond Series 2005D	5,114,480
General Obligation Bond Premiums	2,029,848
Virginia Public School Authority Bonds (VPSA):	
Series 2000 B	345,000
Series 2002	455,000
Series 2007 B	2,340,000
Series 2009 B	16,780,000
Lease Revenue Bonds:	
Series 2016	45,850,000
Lease Revenue Bond Premiums	4,151,240
Capital Leases	204,369
Landfill Obligation	3,024,000
Other Postemployment Benefits	1,976,436
Compensated Absences	1,279,249
Net Pension Liability	2,409,328
Grand Total	<u>\$ 91,538,950</u>

The Component Unit School Board's outstanding debt and other long-term liabilities at June 30, 2019 are as follows:

Capital Leases	\$ 6,924,354
Other Postemployment Benefits	9,337,408
Compensated Absences	1,380,948
Net Pension Liability	39,011,000
Grand Total	<u>\$ 56,653,710</u>

Additional information on the County's long-term debt can be found in Note 10 of this report.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. Questions concerning this report or requests for additional information should be directed to:

Sara Keeler, Finance Manager
P. O. Box 111, Orange, VA 22960
Phone (540) 661-5379
E-mail skeeler@orangecountyva.gov
<http://orangecountyva.gov>

BASIC FINANCIAL STATEMENTS

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 1

STATEMENT OF NET POSITION

June 30, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Totals	School Board	EDA	Broadband Authority
ASSETS						
Cash and cash equivalents	\$ 23,960,955	\$ 2,984,730	\$ 26,945,685	\$ 4,734,433	\$ 139,547	\$ 309,553
Investments	4,897,060	721,698	5,618,758	726,023	529,868	-
Receivables, net:						
Taxes receivable	2,184,522	-	2,184,522	-	-	-
Accounts receivable	1,411,279	85,148	1,496,427	53,103	-	-
Due from other governments	1,226,655	-	1,226,655	1,670,122	-	-
Inventory	-	37,015	37,015	-	-	-
Prepaid items	65,000	-	65,000	-	-	-
Notes receivable	14,560,000	-	14,560,000	-	-	-
Restricted cash	23,791,968	-	23,791,968	-	-	-
Net pension asset	-	-	-	864,018	-	-
Capital assets:						
Land	2,342,281	1,824,311	4,166,592	1,855,343	1,137,388	-
Easements	41,990	-	41,990	-	-	-
Buildings and improvements	21,715,307	12,040,349	33,755,656	148,035,611	-	-
School buildings and improvements	32,644,325	-	32,644,325	(32,644,325)	-	-
Landfill development costs	-	3,349,705	3,349,705	-	-	-
Furniture, equipment and vehicles	13,323,467	1,727,555	15,051,022	15,843,071	-	21,405
Construction in progress	7,248,766	725,190	7,973,956	2,457,982	85,915	17,058
Less accumulated depreciation and amortization	(23,085,766)	(6,884,176)	(29,969,942)	(71,001,848)	-	(21,405)
Total assets	126,327,809	16,611,525	142,939,334	72,593,533	1,892,718	326,611
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	1,187,177	-	1,187,177	-	-	-
Pension plan	990,786	93,484	1,084,270	5,265,090	-	-
Other postemployment benefits	251,924	11,509	263,433	748,866	-	-
Total deferred outflows of resources	2,429,887	104,993	2,534,880	6,013,956	-	-
LIABILITIES						
Accounts payable and accrued expenses	2,758,813	169,184	2,927,997	3,861,998	103	10,118
Accrued interest payable	1,037,425	2,568	1,039,993	96,812	-	-
Unearned revenue	564,954	-	564,954	-	-	-
Insurance benefit claims	401,846	-	401,846	-	-	-
Long-term liabilities:						
Due within one year:						
Bonds payable	5,886,590	-	5,886,590	-	-	-
Capital leases	51,235	21,485	72,720	884,920	-	-
Compensated absences	915,389	9,397	924,786	130,000	-	-
Due in more than one year:						
Bonds payable, net	76,758,978	-	76,758,978	-	-	-
Capital leases	-	131,649	131,649	6,039,434	-	-
Compensated absences	305,129	49,334	354,463	1,250,948	-	-
Total other postemployment benefits liability	1,890,362	86,074	1,976,436	9,337,408	-	-
Landfill obligation	-	3,024,000	3,024,000	-	-	-
Net pension liability	2,201,599	207,729	2,409,328	39,011,000	-	-
Total liabilities	92,772,320	3,701,420	96,473,740	60,612,520	103	10,118
DEFERRED INFLOWS OF RESOURCES						
Pension plan	314,653	29,689	344,342	5,587,061	-	-
Other postemployment benefits	156,469	7,283	163,752	833,853	-	-
Total deferred inflows of resources	471,122	36,972	508,094	6,420,914	-	-
NET POSITION						
Net investment in capital assets	(12,719,256)	12,629,800	(89,456)	57,621,480	1,223,303	17,058
Restricted	23,791,968	-	23,791,968	-	-	-
Unrestricted (deficit)	24,441,542	348,326	24,789,868	(46,047,425)	669,312	299,435
Total net position	\$ 35,514,254	\$ 12,978,126	\$ 48,492,380	\$ 11,574,055	\$ 1,892,615	\$ 316,493

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 2

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Program Revenues					Net (Expense) Revenue and Changes in Net Position						
		Operating		Capital	Primary Government			Component Units			
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Totals	School Board	EDA	Broadband Authority	
Primary Government:											
Governmental activities:											
General government administration	\$ 3,660,923	\$ 972,575	\$ 292,747	\$ -	\$ (2,395,601)	\$ -	\$ (2,395,601)	\$ -	\$ -	\$ -	
Judicial administration	1,971,178	96,034	585,297	-	(1,289,847)	-	(1,289,847)	-	-	-	
Public safety	13,533,501	1,852,313	1,805,621	846,000	(9,029,567)	-	(9,029,567)	-	-	-	
Public works	1,354,514	12,497	-	-	(1,342,017)	-	(1,342,017)	-	-	-	
Health and human services	7,434,957	354,490	4,459,943	-	(2,620,524)	-	(2,620,524)	-	-	-	
Education	25,502,543	-	-	-	(25,502,543)	-	(25,502,543)	-	-	-	
Parks, recreation and cultural	1,374,658	104,872	155,864	-	(1,113,922)	-	(1,113,922)	-	-	-	
Community development	1,432,368	103,780	78,000	-	(1,250,588)	-	(1,250,588)	-	-	-	
Interest	3,301,671	-	-	-	(3,301,671)	-	(3,301,671)	-	-	-	
Total governmental activities	59,566,313	3,496,561	7,377,472	846,000	(47,846,280)	-	(47,846,280)	-	-	-	
Business-type activities:											
Airport	905,899	335,377	5,509	-	-	(565,013)	(565,013)	-	-	-	
Landfill	3,015,769	494,686	9,259	-	-	(2,511,824)	(2,511,824)	-	-	-	
Total business-type activities	3,921,668	830,063	14,768	-	-	(3,076,837)	(3,076,837)	-	-	-	
Total primary government	\$ 63,487,981	\$ 4,326,624	\$ 7,392,240	\$ 846,000	(47,846,280)	(3,076,837)	(50,923,117)	-	-	-	
Component Units:											
School Board	\$ 51,283,150	\$ 1,008,114	\$ 34,391,297	\$ -	-	-	-	(15,883,739)	-	-	
Economic Development Authority	420,648	11,140	416,242	-	-	-	-	-	6,734	-	
Broadband Authority	91,452	-	-	-	-	-	-	-	-	(91,452)	
Total component units	\$ 51,795,250	\$ 1,019,254	\$ 34,807,539	\$ -	-	-	-	(15,883,739)	6,734	(91,452)	

General Revenues:

Taxes:						
General property taxes	42,849,380	-	42,849,380	-	-	-
Other local taxes:						
Local sales and use	3,373,649	-	3,373,649	-	-	-
Consumer utility tax	656,583	-	656,583	-	-	-
Consumption taxes	111,957	-	111,957	-	-	-
Motor vehicle licenses	1,053,305	-	1,053,305	-	-	-
Taxes on recordation and wills	542,503	-	542,503	-	-	-
Restaurant food taxes	789,063	-	789,063	-	-	-
Other taxes	247,714	-	247,714	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	21,139,840	-	-
Intergovernmental, non-categorical aid	4,114,920	-	4,114,920	-	-	-
Use of money and property	1,223,203	-	1,223,203	2,335	12,224	-
Miscellaneous	478,372	-	478,372	1,531,389	21,874	-
Transfers	(1,775,426)	1,775,426	-	-	-	-
Total general revenues and transfers	53,665,223	1,775,426	55,440,649	22,673,564	34,098	-
Change in net position	5,818,943	(1,301,411)	4,517,532	6,789,825	40,832	(91,452)
Net position, beginning	29,695,311	14,279,537	43,974,848	4,784,230	1,851,783	407,945
Net position, ending	<u>\$ 35,514,254</u>	<u>\$ 12,978,126</u>	<u>\$ 48,492,380</u>	<u>\$ 11,574,055</u>	<u>\$ 1,892,615</u>	<u>\$ 316,493</u>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 3

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2019

	General	Virginia Public Assistance	Debt Service	Capital Projects	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 18,405,357	\$ -	\$ -	\$ 3,575,319	\$ 132,872	\$ 22,113,548
Investments	4,450,362	-	-	-	-	4,450,362
Receivables, net:						
Taxes	2,184,522	-	-	-	-	2,184,522
Accounts receivable	1,411,279	-	-	-	-	1,411,279
Due from other governments	1,007,933	218,722	-	-	-	1,226,655
Due from other funds	9,920	-	-	-	-	9,920
Note receivable	14,560,000	-	-	-	-	14,560,000
Prepaid items	65,000	-	-	-	-	65,000
Restricted cash	-	-	-	23,791,968	-	23,791,968
Total assets	\$ 42,094,373	\$ 218,722	\$ -	\$ 27,367,287	\$ 132,872	\$ 69,813,254
LIABILITIES						
Accounts payable and accrued expenditures	\$ 1,431,302	\$ 77,264	\$ -	\$ 1,183,827	\$ 23,238	\$ 2,715,631
Due to other funds	-	9,920	-	-	-	9,920
Unearned revenue	564,954	-	-	-	-	564,954
Total liabilities	1,996,256	87,184	-	1,183,827	23,238	3,290,505
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	16,451,305	-	-	-	-	16,451,305
Total deferred inflows of resources	16,451,305	-	-	-	-	16,451,305
FUND BALANCES						
Nonspendable	65,000	-	-	-	-	65,000
Restricted	-	-	-	23,791,968	-	23,791,968
Committed	-	131,538	-	-	109,634	241,172
Assigned	1,774,084	-	-	2,391,492	-	4,165,576
Unassigned	21,807,728	-	-	-	-	21,807,728
Total fund balances	23,646,812	131,538	-	26,183,460	109,634	50,071,444
Total liabilities, deferred inflows of resources and fund balances	\$ 42,094,373	\$ 218,722	\$ -	\$ 27,367,287	\$ 132,872	\$ 69,813,254

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 4

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2019

	Governmental Funds	
Total fund balances - total governmental funds	\$	50,071,444
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$	77,316,136
Less accumulated depreciation and amortization		(23,085,766)
Net capital assets		54,230,370
Deferred outflows of resources represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.		
Pension plan		990,786
Other postemployment benefits		251,924
		1,242,710
Unearned revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		
		16,451,305
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
		1,849,077
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable, including unamortized premiums and discounts	(82,645,568)	
Capital leases	(51,235)	
Compensated absences	(1,220,518)	
Interest payable	(1,037,425)	
Deferred charge on refunding	1,187,177	
Net pension liability	(2,201,599)	
Total other postemployment benefits liability	(1,890,362)	
		(87,859,530)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.		
Pension plan	(314,653)	
Other postemployment benefits	(156,469)	
		(471,122)
Net position of governmental activities	\$	35,514,254

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS Year Ended June 30, 2019

	General	Virginia Public Assistance	Debt Service	Capital Projects	Other Governmental Funds	Total
Revenues:						
General property taxes	\$ 43,179,633	\$ -	\$ -	\$ -	\$ -	\$ 43,179,633
Other local taxes	6,802,386	-	-	-	-	6,802,386
Permits, privilege fees and regulatory licenses	524,438	-	-	-	-	524,438
Fines and forfeitures	177,630	-	-	-	-	177,630
Use of money and property	623,207	-	-	599,582	414	1,223,203
Charges for services	1,830,083	-	-	-	7,822	1,837,905
Miscellaneous	459,734	-	-	20,000	-	479,734
Recovered costs	1,634,171	-	-	-	-	1,634,171
Intergovernmental:						
Commonwealth	8,703,454	987,855	-	-	12,355	9,703,664
Federal	110,192	1,621,508	-	846,000	57,028	2,634,728
Total revenues	64,044,928	2,609,363	-	1,465,582	77,619	68,197,492
Expenditures:						
Current:						
General government administration	3,363,367	-	-	-	-	3,363,367
Judicial administration	2,046,545	-	-	-	10,461	2,057,006
Public safety	12,864,319	-	-	-	12,165	12,876,484
Public works	1,020,608	-	-	-	-	1,020,608
Health and human services	4,230,384	3,386,059	-	-	-	7,616,443
Education	21,139,840	-	-	-	-	21,139,840
Parks, recreation and cultural	1,351,343	-	-	-	-	1,351,343
Community development	1,433,319	-	-	-	-	1,433,319
Nondepartmental	104,580	-	-	-	-	104,580
Capital outlay	-	-	-	6,376,833	-	6,376,833
Debt service:						
Principal	-	-	5,874,021	-	-	5,874,021
Interest and fiscal charges	-	-	3,676,267	-	-	3,676,267
Total expenditures	47,554,305	3,386,059	9,550,288	6,376,833	22,626	66,890,111
Excess (deficiency) of revenues over (under) expenditures	16,490,623	(776,696)	(9,550,288)	(4,911,251)	54,993	1,307,381
Other financing sources (uses):						
Transfers in	1,290	776,696	9,390,274	2,614,496	-	12,782,756
Transfers out	(14,556,892)	-	-	-	(1,290)	(14,558,182)
Other financing sources (uses), net	(14,555,602)	776,696	9,390,274	2,614,496	(1,290)	(1,775,426)
Net change in fund balances	1,935,021	-	(160,014)	(2,296,755)	53,703	(468,045)
Fund balance, beginning	21,711,791	131,538	160,014	28,480,215	55,931	50,539,489
Fund balance, ending	\$ 23,646,812	\$ 131,538	\$ -	\$ 26,183,460	\$ 109,634	\$ 50,071,444

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2019

	Governmental Funds	
Net change in fund balances - total governmental funds	\$	(468,045)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:		
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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		
Expenditures for capital assets	\$	6,839,555
Less depreciation and amortization expense		(1,756,233)
Excess of capital outlays over depreciation and amortization		5,083,322
Transfer of joint tenancy assets from Primary Government to the School Board Component Unit:		
Transfer of capital assets to component unit		(4,652,960)
Transfer of depreciation to component unit		290,257
		(4,362,703)
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.		
Disposals of capital assets		(524,665)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue		(1,036,810)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal repayments:		
General obligation debt		4,435,456
Lease revenue bonds		1,150,000
Capital lease		288,565
		5,874,021
Deferred outflows of resources:		
Pension plan contributions subsequent to measurement date		990,786
Other postemployment benefits contributions subsequent to measurement date		56,203
		1,046,989
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.		
Accrued interest		112,708
Compensated absences		(163,178)
Other postemployment benefits expense		(89,797)
Amortization of deferred charge on refunding		(79,145)
Amortization of premium		341,033
Pension expense		(314,132)
		(192,511)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities.		
Total revenues		7,825,456
Total expenses		(7,426,111)
		399,345
Change in net position of governmental activities	\$	5,818,943

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 7

STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Landfill	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 568,648	\$ 2,416,082	\$ 2,984,730	\$ 1,847,407
Investments	137,497	584,201	721,698	446,698
Receivables, net	21,508	63,640	85,148	-
Inventory	37,015	-	37,015	-
Total current assets	764,668	3,063,923	3,828,591	2,294,105
Noncurrent assets:				
Capital assets:				
Land	1,758,655	65,656	1,824,311	-
Buildings and improvements	11,967,647	72,702	12,040,349	-
Landfill development costs	-	3,349,705	3,349,705	-
Furniture, equipment and vehicles	178,397	1,549,158	1,727,555	-
Construction in progress	725,190	-	725,190	-
Less accumulated depreciation and amortization	(4,262,447)	(2,621,729)	(6,884,176)	-
Total capital assets, net of accumulated depreciation and amortization	10,367,442	2,415,492	12,782,934	-
Total noncurrent assets	10,367,442	2,415,492	12,782,934	-
Total assets	11,132,110	5,479,415	16,611,525	2,294,105
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	17,781	75,703	93,484	-
Other postemployment benefits	2,492	9,017	11,509	-
Total deferred outflows of resources	20,273	84,720	104,993	-
LIABILITIES				
Current liabilities:				
Accounts payable	19,352	114,872	134,224	43,182
Compensated absences	2,249	7,148	9,397	-
Accrued payroll	5,822	29,138	34,960	-
Accrued interest	-	2,568	2,568	-
Capital lease	-	21,485	21,485	-
Insurance and benefit claims	-	-	-	401,846
Total current liabilities	27,423	175,211	202,634	445,028
Noncurrent liabilities:				
Compensated absences	11,806	37,528	49,334	-
Capital lease	-	131,649	131,649	-
Total other postemployment benefits liability	18,631	67,443	86,074	-
Net pension liability	39,511	168,218	207,729	-
Landfill obligation	-	3,024,000	3,024,000	-
Total noncurrent liabilities	69,948	3,428,838	3,498,786	-
Total liabilities	97,371	3,604,049	3,701,420	445,028
DEFERRED INFLOWS OF RESOURCES				
Pension plan	5,647	24,042	29,689	-
Other postemployment benefits	1,581	5,702	7,283	-
Total deferred inflows of resources	7,228	29,744	36,972	-
NET POSITION				
Net investment in capital assets	10,367,442	2,262,358	12,629,800	-
Unrestricted (deficit)	680,342	(332,016)	348,326	1,849,077
Total net position	\$ 11,047,784	\$ 1,930,342	\$ 12,978,126	\$ 1,849,077

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 8

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Landfill	Totals	
Operating revenues:				
Charges for services	\$ 335,377	\$ 494,686	\$ 830,063	\$ 7,825,456
Intergovernmental	5,509	9,259	14,768	-
Total operating revenues	340,886	503,945	844,831	7,825,456
Operating expenses:				
Personal services	139,081	678,377	817,458	-
Fringe benefits	50,530	179,165	229,695	-
Contractual services	51,948	882,000	933,948	-
Other charges	253,173	911,688	1,164,861	-
Insurance claims and other expenses	-	-	-	7,426,111
Depreciation and amortization	411,167	359,231	770,398	-
Total operating expenses	905,899	3,010,461	3,916,360	7,426,111
Operating income (loss)	(565,013)	(2,506,516)	(3,071,529)	399,345
Nonoperating expenses:				
Interest expense	-	(5,308)	(5,308)	-
Income (loss) before transfers	(565,013)	(2,511,824)	(3,076,837)	399,345
Transfers in	165,648	1,961,778	2,127,426	-
Transfers out	-	(352,000)	(352,000)	-
Change in net position	(399,365)	(902,046)	(1,301,411)	399,345
Total net position, beginning	11,447,149	2,832,388	14,279,537	1,449,732
Total net position, ending	\$ 11,047,784	\$ 1,930,342	\$ 12,978,126	\$ 1,849,077

COUNTY OF ORANGE, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019

EXHIBIT 9
Page 1

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Landfill	Totals	
Cash flows from operating activities:				
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ 7,825,456
Receipts from customers	353,837	510,467	864,304	-
Claims and benefits paid	-	-	-	(7,599,784)
Payments to suppliers for goods and services	(302,384)	(1,567,340)	(1,869,724)	-
Payments to employees for services	(171,538)	(839,910)	(1,011,448)	-
Net cash provided by (used in) operating activities	(120,085)	(1,896,783)	(2,016,868)	225,672
Cash flows from noncapital financing activities:				
Transfers to other funds	-	(352,000)	(352,000)	-
Transfers from other funds	165,648	1,961,778	2,127,426	-
Net cash provided by noncapital financing activities	165,648	1,609,778	1,775,426	-
Cash flows from capital and related financing activities:				
Principal payments on capital leases	-	(10,466)	(10,466)	-
Interest payments on capital leases	-	(2,740)	(2,740)	-
Acquisition and construction of capital assets	(21,576)	(21,251)	(42,827)	-
Net cash used in capital and related financing activities	(21,576)	(34,457)	(56,033)	-
Cash flows from investing activities:				
Sale of investments	-	50,510	50,510	-
Purchase of investments	(7,152)	-	(7,152)	(51,467)
Net cash provided by (used in) investing activities	(7,152)	50,510	43,358	(51,467)
Net change in cash and cash equivalents	16,835	(270,952)	(254,117)	174,205
Cash and cash equivalents:				
Beginning	551,813	2,687,034	3,238,847	1,673,202
Ending	\$ 568,648	\$ 2,416,082	\$ 2,984,730	\$ 1,847,407

COUNTY OF ORANGE, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019

EXHIBIT 9
Page 2

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Airport	Landfill	Totals	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (565,013)	\$ (2,506,516)	\$ (3,071,529)	\$ 399,345
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	411,167	359,231	770,398	-
Other postemployment benefits expense	9,303	12,787	22,090	-
Pension expense	14,935	41,832	56,767	-
Changes in assets and liabilities:				
Decrease (increase) in:				
Receivables	12,951	6,522	19,473	-
Deferred outflows of resources	(9,447)	(32,939)	(42,386)	-
Inventory	(6,587)	-	(6,587)	-
Increase (decrease) in:				
Accounts payable	9,324	(47,652)	(38,328)	(173,673)
Accrued liabilities	3,282	(4,048)	(766)	-
Landfill obligation	-	274,000	274,000	-
Net cash provided by (used in) operating activities	\$ (120,085)	\$ (1,896,783)	\$ (2,016,868)	\$ 225,672
Schedule of noncash capital and related financing:				
Capital asset acquired by incurrence of a capital lease	\$ -	\$ 163,600	\$ -	\$ -

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 10

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019**

	Agency Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 912,491
	<hr/>
Total assets	\$ 912,491
	<hr/>
LIABILITIES	
Accounts payable	\$ 2,236
Amounts held for others	910,255
	<hr/>
Total liabilities	\$ 912,491
	<hr/>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The County of Orange, Virginia (the County) is a municipal corporation governed by an elected five-member Board of Supervisors. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. The County has taxing powers subject to statewide restrictions and tax limits, and provides a full range of services to its citizens including law enforcement, fire, social services, public improvements, planning and zoning, education, sanitation, and airport services. The County is the primary government for the reporting entity.

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 separate columns to emphasize that they are legally separate from the County.

The Orange County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances and provides significant funding for operations as the School Board does not have separate taxing powers. The Orange County School Board does not prepare separate financial statements.

The Orange County Economic Development Authority (EDA) is included as a component unit because the EDA’s primary use of funds is to provide for economic development of the County, thereby benefiting the County. The County appoints all members of the EDA’s Board of Directors. The County may significantly influence the fiscal affairs of the EDA. The EDA prepares separate financial statements and can be obtained from the County.

The Orange County Broadband Authority (Authority) is included as a component unit because the Authority’s primary use of funds is to provide qualifying communications services to residents of the County. The County appoints all members of the Authority’s Board of Directors. The County may significantly influence the fiscal affairs of the Authority. The Authority does not prepare separate financial statements.

Related Organization – The Airport Commission serves as an advisory body to the Orange County Board of Supervisors. The Airport Commission serves as a liaison between the airport users, the Board of Supervisors, and the citizens of the community. The Airport Commission is to consult and advise the Board of Supervisors in matters affecting aviation policies, programs, personnel, finances and the acquisition and disposal of lands and properties related to the community aviation program, and to its long-range project program for aviation.

Jointly Governed Organizations – The County, in conjunction with other localities, has created the Central Virginia Regional Jail, the Rappahannock-Rapidan Planning District Commission and the Rappahannock-Rapidan Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

1. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties. 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 presents both governmental and business-type activities on the accrual basis of accounting, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses 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.

2. Fund Financial Statements

These statements are organized based on funds, each of which is considered a separate accounting entity. The emphasis is on major governmental and proprietary funds. The County reports the following major governmental funds:

The *General Fund* is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

The *Special Revenue Fund* accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The major special revenue fund is the Virginia Public Assistance Fund, which accounts for the operation of various programs under the Orange County Department of Social Services. Revenues are derived primarily from state and federal grants.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

The *County Capital Project Funds* accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major proprietary funds:

The *Airport Fund* is an enterprise fund used to account for the activities of the Orange County Airport. The cost of airport services is primarily financed through user charges.

The *Landfill Fund* is an enterprise fund used to account for waste disposal operations of the County's landfill. The cost of waste disposal services is primarily financed through user charges to the County, residents and commercial customers.

The *Insurance Internal Service Fund* is an internal service fund used to account for employee fringes provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Insurance Fund.

Major 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 the fund's principal ongoing operations. The principal operating revenues of the County's major proprietary funds are charges to customers for sales and services. Operating expenses for major proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the County reports the following fund types:

The *Nonmajor Special Revenue Funds* account for proceeds of specific revenue sources restricted for expenditures for specified purposes. The County reports the Asset Forfeiture Fund and Law Library Fund as nonmajor special revenue funds.

The *Fiduciary Funds* account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations other governmental units, or other funds. Agency funds include the Special Welfare, Rapidan Hills Limited Partnership, Commonwealth, Bond Escrow Agency and Parks and Recreation Foundation funds.

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 major proprietary 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.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. General fund tax revenues are considered measurable when they have been levied and available if collected within 60 days of year end. Grant revenues are considered measurable and available when related grant expenditures are incurred. All other revenue items are considered measurable and available when cash is received. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absences, other postemployment benefits, as well as expenditures related to claims and judgements are recorded only when payment is due.

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements versus the governmental fund financial statements, a reconciliation between the government-wide and fund financial statements are necessary. The reconciliations are presented as Exhibits in the governmental fund financial statements. As part of the reconciliation process, non-departmental indirect expenditures are allocated to functional expenses based on a percent of functional expenditures.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position

1. Deposits and Investments

Cash and Cash Equivalents

For purposes of reporting cash flows, the County considers all cash accounts, including cash on hand, demand deposits, and all short-term investments with a maturity of three months or less to be cash equivalents.

Investments

Cash of individual funds is combined to form a pool of cash and investments. The pool consists primarily of demand deposits, certificates of deposit and external local government investment pools if maturing in more than one year. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

2. Restricted Cash

In accordance with applicable capital lease agreements, the Capital Projects Fund reports restricted cash at June 30, 2019 of \$23,791,968, which consists of unspent capital lease proceeds.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

3. Interfund Receivables and Payables

Outstanding balances between funds are reported as due to/from other funds, if applicable. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statements as internal balances. Outstanding balances between the County and the component units are reported as due to/from component unit or due to/from primary government.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements using the consumption method.

5. Inventories

Inventories are valued using the first-in, first-out method. Inventories in the airport fund consist of fuel.

6. Taxes Receivable

Property is assessed at its estimated fair value and property taxes attach as an enforceable lien as of January 1st. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are payable on December 5th. The County bills and collects its own property taxes.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

7. Note Receivable

During 2007, the County issued a lease revenue and refunding bond to finance construction at the County courthouse and renovations at a privately owned nursing home in the County which serves the community's needs. The County agreed to finance the nursing home renovations as part of its bond issuance and is obligated to repay the funds to the bondholders. In relation to the agreement, a note was signed which requires the nursing home to reimburse the County principal and interest outstanding under the bond obligation as it becomes due. In December 2016, the bond was refunded and a revised agreement was entered into, reducing the note receivable by \$1,540,000 to \$15,845,000. The County additionally requires the nursing home to maintain a minimum of two years' worth of debt service payments in an escrow account. The County has not recorded this escrow account as it does not become property of the County until a default on the note occurs. The receivable has been deferred in the governmental funds as the amounts are not considered available; however, is recognized in the fund statements as recovered costs when normal payments are received. The note is due in the following installments:

Year(s) Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 680,000	\$ 637,938
2021	715,000	606,463
2022	750,000	569,838
2023	785,000	531,463
2024	825,000	491,213
2025-2029	4,810,000	1,776,438
2030-2034	5,995,000	612,844
	<u>\$ 14,560,000</u>	<u>\$ 5,226,197</u>

8. Capital Assets

Capital assets, which include property, buildings, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

8. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed; however, no interest was capitalized during the year because there is no outstanding debt related to construction in the enterprise funds.

Most capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Building improvements	10-50 years
Furniture, equipment and vehicles	5-10 years

Landfill development costs are depreciated based on the percentage of capacity used compared to the total estimated capacity.

9. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County and discretely presented component unit, the School Board, have several items that qualify for reporting in this category. One item is a deferred charge on refunding resulting from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The remaining items relate to the pension and other postemployment benefits (OPEB) plans. See Notes 11 through 14 for more information.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Several types of items qualify for reporting in this category. Accordingly, one item, unavailable revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from property taxes, EMS billings, a long-term note receivable, amounts due from the Towns of Gordonsville and Orange, and other items not collected within the available period. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The remaining items relate to the pension and OPEB plans. See Notes 11 through 14 for more information.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

10. Compensated Absences

The County and School Board have policies to allow the accumulation and vesting of limited amounts of paid leave and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds when the amounts are due for payment.

11. Long-term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Pensions

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

13. Other Postemployment Benefits

Medical Insurance Program

The Medical Insurance Program is a single-employer plan. Experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is five years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Group Life Insurance Program

The VRS Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 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. The GLI is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the total GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance Credit Program

The School Board professional Health Insurance Credit Program (HIC) is a multiple-employer, cost-sharing plan. The HIC was established pursuant to Section 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. For purposes of measuring the HIC's total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC's OPEB, and the HIC's OPEB expense, information about the fiduciary net position of the HIC; and the additions to/deductions from the HIC's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

14. Fund Balances/Net Position

a. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- *Nonspendable* – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if applicable.
- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed* – Amounts constrained to specific purposes by the County, using Board of Supervisors resolution; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- *Assigned* – Amounts are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the County Administrator or designated department head based on governing body direction, through adoption or amendment of the budget, or through ordinance or resolution.
- *Unassigned* – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

b. Restricted Amounts

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

c. Minimum Fund Balance Policy

Within its General Fund, the County’s policy is to maintain a fiscal stability reserve amount for cash liquidity purposes. That balance should be sufficient to meet the County’s cyclical cash flow requirements and avoid the need for short-term tax anticipation borrowing. The fiscal stability reserve shall have a balance that is not less than 15 percent of the combined budgeted expenditures of the County General Fund and the School Board Operating Fund, net of the County’s local share contribution to the School Board. Should the reserve fall below the 15 percent targeted level, the Board must approve and adopt a plan to restore this balance to the target level within 24 months, unless that timeframe would cause severe hardship to the County.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position (Continued)

14. Fund Balances/Net Position (Continued)

c. Minimum Fund Balance Policy (Continued)

In addition, the Board, in an emergency or during periods of economic uncertainty or budget adversity, may retain an additional reserve balance above the Fiscal Stability Reserve. Such additional reserve shall not exceed three percent of the combined budgeted expenditures of the General Fund and the School Board Operating Fund, net of the County's contribution to the School Board.

Other funds of the County do not have specified fund balance or net position targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the Board.

d. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. In accordance with the County's adopted budget process, encumbered funds are reappropriated annually by the Board of Supervisors in the succeeding year's budget amendment. Encumbrances outstanding at year end total \$302,941 in the General Fund. These amounts are reported as assigned fund balance since they do not constitute expenditures or liabilities.

e. Net Position

Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

f. Use of Estimates

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

E. Subsequent Events

The County has evaluated subsequent events through November 25, 2019, the date on which the financial statements were available to be issued.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, Law Library Fund, Asset Forfeiture Fund, School Operating Fund, School Textbook Adoptions Fund, and School Adult Education Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each function can be revised by the Board of Supervisors only. Amounts that do not fall under a function's control are categorized as non-departmental even though they may relate to a particular function.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except the School Funds). The School Funds are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Appropriations lapse on June 30.
8. Budget data presented in the accompanying financial statements includes the original adopted budget and the revised budget as of June 30.

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 percent to 130 percent of excess deposits. Accordingly, all deposits are considered fully collateralized.

Custodial Credit Risk (Deposits): This is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires all deposits comply with the Act. At year end, none of the County's deposits were exposed to custodial credit risk.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Investments: State statutes authorize local governments and other public bodies to invest in obligations of the United States or its agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), the Virginia Investment Pool (VIP), and the State Non-Arbitrage Program (SNAP).

The State Treasurer's Local Government Investment Pool (LGIP) is an external investment pool and a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The County's investments in the LGIP, totaling \$15,849,808, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year.

The Virginia Investment Pool (VIP) is a commingled investment program organized as an external local government investment pool with oversight provided by a shareholder elected board of trustees. VIP is designed for the investment of longer-term monies that are not necessary for near term disbursement. VIP has a bond fund rating from S&P of AAf/S1.

The Virginia State Non-Arbitrage Program's (SNAP) SNAP Fund is a commingled investment program that operates in compliance with GASB Statement No. 79 and that was authorized by the Government Non-Arbitrage Act in 1989 (*Code of Virginia* Section 2.2-4700 et seq.). Virginia SNAP and the SNAP Fund are administered by the Treasury Board of the Commonwealth of Virginia. Virginia SNAP offers several investment options, including the SNAP Fund, and arbitrage rebate reporting services that are specifically designed for the investment of tax exempt bond proceeds.

Investment Policy: The County has adopted a formal investment policy. The primary investment goals of the County are the safeguarding of principal, the investment portfolio be managed at all times with sufficient liquidity to meet all daily and seasonal needs, as well as special projects and other operations requirements either known or which might be reasonably anticipated and with the objective of obtaining no worse than a market rate of return over the course of budgetary and economic cycles, taking into account the constraints contained herein and the cash flow patterns of the County.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Investment Policy (Continued): As of June 30, 2019, the County's investment policy establishes investment types and quality levels for use by the County in the investment of its public funds:

Permitted Investment	Sector Limit	Issuer Limit
U.S. Treasury Obligations	100%	100%
Federal Agency Obligations	100%	100%
Municipal Obligations	100%	100%
Repurchase Agreements	100%	100%
Certificates of Deposit	100%	100%
Bankers' Acceptances	40%	100%
Commercial Paper	35%	5%
Corporate Notes and Bonds	100%	100%
Money Market Mutual Funds	100%	100%

Credit Risk: Credit risk is the risk that the County funds will not recover their investments due to the ability of the counterparty to fulfill its obligation. The County's policy requires commercial paper must be issued by an entity incorporated in the U.S. and rates at least A-1 by S&P or P-1 by Moody's. Corporate notes and bonds have a rating of at least AA by S&P or Aa by Moody's. Municipal obligations must have a rating of at least AA (or its equivalent) by Standard & Poor's or Moody's Investors Service. Bankers' Acceptances issued by a domestic bank or a foreign bank with an agency domiciled in the U.S., must be rated by Thomson Bankwatch at least "B/C" (issuing bank) and "I" (County of origin). Money market mutual funds must trade on a constant net asset value and invest solely in securities otherwise eligible for investment under these guidelines.

The County's investments as of June 30, 2019 are presented in the following table using the Standard & Poor's rating scale.

Rated Debt Investment	Fair Quality Ratings	
	AAAm	AAf
Local Government Investment Pool	\$ 15,849,808	\$ -
Virginia Investment Pool	-	6,344,780
State Non-Arbitrage Pool	22,978,410	-

Custodial Credit Risk (Investments): This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of items investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent five percent of total investments, there must be a disclosure for the amount and issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement, therefore, concentration of credit risk does not apply to the LGIP, VIP or SNAP.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Interest Rate Risk: Interest rate risk is defined as the risk that changes of interest rates will adversely affect the fair value of an investment. The County does not have policies related to interest rate risk. Interest rate risk does not apply to the LGIP and SNAP.

	Fair Value	Investment Maturities	
		Less Than 1 Year	1 - 5 Years
Certificates of deposit	\$ 529,868	\$ 265,217	\$ 264,651
Virginia Investment Pool	6,344,780	1,035,566	5,309,214
	<u>\$ 6,874,648</u>	<u>\$ 1,300,783</u>	<u>\$ 5,573,865</u>

It is recognized that, prior to maturity, the market value of securities in the County's portfolio may fluctuate due to changes in market conditions. In view of this and the County's primary investment objectives of liquidity and preservation of principal, every effort shall be made to manage investment maturities to precede or coincide with the expected needs for funds. Accordingly, a minimum of 10 percent of the portfolio must be invested in securities maturing within 30 days and a minimum of 50 percent of the portfolio funds must be invested in securities maturing within 12 months.

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

- Certificates of deposit of \$529,868 are valued using quoted market prices (Level 1 inputs).
- Virginia Investment Pool totaling \$6,344,780 is valued using quoted market prices (Level 1 inputs).

At June 30, 2019, the deposits and investments were as follows:

Deposits:	
Demand deposits	\$ 17,086,054
Cash on hand	<u>5,965</u>
Total deposits	<u>17,092,019</u>
Investments:	
Certificates of deposit	529,868
Local Government Investment Pool	15,849,808
Virginia Investment Pool	6,344,780
State Non-Arbitrage Pool	<u>22,978,410</u>
Total investments	<u>45,702,866</u>
Total deposits and investments	<u>\$ 62,794,885</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Total deposits and investments are composed as follows:

Deposits and investments:

Cash and cash equivalents:

Governmental Activities	\$ 23,960,955
Business-type Activities	2,984,730
Component Unit - School Board	4,734,433
Component Unit - EDA	138,597
Component Unit - Broadband Authority	309,553

Total cash and cash equivalents	32,128,268
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Restricted cash:

Governmental Activities	23,791,968
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Total restricted cash	23,791,968
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Investments:

Governmental Activities	4,897,060
Business-type Activities	721,698
Component Unit - School Board	726,023
Component Unit - EDA	529,868

Total investments	6,874,649
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Total deposits and investments	\$ 62,794,885
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COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables

Receivables consist of the following:

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit - School Board
Receivables:				
Taxes	\$ 2,834,283	\$ -	\$ 2,834,283	\$ -
Less allowance for uncollectible accounts	(649,761)	-	(649,761)	-
Net taxes receivable	2,184,522	-	2,184,522	-
Accounts	1,632,082	85,148	1,717,230	53,103
Less allowance for uncollectible accounts	(220,803)	-	(220,803)	-
Net accounts receivable	1,411,279	85,148	1,496,427	53,103
Total receivables	\$ 3,595,801	\$ 85,148	\$ 3,680,949	\$ 53,103

Taxes receivable represent the current and past five years of uncollected tax levies for personal property taxes and the current and past 20 years for uncollected tax levies on real property. Governmental activities accounts receivable is comprised of amounts due for EMS billings and other local revenues. The allowances for uncollectible accounts are based on historical collection rates aging of receivable balances, and specific account analysis.

The component units' receivables are considered fully collectible and, therefore, an allowance for uncollectible accounts is not applicable for those receivables.

Note 5. Unavailable and Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable, net of allowance	\$ 1,556,522	\$ -
Advance collection of 2019-2020 taxes	-	564,954
EMS transport fees	123,337	-
Long-term note receivable	14,560,000	-
Town of Gordonsville	66,500	-
Town of Orange	144,896	-
Other	50	-
	\$ 16,451,305	\$ 564,954

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Due From Other Governmental Units

Amounts due from other governments consist of the following:

Primary Government:

Governmental Funds:

General Fund:

Other local government:

Town of Gordonsville	\$ 66,500
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Town of Orange	144,896
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Commonwealth of Virginia:

Communications sales and use taxes	193,825
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Children's Services Act	310,219
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Categorical aid:

Shared costs:

Commissioner of the Revenue	8,539
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Commonwealth Attorney	25,369
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Sheriff	116,057
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Clerk of Circuit Court	23,116
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Treasurer	7,924
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Other	82,954
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Federal government:

Public safety	28,534
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Total General Fund	1,007,933
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Virginia Public Assistance Fund:

Commonwealth of Virginia:

Public assistance	90,355
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Federal government:

Public assistance	128,367
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Total Virginia Public Assistance Fund	218,722
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Total Primary Government - Governmental Funds	\$ 1,226,655
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Total Primary Government - Governmental Activities	\$ 1,226,655
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COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. Due From Other Governmental Units (Continued)

Component Unit - School Board:

School Operating Fund:

Commonwealth of Virginia:

State sales tax receipts	\$ 970,272
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970,272

Federal government:

Education grants	461,486
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461,486

Total School Operating Fund

1,431,758

Adult Education Fund:

Federal government:

Adult literacy services	70,332
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70,332

Total Adult Education Fund

Head Start Fund:

Federal government:

Head Start program	168,032
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168,032

Total Head Start Fund

Total Component Unit - School Board

\$ 1,670,122

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Interfund Transfers

Interfund transfers consist of the following:

Fund	Transfer In	Transfer Out
Primary Government:		
Governmental Activities:		
General	\$ 1,290	\$ 14,556,892
Virginia Public Assistance	776,696	-
Debt Service	9,390,274	-
Capital Projects	2,614,496	-
Other Governmental Funds	-	1,290
Total Governmental Activities	12,782,756	14,558,182
Business-type Activities:		
Airport	165,648	-
Landfill	1,961,778	352,000
Total Business-type Activities	2,127,426	352,000
Total Primary Government	\$ 14,910,182	\$ 14,910,182
Component Unit - School Board:		
School Board:		
School Operating	\$ -	\$ 688,294
School Textbook Adoptions	475,809	-
School Cafeteria	819	-
School Capital Projects	211,666	-
Total Component Unit - School Board	\$ 688,294	\$ 688,294

Transfers are used to (1) move revenues from the fund that the statute of budget required to collect them to the fund that the statute or budget required to expend them and (2) use unrestricted revenues collected in the General and School Operating Fund to finance various programs accounted for in other funds.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Receivables, Payables, and Due to (From) Primary Government / Component Unit

Interfund and due to (from) primary government / component unit balances at June 30, 2019 are as follows:

Fund	Interfund Receivable	Interfund Payable
Primary Government:		
Governmental Funds:		
General	\$ 9,920	\$ -
Virginia Public Assistance	-	9,920
Total Governmental Funds	9,920	9,920
Total Primary Government	\$ 9,920	\$ 9,920
School Board Component Unit:		
School Operating	\$ 149,062	\$ -
Adult Education	-	46,854
Head Start	-	102,208
Total Component Unit - School Board	\$ 149,062	\$ 149,062

The receivables and payables are due to (1) the General Fund aid in funding the operations of the Virginia Public Assistance Fund and (2) the School Operating Fund aid in funding the operations of various School funds.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital Assets

Capital asset activity for the year consists of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated or amortized:					
Land	\$ 2,217,281	\$ 125,000	\$ -	\$ -	\$ 2,342,281
Easements	41,990	-	-	-	41,990
Construction in progress	3,239,281	4,525,278	(515,793)	-	7,248,766
Total capital assets not being depreciated or amortized	5,498,552	4,650,278	(515,793)	-	9,633,037
Capital assets being depreciated or amortized:					
Buildings and improvements	20,993,254	722,053	-	-	21,715,307
School buildings and improvements	37,297,285	-	(4,652,960)	-	32,644,325
Furniture, equipment and vehicle	11,979,082	1,467,224	(88,425)	(34,414)	13,323,467
Total capital assets being depreciated or amortized	70,269,621	2,189,277	(4,741,385)	(34,414)	67,683,099
Less accumulated depreciation and amortization:					
Buildings and improvements	6,684,059	527,803	-	-	7,211,862
School buildings and improvements	6,798,587	652,887	(943,144)	-	6,508,330
Furniture, equipment and vehicle	8,251,111	1,228,430	(79,553)	(34,414)	9,365,574
Total accumulated depreciation and amortization	21,733,757	2,409,120	(1,022,697)	(34,414)	23,085,766
Total capital assets being depreciated or amortized, net	48,535,864	(219,843)	(3,718,688)	-	44,597,333
Governmental activities capital assets, net	\$ 54,034,416	\$ 4,430,435	\$ (4,234,481)	\$ -	\$ 54,230,370

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated or amortized:					
Land	\$ 1,824,311	\$ -	\$ -	\$ -	\$ 1,824,311
Construction in progress	703,614	21,576	-	-	725,190
Total capital assets not being depreciated or amortized	2,527,925	21,576	-	-	2,549,501
Capital assets being depreciated or amortized:					
Buildings and improvements	12,040,349	-	-	-	12,040,349
Landfill development costs	3,349,705	-	-	-	3,349,705
Furniture, equipment and vehicle	1,529,695	184,851	-	13,009	1,727,555
Total capital assets being depreciated or amortized	16,919,749	184,851	-	13,009	17,117,609
Less accumulated depreciation and amortization:					
Buildings and improvements	3,768,414	398,074	-	13,009	4,179,497
Landfill development costs	1,234,942	249,853	-	-	1,484,795
Furniture, equipment and vehicle	1,097,413	122,471	-	-	1,219,884
Total accumulated depreciation and amortization	6,100,769	770,398	-	13,009	6,884,176
Total capital assets being depreciated or amortized, net	10,818,980	(585,547)	-	-	10,233,433
Business-type activities capital assets, net	\$ 13,346,905	\$ (563,971)	\$ -	\$ -	\$ 12,782,934

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

	Governmental Activities	Business- type Activities	Total Primary Government
General government administration	\$ 526,825	\$ -	\$ 526,825
Judicial administration	6,248	-	6,248
Public safety	1,030,786	-	1,030,786
Public works	99,335	-	99,335
Health and human services	20,021	-	20,021
Parks, recreation, and cultural	43,310	-	43,310
Community development	29,708	-	29,708
Airport	-	411,167	411,167
Landfill	-	359,231	359,231
Total depreciation expense, primary government	\$ 1,756,233	\$ 770,398	\$ 2,526,631

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital Assets (Continued)

Discretely Presented Component Unit – School Board

Capital asset activity for the School Board for the year consists of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component Unit - School Board:					
Capital assets not being depreciated or amortized:					
Land	\$ 1,855,343	\$ -	\$ -	\$ -	\$ 1,855,343
Construction in progress	1,892,436	1,262,992	-	(697,446)	2,457,982
Total capital assets not being depreciated or amortized	3,747,779	1,262,992	-	(697,446)	4,313,325
Capital assets being depreciated or amortized:					
Buildings and improvements	146,141,222	1,315,226	-	579,163	148,035,611
Allocated to County	(37,297,285)	4,652,960	-	-	(32,644,325)
Furniture, equipment and vehicle	15,158,088	1,577,136	(1,010,436)	118,283	15,843,071
Total capital assets being depreciated or amortized	124,002,025	7,545,322	(1,010,436)	697,446	131,234,357
Less accumulated depreciation and amortization:					
Buildings and improvements	64,656,157	2,760,058	-	-	67,416,215
Allocated to County	(6,798,587)	(652,887)	943,144	-	(6,508,330)
Furniture, equipment and vehicle	10,076,072	1,001,340	(983,449)	-	10,093,963
Total accumulated depreciation and amortization	67,933,642	3,108,511	(40,305)	-	71,001,848
Total capital assets being depreciated or amortized, net	56,068,383	4,436,811	(970,131)	697,446	60,232,509
School Board capital assets, net	\$ 59,816,162	\$ 5,699,803	\$ (970,131)	\$ -	\$ 64,545,834

Local governments in Virginia and their school boards hold a tenancy in common with respect to capital assets constructed with long-term debt. Accordingly, school capital assets for which debt is still outstanding are included in the capital assets of the County in an amount equal to the outstanding balance of the debt. As the debt is retired, a proportional amount of the assets are transferred to the Component Unit – School Board.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 9. Capital Assets (Continued)

Discretely Presented Component Unit – EDA

Capital asset activity for the EDA for the year consists of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component Unit - EDA:					
Capital assets not being depreciated:					
Land	\$ 612,076	\$ 525,312	\$ -	\$ -	\$ 1,137,388
Construction in progress	540,453	70,775	(525,313)	-	85,915
EDA capital assets	<u>\$ 1,152,529</u>	<u>\$ 596,087</u>	<u>\$ (525,313)</u>	<u>\$ -</u>	<u>\$ 1,223,303</u>

Discretely Presented Component Unit – Broadband Authority

Capital asset activity for the Broadband Authority for the year consists of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Component Unit - Broadband Authority:					
Capital assets not being depreciated:					
Construction in progress	\$ 34,799	\$ 13,898	\$ (31,639)	\$ -	\$ 17,058
Capital assets being depreciated or amortized:					
Furniture, equipment and vehicle	-	-	-	21,405	21,405
Less accumulated depreciation and amortization:					
Furniture, equipment and vehicle	-	-	-	21,405	21,405
Total capital assets being depreciated or amortized, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Broadband Authority capital assets, net	<u>\$ 34,799</u>	<u>\$ 13,898</u>	<u>\$ (31,639)</u>	<u>\$ -</u>	<u>\$ 17,058</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Liabilities

Changes in long-term liabilities consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 35,049,936	\$ -	\$ 4,435,456	\$ 30,614,480	\$ 4,541,590
Premium on bonds	2,247,349	-	217,501	2,029,848	-
	37,297,285	-	4,652,957	32,644,328	4,541,590
Lease revenue/refunding bond	47,000,000	-	1,150,000	45,850,000	1,345,000
Premium on bonds	4,274,772	-	123,532	4,151,240	-
	51,274,772	-	1,273,532	50,001,240	1,345,000
Bonds payable, net	88,572,057	-	5,926,489	82,645,568	5,886,590
Capital leases	339,800	-	288,565	51,235	51,235
Compensated absences	1,057,340	1,956,673	1,793,495	1,220,518	915,389
	1,397,140	1,956,673	2,082,060	1,271,753	966,624
	\$ 89,969,197	\$ 1,956,673	\$ 8,008,549	\$ 83,917,321	\$ 6,853,214
Business-type activities:					
Capital leases	\$ -	\$ 163,600	\$ 10,466	\$ 153,134	\$ 21,485
Compensated absences	58,235	92,716	92,220	58,731	9,397
Landfill obligation	2,750,000	274,000	-	3,024,000	-
	\$ 2,808,235	\$ 530,316	\$ 102,686	\$ 3,235,865	\$ 30,882

Both compensated absences and other postemployment benefits for governmental activities are expected to be paid out of the General and Virginia Public Assistance Funds.

Discretely Presented Component Unit – School Board

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 1,456,942	\$ 598,816	\$ 674,810	\$ 1,380,948	\$ 130,000
Capital leases	7,072,229	705,430	853,305	6,924,354	884,920
	\$ 8,529,171	\$ 1,304,246	\$ 1,528,115	\$ 8,305,302	\$ 1,014,920

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Liabilities (Continued)

Details of long-term obligations are as follows:

General Obligation Bonds:

School Board Projects:

\$2,830,000 VPSA general obligation bond, issued November 2000, due in annual installments of \$170,000 to \$175,000 through July 2020, plus semi-annual interest at 5.10%.

\$ 345,000

\$25,000,000 school improvement general obligation bond, issued May 2001, due in annual installments of \$1,765,000 to \$1,955,000 through July 2021, plus semi-annual interest at 5.10%. The bond was issued at a premium of \$304,286 which will be amortized over the life of the bond.

5,580,000

\$1,615,000 VPSA general obligation bond, issued November 2002, due in annual installments of \$105,000 to \$125,000 through July 2023, plus semi-annual interest at 4.60% to 5.10%. The bond was issued at a premium of \$60,150 which will be amortized over the life of the bond.

455,000

\$13,935,316 school improvement general obligation bond, issued November 2005, due in annual installments of \$711,590 to \$747,800 through July 2025, plus semi-annual interest at 4.00 to 5.10%. The bond was issued at a premium of \$1,064,684 which will be amortized over the life of the bond.

5,114,480

\$5,220,000 VPSA general obligation bond, issued November 2007, due in annual installments of \$260,000 through July 2027, plus semi-annual interest at 4.35% to 5.10%. The bond was issued at a premium of \$280,267 which will be amortized over the life of the bond.

2,340,000

\$30,550,000 VPSA general obligation bond, issued November 2009, due in annual installments of \$1,525,000 to \$1,530,000 through July 2029, plus semi-annual interest at 4.05% to 5.05%. The bond was issued at a premium of \$2,700,808 which will be amortized over the life of the bond.

16,780,000

Total General Obligation Bonds

\$ 30,614,480

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Liabilities (Continued)

Lease Revenue and Refunding Bond:

\$48,110,000 lease revenue and refunding bonds for the public safety communications system, consolidated E-911 dispatch and facility, and rural broadband initiative, issued December 2016, due in annual installments of \$1,250,000 to \$4,035,000 through June 2037, plus interest payable annually at 3.13% to 5.00%. The bond was issued at a premium of \$4,398,303 which will be amortized over the life of the bond.

\$ 45,850,000

Total Lease Revenue and Refunding Bond

\$ 45,850,000

Capital Leases:

\$494,870 capital lease obligation (payable from the General Fund), issued December 2014, secured by vehicles, semi-annual maturity from \$49,667 to \$51,235 through December 2019, plus semi-annual interest at 1.56%.

\$ 51,235

Total capital leases

\$ 51,235

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

Year(s) Ending June 30,	Governmental Activities					
	General Obligation Bonds		Lease Revenue and Refunding Bond		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 4,541,590	\$ 1,381,268	\$ 1,345,000	\$ 2,020,587	\$ 51,235	\$ 400
2021	4,648,046	1,155,621	1,400,000	1,963,232	-	-
2022	4,579,840	921,491	1,455,000	1,896,979	-	-
2023	2,641,990	739,372	3,515,000	1,777,508	-	-
2024	2,522,620	611,412	3,465,000	1,605,319	-	-
2025-2029	10,155,394	1,412,842	16,475,000	5,352,344	-	-
2030-2034	1,525,000	33,741	14,310,000	2,192,666	-	-
2035-2037	-	-	3,885,000	222,094	-	-
	\$ 30,614,480	\$ 6,255,747	\$ 45,850,000	\$ 17,030,729	\$ 51,235	\$ 400

The assets acquired through capital leases are as follows:

	Governmental Activities
Ambulances	\$ 514,626
Less accumulated depreciation or amortization	308,776
	\$ 205,850

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Liabilities (Continued)

Capital Leases – Business-type:

\$163,600 capital lease obligation, issued July 2018, secured by vehicles, semi-annual maturity from \$13,003 to \$25,367 through January 2026, plus semi-annual interest at 3.35%.

\$ 153,134

Total capital leases

\$ 153,134

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

Year(s) Ending June 30,	Capital Leases	
	Principal	Interest
2020	\$ 21,485	\$ 4,957
2021	22,211	4,231
2022	22,961	3,481
2023	23,737	2,705
2024	24,538	1,904
2025-2026	38,202	1,293
	<u>\$ 153,134</u>	<u>\$ 18,571</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Truck	\$ 163,600
Less accumulated depreciation or amortization	<u>(24,540)</u>
	<u>\$ 139,060</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 10. Long-Term Liabilities (Continued)

Capital Leases – School Board:

\$6,198,242 capital lease obligation, issued March 2013, secured by equipment, semi-annual maturity from \$186,176 to \$317,940 through September 2028, plus semi-annual interest at 2.59%.	\$ 4,676,889
\$1,259,830 capital lease obligation, issued July 2015, secured by equipment, semi-annual maturity from \$32,529 to \$62,142 through January 2031, plus semi-annual interest at 2.39%.	1,088,975
\$1,147,747 capital lease obligation, issued July 2017, secured by equipment, annual maturity of \$253,388 through July 2021, plus annual interest at 4.97%.	690,379
\$705,430 capital lease obligation, issued August 2018, secured by vehicles, annual maturity from \$230,851 to \$237,260 through July 2025, plus annual interest at 2.78%.	468,111
	<u>\$ 6,924,354</u>

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

Year(s) Ending June 30,	Capital Leases	
	Principal	Interest
2020	\$ 884,920	\$ 192,079
2021	931,158	163,470
2022	738,817	133,393
2023	529,148	108,476
2024	562,243	94,744
2025-2029	3,037,797	236,494
2030-2031	240,271	8,694
	<u>\$ 6,924,354</u>	<u>\$ 937,350</u>

Assets acquired through capital leases are as follows:

	Governmental Activities
Phone system	\$ 1,147,747
Energy performance contract - phase 1	6,198,242
Energy performance contract - phase 2	1,259,830
Buses	705,430
	<u>9,311,249</u>
Less accumulated depreciation	<u>(1,479,560)</u>
	<u>\$ 7,831,689</u>

The County and School Board's capital leases contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the County or School Board is unable to make payment.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plans

Administering Entity: Virginia Retirement System (System)

A. Plan Description

All full-time, salaried permanent employees of the County and its component unit, the School Board, are automatically covered by the VRS Retirement Plan or the VRS Teacher Retirement Plan upon employment. These plans are 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

Plan 1	Plan 2	Hybrid Retirement Plan
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none">• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none">• Political subdivision employees.*• School division employees (teachers).• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none">• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as Plan 1.	Creditable Service <u>Defined Benefit Component</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
		<u>Defined Contribution Component</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p>Vesting</p> <p>Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p><u>Defined Benefit Component</u></p> <p>Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component</u></p> <p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none">• After two years, a member is 50% vested and may withdraw 50% of employer contributions.• After three years, a member is 75% vested and may withdraw 75% of employer contributions.• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70 ½.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component</u> See definition under Plan 1. <u>Defined Contribution Component</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier <u>Defined Benefit Component</u> The retirement multiplier for the defined benefit component is 1.0%. For members that 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.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component</u> Not applicable.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Normal Retirement Age Age 65.	Normal Retirement Age Normal Social Security retirement age.	Normal Retirement Age <u>Defined Benefit Component</u> Same as Plan 2.
Political subdivisions hazardous duty employees: Age 60.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.
		<u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	Earliest Unreduced Retirement Eligibility Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component</u> Normal Social Security retirement age and have at least 5 years (60 months) of creditable service or when their age and service equal 90.
Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.
		<u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility Age 60 with at least five years (60 months) of creditable service.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component</u> Age 60 with at least five years (60 months) of creditable service.
Political subdivisions hazardous duty employees: Age 50 with at least five years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.
		<u>Defined Contribution Component</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%.	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component</u> Same as Plan 2.
<u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	<u>Eligibility:</u> Same as Plan 1.	<u>Eligibility:</u> Same as Plan 1 and Plan 2.
<u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1.	<u>Exceptions to COLA Effective Dates:</u> School Division (Teachers) and Political Subdivision Employees: Same as Plan 1 and Plan 2.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued)		
<u>Exceptions to COLA Effective Dates:</u>		
School Division (Teachers) and Political Subdivision Employees (Continued):		
<ul style="list-style-type: none">• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.• Political Subdivision Employees: The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).		

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Political subdivision employees: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service regardless of when it was earned, purchased or granted.	Disability Coverage Employees of political subdivisions and school divisions (teachers), including Plan 1 and Plan 2 opt-ins, participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component</u> Same as Plan 1, with the following exception: <ul style="list-style-type: none">• Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component</u> Not applicable.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

B. Employees Covered by Benefit Terms

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

County (Agent Plan)

	Number
Inactive members or their beneficiaries currently receiving benefits	129
Inactive members:	
Vested inactive members	46
Non-vested inactive members	80
Inactive members active elsewhere in VRS	102
Total inactive members	228
Active members	214
Total covered employees	571

School Board Non-Professional (Agent Plan)

	Number
Inactive members or their beneficiaries currently receiving benefits	92
Inactive members:	
Vested	19
Non-vested	55
Active elsewhere in VRS	28
Total inactive members	102
Active members	161
Total covered employees	355

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

C. Contributions

County (Agent Plan)

The contribution requirement for active employees is governed by Section 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 percent of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2019 was 9.12 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,084,270 and \$947,794 for the years ended June 30, 2019 and 2018, respectively.

School Board Non-Professional (Agent Plan)

The contribution requirement for active employees is governed by Section 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 percent of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00 percent member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5.00 percent member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00 percent member contribution. This could be phased in over a period of up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The School Board non-professional's contractually required contribution rate for the year ended June 30, 2019 was 4.43 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$145,874 and \$127,881 for the years ended June 30, 2019 and 2018, respectively.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

C. Contributions (Continued)

School Board Professional (Cost-Sharing Plan)

The contribution requirement for active employees is governed by Section 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 percent of their compensation toward their retirement. The School Board Professional's contractually required contribution rate for the year ended June 30, 2019 was 15.68 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance the costs of any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were \$4,231,216 and \$4,288,690 for the years ended June 30, 2019 and 2018, respectively.

D. Net Pension Liability (Asset)

County and School Board Non-Professional Plans (Agent Plans)

The County and the School Board's non-professional plan net pension liabilities (assets) (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the County and the School Board non-professional, the NPL was measured as of June 30, 2018. The total pension liability used to calculate the NPL was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

School Board Professional Plan (Cost-Sharing Plan)

At June 30, 2019, the School Board reported a liability for the professional plan of \$39,011,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion was 0.33173 percent as compared to 0.33345 percent at June 30, 2017.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

D. Net Pension Liability (Continued)

School Board Professional Plan (Cost-Sharing Plan) (Continued)

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Teacher Employee Retirement Plan
Total pension liability	\$ 46,679,555,000
Plan fiduciary net position	34,919,563,000
Employers' net pension liability	\$ 11,759,992,000

Plan fiduciary net position as a percentage of the total pension liability 74.81%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net position 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.

E. Actuarial Assumptions

County and School Board Non-Professional Plans (Agent Plans)

General Employees

The total pension liability for General Employee's in the County's retirement plan and the total pension liability for the General Employees in the School Board non-professional retirement plan were based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal Actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0 percent. However, since the difference was minimal, and a more conservative 7.0 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0 percent to simplify preparation of pension benefits.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans (Agent Plans) (Continued)

General Employees (Continued)

Mortality Rates: 15% of deaths are assumed to be service related.

- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older with projected scale BB to 2020; males 95% of rates, females 105% of rates.
- Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
- Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

County Plan (Agent Plan)

Public Safety Employees

The total pension liability for Public Safety employees in the County and the School Board's retirement plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2018.

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

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0 percent. However, since the difference was minimal, and a more conservative 7.0 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0 percent to simplify preparation of pension liabilities.

Mortality Rates:	45% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

E. Actuarial Assumptions (Continued)

School Board Professional Plan (Cost-Sharing Plan)

The total pension liability for the VRS Teacher retirement plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2018.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0 percent. However, since the difference was minimal, and a more conservative 7.0 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0 percent to simplify preparation of pension liabilities.

Mortality Rates:

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

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

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

F. Long-Term Expected Rate of Return

County and School Board Non-Professional Plans (Agent Plans) and School Board Professional Plan (Cost-Sharing Plan)

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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

* The above allocation provides a one-year return of 7.30 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83 percent, including expected inflation of 2.50 percent.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

G. Discount Rate

County and School Board Non-Professional Plans (Agent Plans)

The discount rate used to measure the total pension liabilities was 7.00 percent. 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; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in fiscal year 2012 or 90 percent of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100 percent 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 liabilities.

School Board Professional Plan (Cost-Sharing Plan)

The discount rate used to measure the total pension liabilities was 7.00 percent. 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. Through the fiscal year ended June 30, 2018, the rate contributed by the employer for the County and the School Board's retirement plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100 percent of the actuarially determined contribution rate. From July 1, 2018 on, participating employers are assumed to contribute 100 percent 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 liabilities.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset)

County (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2017	\$ 35,372,910	\$ 32,763,202	\$ 2,609,708
Changes for the year:			
Service cost	1,242,199	-	1,242,199
Interest	2,422,722	-	2,422,722
Difference between expected and actual experience	(12,107)	-	(12,107)
Contributions – employer	-	947,794	(947,794)
Contributions – employee	-	501,229	(501,229)
Net investment income	-	2,426,918	(2,426,918)
Benefit payments, including refunds of employee contributions	(1,525,194)	(1,525,194)	-
Administrative expense	-	(20,569)	20,569
Other changes	-	(2,178)	2,178
Net changes	2,127,620	2,328,000	(200,380)
Balances at June 30, 2018	\$ 37,500,530	\$ 35,091,202	\$ 2,409,328

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

H. Changes in the Net Pension Liability (Asset) (Continued)

School Board Non-Professional (Agent Plan)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2017	\$ 9,277,079	\$ 9,996,740	\$ (719,661)
Changes for the year:			
Service cost	307,366	-	307,366
Interest	631,481	-	631,481
Difference between expected and actual experience	(79,665)	-	(79,665)
Contributions – employer	-	127,881	(127,881)
Contributions – employee	-	148,096	(148,096)
Net investment income	-	734,629	(734,629)
Benefit payments, including refunds of employee contributions	(511,853)	(511,853)	-
Administrative expense	-	(6,416)	6,416
Other changes	-	(651)	651
Net changes	347,329	491,686	(144,357)
Balances at June 30, 2018	\$ 9,624,408	\$ 10,488,426	\$ (864,018)

I. Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

County and School Board Non-Professional Plans (Agent Plans) and School Board Professional Plan (Cost-Sharing Plan)

The following presents the net pension liabilities (asset) of the County, the School Board non-professional plan and the School Board professional plan, using the discount rate of 7.00 percent, as well as what the County, the School Board non-professional plan and the School Board professional plan's net pension liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County net pension liability (asset)	\$ 7,563,243	\$ 2,409,328	\$ (1,831,099)
School Board's non-professional net pension liability (asset)	209,138	(864,018)	(1,769,646)
School Board professional net pension liability	59,591,000	39,011,000	21,977,000

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

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

County (Agent Plan)

For the year ended June 30, 2019, the County recognized pension expense of \$367,202. At June 30, 2019, the County also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (20,934)
Changes in assumptions	-	(20,343)
Net difference between projected and actual earnings on pension plan investments	-	(303,065)
Employer contributions subsequent to the measurement date	1,084,270	-
Total	\$ 1,084,270	\$ (344,342)

The \$1,084,270 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 62,155
2021	(43,650)
2022	(335,455)
2023	(27,392)
	\$ (344,342)

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

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

School Board Non-Professional (Agent Plan)

For the year ended June 30, 2019, School Board recognized pension (benefit) related to its non-professional plan of (\$181,888). At June 30, 2019 the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (96,340)
Changes in assumptions	-	(52,035)
Net difference between projected and actual earnings on pension plan investments	-	(86,686)
Employer contributions subsequent to the measurement date	145,874	-
Total	<u>\$ 145,874</u>	<u>\$ (235,061)</u>

The \$145,874 reported as deferred outflows of resources related to pensions resulting from the School Board non-professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions for the School Board non-professional plan will be recognized in pension expense (benefit) as follows:

Year Ending June 30,	Amount
2020	\$ (90,633)
2021	(32,601)
2022	(103,155)
2023	(8,672)
	<u>\$ (235,061)</u>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

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

School Board Professional (Cost-Sharing Plan)

For the year ended June 30, 2019, the School Board recognized pension expense related to the professional plan of \$2,272,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$ 422,000	\$ (1,189,000)
Changes in assumptions	466,000	-
Differences between expected and actual experience	-	(3,336,000)
Net difference between projected and actual earnings on pension plan investments	-	(827,000)
Employer contributions subsequent to the measurement date	4,231,216	-
Total	\$ 5,119,216	\$ (5,352,000)

The \$4,231,216 reported as deferred outflows of resources related to pensions resulting from the School Board contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ (571,000)
2021	(1,075,000)
2022	(2,004,000)
2023	(650,000)
2024	(164,000)
	<u>\$ (4,464,000)</u>

K. Pension Plan Data

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Medical Insurance Program

A. Plan Description

County and the School Board

The County's and the School Board's defined benefit other postemployment benefit (OPEB) – medical insurance plan provides OPEB for all permanent full-time general and public safety employees of the County and the School Board. The plan was established by the County's Board of Supervisors, and any amendments to the plan must be approved by the Board of Supervisors. This plan is a single-employer defined benefit OPEB plan administered by the County and School Board, respectively. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. This plan does not issue stand-alone financial reports.

Employees of Orange County and Orange County Public Schools are eligible to participate in the County's OPEB plan. In order to receive plan benefits upon retirement, the employee must retire directly from active service and meet one of the following Virginia Retirement System (VRS) retirement eligibility requirements:

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS
<p><i>General Employees Plan 1</i> Plan 1 includes all members vested as of January 1, 2013.</p> <ul style="list-style-type: none">• Attain age 50 with at least 10 years of service with VRS for a reduced pension benefit, or• Attain age 55 with at least 5 years of service with VRS for a reduced pension benefit, or• Attain age 65 with at least 5 years of service with VRS for an unreduced pension benefit, or• Attain age 50 with at least 30 years of service with VRS for an unreduced pension benefit.
<p><i>General Employees Plan 2 and Hybrid Plan</i> Plan 2 includes all members not vested as of January 1, 2013, and members hired on or after July 1, 2010. The Hybrid Plan includes members hired on or after January 1, 2014 or by member election.</p> <ul style="list-style-type: none">• Attain age 60 with at least 5 years of service with VRS for a reduced pension benefit, or• Attain 90 points (age plus service) with VRS for an unreduced pension benefit, or• Attain Social Security Normal Retirement Age with at least 5 years of service with VRS for an unreduced pension benefit.
<p><i>Public Safety Employees Plan 1 and Plan 2</i> Plan 1 includes members hired prior to January 1, 2014, while Plan 2 includes members hired on or after January 1, 2014. There is no Hybrid Plan for Virginia Law Officers.</p> <ul style="list-style-type: none">• Attain age 50 with at least 5 years of service with VRS for a reduced pension benefit, or• Attain age 60 with at least 5 years of service with VRS for an unreduced pension benefit, or• Attain age 50 with at least 25 years of service with VRS for an unreduced pension benefit. <p>Health benefits include medical, dental, and vision.</p> <p>Retirees eligible for Medicare are permitted to continue coverage through one of the County's health plan offerings as a supplement to Medicare benefits.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Medical Insurance Program (Continued)

A. Plan Description (Continued)

County and the School Board (Continued)

MEDICAL INSURANCE PROGRAM PLAN PROVISIONS (Continued)
<i>Health Plan Benefits</i> Retirees and eligible spouses/dependents are eligible for coverage.
<i>Retiree and Employer Contributions</i> Retirees contribute 100% of the premium for retiree and spouse/dependent coverage.
<i>Disability Retirement Benefit</i> Disabled retirees must meet the same age and service requirements as other retirees in order to be eligible for benefits. Disabled retirees are eligible for the same benefits as other retirees.
<i>Benefit Service</i> Benefit service is credited from the date of hire with the County or School Board.
<i>Line of Duty Act Benefits</i> Public safety employees who become disabled or die in the line of duty are eligible for benefits under the Line of Duty Act. The County insures this benefit through the VACORP Group Self Insurance Program, which pays for all Line of Duty Act benefits. Therefore, there is no GASB 75 liability for the County.

B. Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

County and School Board

	County	School Board
Inactive employees or beneficiaries currently receiving benefit payments	4	27
Active employees	204	748
Total	208	775

C. Total Medical Insurance Program OPEB Liability

County and School Board

The County and the School Board's total Medical Insurance OPEB liability of \$3,875,844 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Medical Insurance Program (Continued)

D. Actuarial Assumptions and Other Inputs

County and the School Board

The total Medical Insurance Program OPEB liabilities were based on an actuarial valuation as of July 1, 2018 using the Entry Age Normal actuarial cost method and the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Discount rate	3.50%
Healthcare cost trend rates	The healthcare trend assumption for medical benefits was changed from 7.00% in 2017, 7.50% in fiscal 2018, 6.00% in fiscal 2019, then grading to an ultimate rate of 4.30% in 2078 to 6.40% in fiscal 2019, 7.20% in fiscal 2020, 5.30% in fiscal 2021, then grading to an ultimate rate of 4.20% in fiscal 2082. These trend rates are consistent with information from the Getzen Trend Model, Milliman's Health Cost Guidelines, and actuarial judgment.

The discount rate was based on the Bond Buyer 20-Year Bond GO Index as of the measurement date.

Mortality Rates

The following mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

Pre-Retirement: RP-2014 Employee to age 80, Healthy Annuitant Rates at age 81 and older projected with Scale BB to 2020; Males set back 1 year, 85% of rates and Females set back 1 year. 25% of deaths are assumed to be service related.

Post-Retirement: RP-2014 Employee Rate to age 49, Health Annuitant at ages 50 and older projected with Scale BB to 2020; Males set forward 1 year and Females set back 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 and Females 130% of rates.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Medical Insurance Program (Continued)

E. Changes in the Total Medical Insurance OPEB Liability

County and the School Board

	County	School Board	Total OPEB Liability
Balance at June 30, 2018	\$ 938,441	\$ 2,824,816	\$ 3,763,257
Changes for the year:			
Service cost	74,650	202,318	276,968
Interest	36,479	97,897	134,376
Economic/demographic gains or losses	(61,068)	(420,289)	(481,357)
Changes in assumptions or other inputs	176,913	180,577	357,490
Benefit payments	(18,979)	(155,911)	(174,890)
Net changes	207,995	(95,408)	112,587
Balance at June 30, 2019	\$ 1,146,436	\$ 2,729,408	\$ 3,875,844

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

F. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in the Discount Rate

The following presents the total OPEB liabilities of the County and the School Board calculated using the stated discount rate, as well as what the County and the School Board's total Medical Insurance OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
County	\$ 1,269,786	\$ 1,146,436	\$ 1,037,425
School Board	2,917,389	2,729,408	2,550,594
Total OPEB liability	\$ 4,187,175	\$ 3,875,844	\$ 3,588,019

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Postemployment Benefits – Medical Insurance Program (Continued)

G. Sensitivity of the Total Medical Insurance OPEB Liabilities to Changes in Healthcare Cost Trend Rate

The following represents the total Medical Insurance OPEB liabilities of the County and the District and the School Board calculated using the stated discount rate, as well as what the County and the District's and the School Board's total Medical Insurance OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Current Trend Rate	1% Increase
County	\$ 993,209	\$ 1,146,436	\$ 1,330,198
School Board	2,411,603	2,729,408	3,103,853
Total OPEB liability	\$ 3,404,812	\$ 3,875,844	\$ 4,434,051

H. Medical Insurance OPEB Expense and Deferred Outflows of Resources and Inflows of Resources Related to Medical Insurance OPEB

For the year ended June 30, 2019, the County and the School Board recognized Medical Insurance OPEB expense of \$105,549 and \$90,133, respectively.

County and the School Board

At June 30, 2019, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to the Medical Insurance OPEB from the following sources:

	County		School Board		Total	
	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	\$ -	\$ (50,890)	\$ -	\$ (350,241)	\$ -	\$ (401,131)
Change in assumptions	147,427	(21,862)	150,481	(52,612)	297,908	(74,474)
Total	\$ 147,427	\$ (72,752)	\$ 150,481	\$ (402,853)	\$ 297,908	\$ (475,605)

Amounts reported as deferred inflows of resources related to the Medical Insurance OPEB will be recognized in the Medical Insurance OPEB expense in future reporting periods as follows:

Year Ending June 30,	County	School Board	Total Amount
2020	\$ 13,399	\$ (54,171)	\$ (40,772)
2021	13,399	(54,171)	(40,772)
2022	13,399	(54,171)	(40,772)
2023	15,173	(49,907)	(34,734)
2024	19,305	(39,952)	(20,647)
Total	\$ 74,675	\$ (252,372)	\$ (177,697)

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program

A. Plan Description

All full-time, salaried permanent employees of the County and the School Board non-professional and the School Board professional employees are automatically covered by the VRS Group Life Insurance Program (GLI) upon employment. This plan is 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. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p><i>Eligible Employees</i></p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>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.</p>
<p><i>Benefit Amounts</i></p> <p>The benefits payable under the GLI have several components.</p> <ul style="list-style-type: none">• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option
<p><i>Reduction in Benefit Amounts</i></p> <p>The benefit amounts provided to members covered under the GLI 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.</p>
<p><i>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</i></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLI. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and was increased to \$8,279 effective July 1, 2018.</p>

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

B. Contributions

The contribution requirements for the GLI are governed by Sections 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 was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from the participating employers for the years ended June 30, 2019 and June 30, 2018 were as follows:

	2019	2018
County	\$ 59,006	\$ 54,028
School Board Non-Professional	16,624	16,223
School Board Professional	140,509	139,623

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

At June 30, 2019, the participating employers' reported liabilities for its proportionate share of the net GLI OPEB liability as follows:

	Amount
County	\$ 830,000
School Board Non-Professional	249,000
School Board Professional	2,145,000

The net GLI OPEB liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. The covered employers' proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, comparisons of the participating employers' proportions to June 30, 2017 are as follows:

	2018	2017
County	0.05464%	0.05572%
School Board Non-Professional	0.01641%	0.01656%
School Board Professional	0.14121%	0.14254%

For the year ended June 30, 2019, the County, School Board non-professional, and School Board professional employees recognized GLI OPEB expense (benefit) of \$7,000, (\$2,000), and \$5,000, respectively. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

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

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

County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,000	\$ (14,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(27,000)
Change in assumptions	-	(35,000)
Changes in proportion	16,000	(15,000)
Employer contributions subsequent to the measurement date	59,006	-
Total	\$ 116,006	\$ (91,000)

The \$59,006 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (11,000)
2021	(11,000)
2022	(11,000)
2023	(4,000)
2024	-
Thereafter	3,000
Total	\$ (34,000)

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

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

School Board Non-Professional Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,000	\$ (5,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(8,000)
Change in assumptions	-	(10,000)
Changes in proportion	-	(6,000)
Employer contributions subsequent to the measurement date	16,624	-
Total	\$ 28,624	\$ (29,000)

The \$16,624 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (6,000)
2021	(6,000)
2022	(6,000)
2023	(1,000)
2024	1,000
Thereafter	1,000
Total	\$ (17,000)

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

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

School Board Professional Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,000	\$ (39,000)
Net difference between projected and actual earnings on GLI OPEB program investments	-	(70,000)
Change in assumptions	-	(89,000)
Changes in proportion	-	(53,000)
Employer contributions subsequent to the measurement date	140,509	-
Total	\$ 245,509	\$ (251,000)

The \$140,509 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2020	\$ (42,000)
2021	(42,000)
2022	(42,000)
2023	(22,000)
2024	(2,000)
Thereafter	4,000
Total	\$ (146,000)

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Teachers	3.5%-5.95%
Locality – general employees	3.5%-5.35%
Locality – hazardous duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

School Board Professional Plan

Mortality Rates – Teachers

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

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

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

School Board Professional Plan (Continued)

Mortality Rates – Teachers (Continued)

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

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

County and School Board Non-Professional Plans

Mortality Rates – General Employees

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

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

Post-Disablement: RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward two years, 110% of rates; females 125% of rates.

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

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

D. Actuarial Assumptions (Continued)

County and School Board Non-Professional Plans (Continued)

Mortality Rates – Hazardous Duty Employees

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

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward one year with 1.0% increase compounded from ages 70 to 90; females set forward three years.

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

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

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

E. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2018, NOL amounts for the GLI are as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$3,113,508,000
Plan fiduciary net position	1,594,773,000
Employers' net GLI OPEB liability	\$1,518,735,000

Plan fiduciary net position as a percentage of the total
GLI OPEB liability

51.22%

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

E. Net GLI OPEB Liability (Continued)

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

F. Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

G. Discount Rate

County and School Board Non-Professional Plans

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

School Board Professional Plan

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the participating employers for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to 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 ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 13. Other Postemployment Benefits – Group Life Insurance Program (Continued)

H. Sensitivity of the Participating Employers' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County	\$ 1,085,000	\$ 830,000	\$ 623,000
School Board Non-Professional	325,000	249,000	187,000
School Board Professional	2,803,000	2,145,000	1,610,000

I. GLI Fiduciary Net Position

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Health Insurance Credit Program

A. Plan Description

The County has one type of Health Insurance Credit Program (HIC) OPEB plan, a cost-sharing employer plan for VRS teacher employees (School Board professional plan). For the School Board professional plan, all full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is 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 health insurance credit 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 School Board Professional Plan HIC OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HIC PLAN PROVISIONS	
<i>Eligible Employees</i>	
The Teacher Employee Retiree HIC was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.	
Eligible employees are enrolled automatically upon employment. They include:	
<ul style="list-style-type: none">• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.	
<i>Benefit Amounts</i>	
The Teacher Employee Retiree HIC provides the following benefits for eligible employees:	
<ul style="list-style-type: none">• At Retirement – for teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.• Disability Retirement – for teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:<ul style="list-style-type: none">○ \$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.	
<i>Health Insurance Credit Program Notes</i>	
<ul style="list-style-type: none">• 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.	

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

B. Contributions

The contribution requirement for active employees is governed by Section 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. For the year ended June 30, 2019, the contractually required employer contribution rates of covered employee compensation for the School Board professional plan was 1.20%. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC were \$324,252 and \$330,091 for the years ended June 30, 2019 and 2018, respectively.

C. Net HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the Teacher Employee HIC is as follows:

	Teacher Employee HIC OPEB Plan
Total teacher employee HIC OPEB liability	\$1,381,313,000
Plan fiduciary net position	111,639,000
Teacher employee net HIC OPEB liability	<u>\$1,269,674,000</u>
Plan fiduciary net position as a percentage of the total teacher employee HIC OPEB liability	8.08%

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

D. Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

Mortality Rates – Teachers

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

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

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

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

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

E. Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

F. Discount Rate

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

G. Sensitivity of the HIC Net OPEB Liabilities to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School Board Professional	\$ 4,706,000	\$ 4,214,000	\$ 3,795,000

H. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB

At June 30, 2019, the School Board professional plan reported a liability of \$4,214,000 for its proportionate share of the Teacher Employee HIC total OPEB liability. The total Teacher Employee HIC OPEB liability was measured as of June 30, 2018 and the total Teacher Employee HIC OPEB liability used to calculate the total Teacher Employee HIC OPEB liability was determined by an actuarial valuation as of that date. The School Board professional plan's proportion of the total Teacher Employee HIC OPEB liability was based on the School Board professional plan's actuarially determined employer contributions to the Teacher Employee HIC OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board professional plan's proportion of the Teacher Employee HIC was 0.33183% as compared to 0.33310% at June 30, 2017.

For the year ended June 30, 2019, the School Board professional plan recognized Teacher Employee HIC OPEB expense of \$328,000. Since there was a change in proportionate share between measurement dates, a portion of the Teacher Employee HIC net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. Other Postemployment Benefits – Health Insurance Credit Program (Continued)

H. HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB (Continued)

At June 30, 2019, the School Board professional plan reported deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB from the following sources (amounts expressed in the thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (20,000)
Net difference between projected and actual earnings on HIC OPEB program investments	-	(3,000)
Change in assumptions	-	(37,000)
Changes in proportionate share	-	(91,000)
Employer contributions subsequent to the measurement date	324,252	-
Total	\$ 324,252	\$ (151,000)

The \$324,252 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board professional plan's contributions subsequent to the measurement date will be recognized as a reduction of the total Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows (amounts expressed in the thousands):

Year Ending June 30,	Amount
2020	\$ (27,000)
2021	(27,000)
2022	(27,000)
2023	(25,000)
2024	(26,000)
Thereafter	(19,000)
Total	\$ (151,000)

I. HIC Credit Program Plan Data

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. Landfill Closure and Post-Closure Care Cost

Permit 90 – Closed Landfill

The County closed its former landfill in 2013. State and federal laws and regulations require the County to place a final cover and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The cumulative amount of estimated post-closure care and corrective action costs for this site, less costs paid to date, totals \$1,772,000. Actual costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances. The County intends to fund these costs from funds accumulated for this purpose in the Landfill Fund as well as transfers from the General Fund.

Permit 566 – Open Landfill

The County owns and operates a landfill site from which it collects tipping fees based upon the source of the waste. The landfill began accepting waste in January 2013. State and federal laws will require the County to place a final cover on this site when it stops accepting waste and to perform maintenance and monitoring functions for 30 years after closure. Although closure and post-closure care costs are paid only near or after the date the landfill stops accepting waste, the County will report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used. The \$1,252,000 reported as landfill closure and post-closure liability as of June 30, 2019 represents the cumulative amount reported to date based on estimated use of approximately 47 percent of the estimated capacity of Cell #1, as well as anticipated future cells for closure costs, and use of approximately 5 percent of the estimated capacity of the entire landfill site for post-closure costs. The remaining estimated cost of closure and post-closure care of \$3,722,000 will be recognized as remaining capacity is filled. Actual future costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances.

Note 16. Commitments and Contingencies

Litigation

The County and School Board are potential defendants in litigation involving claims for damages of various types. Officials estimate that any ultimate liability not covered by insurance will have an immaterial effect on the financial statements.

Federal Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Commitments

The County has entered into various construction contracts. Future amounts due under these agreements are approximately \$15,875,000 for the County at year end.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. Commitments and Contingencies (Continued)

Leases

The County and School Board have numerous operating leases for facilities and equipment. However, total future minimum lease commitments are considered insignificant.

Note 17. Risk Management

The County and the 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 for which the government carries insurances.

The County and School Board are members of the Virginia Association of Counties Group Self Insurance Association (Association) for workers' compensation, property and liability coverage. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. Association contributions and assessments are based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and School Board carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

The County and School Board are partially self-insured for health and dental insurance coverage for their respective employees, and account for the uninsured risks of loss within the Insurance Internal Service Fund. From the Insurance Internal Service Fund, the County pays up to the annual stop loss limit of \$150,000 per person and purchase commercial insurance for claims in excess of such limits. The County makes payments to a claims service provider based on estimates of the amounts needed to pay prior-year and current-year claims in addition to the premiums for the stop loss coverage. Excess amounts accumulated are reserved for the possibility of future catastrophic losses.

Changes in the claims liability amount are shown below:

Fiscal Year Ended	Beginning Liability	Current Year Claims	Claim Payments	Ending Liability
June 30, 2019	\$ 577,976	\$ 5,954,910	\$ 6,131,040	\$ 401,846
June 30, 2018	518,142	6,272,286	6,212,452	577,976
June 30, 2017	505,667	6,770,954	6,758,479	518,142

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 18. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County and School Board are bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints are presented below:

	General	Virginia Public Assistance	County Capital Projects	Other	Total
Nonspendable:					
Prepaid items	\$ 65,000	\$ -	\$ -	\$ -	\$ 65,000
Total nonspendable	65,000	-	-	-	65,000
Restricted for:					
Capital projects	-	-	23,791,968	-	23,791,968
Total restricted	-	-	23,791,968	-	23,791,968
Committed to:					
Judicial administration	-	-	-	21,235	21,235
Public safety	-	-	-	88,399	88,399
Public assistance	-	131,538	-	-	131,538
Total committed	-	131,538	-	109,634	241,172
Assigned to:					
FY20 Orig Approp	1,404,678	-	-	-	1,404,678
Child care reserve	57,101	-	-	-	57,101
Encumbrances	302,941	-	-	-	302,941
Destroyed Livestock	9,364	-	-	-	9,364
Capital projects	-	-	2,391,492	-	2,391,492
Total assigned	1,774,084	-	2,391,492	-	4,165,576
Unassigned	21,807,728	-	-	-	21,807,728
Total fund balance	\$ 23,646,812	\$ 131,538	\$ 26,183,460	\$ 109,634	\$ 50,071,444

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 19. Tax Abatements and Commonwealth's Opportunity Fund

Pursuant to the provisions of Title 15.2, Chapter 9, Section 15.2-953 of the *Code of Virginia*, localities are permitted to make appropriations of money to industrial development authorities for the purposes of promoting economic development. Furthermore, Title 2.2, Chapter 1, Section 2.2-115 of the *Code of Virginia*, has created the Commonwealth's Development Opportunity Fund (the Fund) to be used by the Governor to attract economic development prospects and secure the expansion of existing industry in the Commonwealth. Amounts awarded from the Fund are categorized as grants or loans. The criteria for making such grants or loans shall include: (1) job creation, (2) private capital investment, and (3) anticipated additional state tax revenue expected to accrue to the state and affected localities as a result of the capital investment and jobs created.

The County currently has three companies that meet the criteria to receive this grant. The County has entered into agreements with each of these companies to act as a pass-through for the Fund's grant. Once the County has received the funds it will transfer the amount to the Economic Development Authority, who subsequently delivers the funds to the business. Grants are to be used for public or private construction projects which improve infrastructure.

For the fiscal year ended June 30, 2019, the County abated property taxes totaling \$174,561 under this incentive program, including the following tax abatement agreements:

- Property tax abatement to an apparel printing and distribution facility in the amount of \$82,669.
- Property tax abatement to an adhesive manufacturing facility in the amount of \$40,050.
- Property tax abatement to an aerospace facility in the amount of \$51,842.

Note 20. Pending GASB Statements

At June 30, 2019, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the County. The statements which might impact the County are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, will increase the usefulness of the County's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Statement No. 90 will be effective for reporting periods beginning after December 15, 2018.

COUNTY OF ORANGE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 20. Pending GASB Statements (Continued)

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice associated with (1) commitments extended by issuer, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2020.

Management has not determined the effects of these new Statements may have on prospective financial statements.

Note 21. Subsequent Events

Subsequent to year end, the County entered into a contract for renovating the Clerk of the Court's office in the amount of \$235,490.

The County also entered into a contract for construction of tower sites in the amount of \$4,160,804.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 11

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Amounts	
Revenues:				
General property taxes	\$ 41,642,690	\$ 41,642,690	\$ 43,179,633	\$ 1,536,943
Other local taxes	6,683,651	6,683,651	6,802,386	118,735
Permits, privilege fees and regulatory licenses	420,943	420,943	524,438	103,495
Fines and forfeitures	230,390	230,390	177,630	(52,760)
Use of money and property	266,023	366,023	623,207	257,184
Charges for services	2,047,990	2,072,754	1,830,083	(242,671)
Miscellaneous	297,491	540,479	459,734	(80,745)
Recovered costs	1,433,443	1,658,335	1,634,171	(24,164)
Intergovernmental:				
Commonwealth	8,169,690	8,754,011	8,703,454	(50,557)
Federal	13,823	102,085	110,192	8,107
Total revenues	61,206,134	62,471,361	64,044,928	1,573,567
Expenditures:				
Current:				
General government administration	3,337,692	3,829,466	3,363,367	(466,099)
Judicial administration	1,917,787	2,112,012	2,046,545	(65,467)
Public safety	12,945,368	13,673,997	12,864,319	(809,678)
Public works	937,617	1,031,599	1,020,608	(10,991)
Health and human services	3,533,132	4,467,727	4,230,384	(237,343)
Education	22,263,239	22,320,794	21,139,840	(1,180,954)
Parks, recreation and cultural	1,365,930	1,461,359	1,351,343	(110,016)
Community development	1,337,937	1,802,587	1,433,319	(369,268)
Nondepartmental	1,034,802	219,335	104,580	(114,755)
Total expenditures	48,673,504	50,918,876	47,554,305	(3,364,571)
Excess of revenues over expenditures	12,532,630	11,552,485	16,490,623	4,938,138
Other financing sources (uses):				
Transfers in	1,440	1,440	1,290	(150)
Transfers out	(13,378,576)	(14,818,156)	(14,556,892)	261,264
Total other financing uses, net	(13,377,136)	(14,816,716)	(14,555,602)	261,114
Net change in fund balance	(844,506)	(3,264,231)	1,935,021	5,199,252
Fund balance, beginning	844,506	3,264,231	21,711,791	18,447,560
Fund balance, ending	\$ -	\$ -	\$ 23,646,812	\$ 23,646,812

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 12

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – VIRGINIA PUBLIC ASSISTANCE FUND
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Revenues:				
Intergovernmental:				
Commonwealth	\$ 1,049,050	\$ 1,171,673	\$ 987,855	\$ (183,818)
Federal	1,641,424	1,641,424	1,621,508	(19,916)
Total revenues	2,690,474	2,813,097	2,609,363	(203,734)
Expenditures:				
Current:				
Health and human services	3,695,592	3,843,514	3,386,059	(457,455)
Total expenditures	3,695,592	3,843,514	3,386,059	(457,455)
Deficiency of revenues under expenditures	(1,005,118)	(1,030,417)	(776,696)	253,721
Other financing sources:				
Transfers in	1,005,118	1,030,417	776,696	(253,721)
Total other financing sources	1,005,118	1,030,417	776,696	(253,721)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	131,538	131,538
Fund balance, ending	\$ -	\$ -	\$ 131,538	\$ 131,538

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 13

**SCHEDULE OF CHANGES IN THE COUNTY NET PENSION LIABILITY
AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM
Plan Years Ended June 30, 2018 through 2014**

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Total pension liability:					
Service cost	\$ 1,148,245	\$ 1,191,381	\$ 1,194,996	\$ 1,261,670	\$ 1,242,199
Interest	1,972,952	2,101,059	2,153,120	2,284,225	2,422,722
Differences between expected and actual experience	-	(1,142,256)	(47,995)	(13,333)	(12,107)
Changes of assumptions	-	-	-	(54,821)	-
Benefit payments, including refunds of employee contributions	(1,150,418)	(1,431,783)	(1,381,134)	(1,473,239)	(1,525,194)
Net change in total pension liability	1,970,779	718,401	1,918,987	2,004,502	2,127,620
Total pension liability - beginning	28,760,241	30,731,020	31,449,421	33,368,408	35,372,910
Total pension liability - ending (a)	<u>\$ 30,731,020</u>	<u>\$ 31,449,421</u>	<u>\$ 33,368,408</u>	<u>\$ 35,372,910</u>	<u>\$ 37,500,530</u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,106,261	\$ 1,034,535	\$ 1,095,456	\$ 938,728	\$ 947,794
Contributions - employee	458,769	455,835	484,814	495,845	501,229
Net investment income	3,692,589	1,254,114	511,485	3,581,431	2,426,918
Benefit payments, including refunds of employee contributions	(1,150,418)	(1,431,783)	(1,381,134)	(1,473,239)	(1,525,194)
Administrative expense	(19,343)	(16,855)	(17,413)	(20,329)	(20,569)
Other	195	(265)	(214)	(3,202)	(2,178)
Net change in plan fiduciary net position	4,088,053	1,295,581	692,994	3,519,234	2,328,000
Plan fiduciary net position - beginning	23,167,340	27,255,393	28,550,974	29,243,968	32,763,202
Plan fiduciary net position - ending (b)	<u>\$ 27,255,393</u>	<u>\$ 28,550,974</u>	<u>\$ 29,243,968</u>	<u>\$ 32,763,202</u>	<u>\$ 35,091,202</u>
County's net pension liability - ending (a) - (b)	<u>\$ 3,475,627</u>	<u>\$ 2,898,447</u>	<u>\$ 4,124,440</u>	<u>\$ 2,609,708</u>	<u>\$ 2,409,328</u>
Plan fiduciary net position as a percentage of the total pension liability	88.69%	90.78%	87.64%	92.62%	93.58%
Covered payroll	\$ 9,746,793	\$ 9,114,846	\$ 9,651,595	\$ 9,997,103	\$ 10,093,653
County's net pension liability as a percentage of covered payroll	35.66%	31.80%	42.73%	26.10%	23.87%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS –
VIRGINIA RETIREMENT SYSTEM
Plan Years Ended June 30, 2018 through 2014**

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Total pension liability:					
Service cost	\$ 321,928	\$ 310,760	\$ 297,799	\$ 293,651	\$ 307,366
Interest	540,454	569,842	605,627	623,212	631,481
Differences between expected and actual experience	-	97,318	(172,117)	(131,538)	(79,665)
Changes of assumptions	-	-	-	(168,965)	-
Benefit payments, including refunds of employee contributions	(427,241)	(457,861)	(475,557)	(484,627)	(511,853)
Net change in total pension liability	435,141	520,059	255,752	131,733	347,329
Total pension liability - beginning	7,934,394	8,369,535	8,889,594	9,145,346	9,277,079
Total pension liability - ending (a)	\$ 8,369,535	\$ 8,889,594	\$ 9,145,346	\$ 9,277,079	\$ 9,624,408
Plan fiduciary net position:					
Contributions - employer	\$ 234,379	\$ 202,149	\$ 203,974	\$ 128,161	\$ 127,881
Contributions - employee	143,849	148,042	150,267	147,157	148,096
Net investment income	1,204,254	401,260	157,666	1,102,587	734,629
Benefit payments, including refunds of employee contributions	(427,241)	(457,861)	(475,557)	(484,627)	(511,853)
Administrative expense	(6,473)	(5,524)	(5,655)	(6,446)	(6,416)
Other	63	(87)	(67)	(977)	(651)
Net change in plan fiduciary net position	1,148,831	287,979	30,628	885,855	491,686
Plan fiduciary net position - beginning	7,643,447	8,792,278	9,080,257	9,110,885	9,996,740
Plan fiduciary net position - ending (b)	\$ 8,792,278	\$ 9,080,257	\$ 9,110,885	\$ 9,996,740	\$ 10,488,426
School Board non-professional net pension liability (asset) - ending (a)-(b)	\$ (422,743)	\$ (190,663)	\$ 34,461	\$ (719,661)	\$ (864,018)
Plan fiduciary net position as a percentage of the total pension liability	105.05%	102.14%	99.62%	107.76%	108.98%
Employer's covered payroll	\$ 3,446,750	\$ 2,972,779	\$ 2,999,618	\$ 2,891,467	\$ 2,885,824
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	12.26%	6.41%	1.15%	-24.89%	-29.94%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 15

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL SHARE OF
NET PENSION LIABILITY VRS TEACHER RETIREMENT
PLAN (COST-SHARING) –
VIRGINIA RETIREMENT SYSTEM
Measurement Dates of June 30, 2018 through 2014**

	Fiscal Year June 30,				
	2014	2015	2016	2017	2018
Employer's proportion of the net pension liability	0.33419%	0.34548%	0.34137%	0.33345%	0.33173%
Employer's proportionate share of the net pension liability	\$ 40,386,000	\$ 43,483,000	\$ 47,840,000	\$ 41,008,000	\$ 39,011,000
Employer's covered payroll	24,437,220	25,600,000	25,238,400	25,886,794	29,254,366
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	165.26%	169.86%	189.55%	158.41%	133.35%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.81%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

COUNTY OF ORANGE, VIRGINIA**EXHIBIT 16****SCHEDULE OF COUNTY CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 1,106,261	\$ 1,034,535	\$ 1,095,456	\$ 938,728	\$ 947,794	\$ 1,084,270
Contributions in relation to the CRC	1,106,261	1,034,535	1,095,456	938,728	947,794	1,084,270
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 9,746,793	\$ 9,114,846	\$ 9,651,595	\$ 9,997,103	\$ 10,093,653	\$ 11,888,925
Contributions as a percentage of covered payroll	11.35%	11.35%	11.35%	9.39%	9.39%	9.12%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 17

**SCHEDULE OF SCHOOL BOARD NON-PROFESSIONAL CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 234,379	\$ 202,149	\$ 203,974	\$ 128,161	\$ 127,881	\$ 145,874
Contributions in relation to the CRC	234,379	202,149	203,974	128,161	127,881	145,874
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 3,446,750	\$ 2,972,779	\$ 2,999,618	\$ 2,891,467	\$ 2,885,824	\$ 3,292,867
Contributions as a percentage of covered payroll	6.80%	6.80%	6.80%	4.43%	4.43%	4.43%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 18

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL CONTRIBUTIONS –
VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year June 30,					
	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 3,723,620	\$ 3,712,000	\$ 3,659,568	\$ 3,795,004	\$ 4,288,690	\$ 4,231,216
Contributions in relation to the CRC	3,723,620	3,712,000	3,659,568	3,795,004	4,288,690	4,231,216
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employers covered payroll	\$ 25,670,299	\$ 25,600,000	\$ 25,238,400	\$ 25,886,794	\$ 29,254,366	\$ 26,984,796
Contributions as a percentage of covered payroll	14.51%	14.50%	14.50%	14.66%	14.66%	15.68%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years for which information is available.

COUNTY OF ORANGE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2019

Note 1. Changes of Benefit Terms

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

Note 2. Changes of Assumptions

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

County and School Board Non-Professional (Agent Plans)

General Employees

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

Public Safety Employees with Hazardous Duty Benefits

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

School Board Professional (Cost-Sharing Plan)

Mortality Rates (Pre-retirement, post-retirement, and disabled)	Update to a more current mortality table RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through nine years of experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

COUNTY OF ORANGE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – VIRGINIA RETIREMENT SYSTEM Year Ended June 30, 2019

Note 3. Contractually Required Contributions

The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

County and School Board Non-Professional (Agent Plans)

General Employees

- Mortality Rates: 15% of deaths are assumed to be service related.
- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older with projected scale BB to 2020; males 95% of rates, females 105% of rates.
 - Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
 - Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Public Safety Employees with Hazardous Duty Benefits

- Mortality Rates: 45% of deaths are assumed to be service related.
- Pre-retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
 - Post-retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
 - Post-disablement: RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

School Board Professional Plan (Cost-Sharing Plan)

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

**SCHEDULE OF CHANGES IN THE COUNTY AND SCHOOL BOARD'S
TOTAL OPEB LIABILITY AND RELATED RATIOS –
MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,	
	2018	2019
Total Medical Insurance OPEB liability:		
Service cost	\$ 243,694	\$ 276,968
Interest	134,196	134,377
Economic/demographic gains or losses	-	(481,358)
Changes in assumptions or other inputs	(114,730)	357,490
Benefit payments	(179,210)	(174,890)
Net change in total OPEB liability	83,950	112,587
Total Medical Insurance OPEB liability - beginning	3,679,307	3,763,257
County and School Board total Medical Insurance OPEB liability - ending	<u>\$ 3,763,257</u>	<u>\$ 3,875,844</u>
Plan fiduciary net position as a percentage of the total Medical Insurance OPEB liability	0.00%	0.00%
Covered payroll	\$ 35,910,100	\$ 40,633,530
Total OPEB liability as a percentage of covered payroll	10.48%	9.54%

Note to Schedule:

**SCHEDULE OF COUNTY AND SCHOOL BOARD CONTRIBUTIONS –
OPEB – MEDICAL INSURANCE PROGRAM**

	Fiscal Year June 30,	
	2018	2019
Contractually required contribution (CRC)	\$ 179,210	\$ 174,890
Contributions in relation to the CRC	179,210	174,890
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered payroll	\$ 35,910,100	\$ 40,633,530
Contributions as a percentage of covered payroll	0.50%	0.43%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County and the School Board will present information for those years for which information is available.

**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY –
GROUP LIFE INSURANCE PROGRAM
Measurement Dates of June 30, 2018 and 2017**

	Fiscal Year June 30,	
	2017	2018
County:		
Employer's proportion of the net GLI OPEB liability	0.05572%	0.05464%
Employer's proportionate share of the net GLI OPEB liability	\$ 839,000	\$ 830,000
Employer's covered payroll	10,276,923	10,389,931
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%
School Board Non-Professional:		
Employer's proportion of the net GLI OPEB liability	0.01656%	0.01641%
Employer's proportionate share of the net GLI OPEB liability	\$ 249,000	\$ 249,000
Employer's covered payroll	3,055,396	3,119,777
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.15%	7.98%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%
School Board Professional:		
Employer's proportion of the net GLI OPEB liability	0.14254%	0.14121%
Employer's proportionate share of the net GLI OPEB liability	\$ 2,145,000	\$ 2,145,000
Employer's covered payroll	26,291,898	26,850,508
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	8.16%	7.99%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County, the School Board non-professional, and the School Board professional will present information for those years for which information is available.

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 22

**SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB –
GROUP LIFE INSURANCE PROGRAM
Years Ended June 30, 2010 through 2019**

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County:										
Contractually required contribution (CRC)	\$ 16,778	\$ 21,740	\$ 22,222	\$ 42,989	\$ 44,166	\$ 47,896	\$ 46,874	\$ 46,874	\$ 54,028	\$ 59,006
Contributions in relation to the CRC	16,778	21,740	22,222	42,989	44,166	47,896	46,874	46,874	54,028	59,006
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,213,992	\$ 7,764,435	\$ 7,936,411	\$ 8,955,946	\$ 9,201,313	\$ 9,978,361	\$ 9,765,434	\$ 10,276,923	\$ 10,389,931	\$ 11,347,308
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.46%	0.52%	0.52%
School Board Non-Professional:										
Contractually required contribution (CRC)	\$ 5,289	\$ 7,474	\$ 7,516	\$ 13,885	\$ 13,897	\$ 14,565	\$ 14,785	\$ 15,888	\$ 16,223	\$ 16,624
Contributions in relation to the CRC	5,289	7,474	7,516	13,885	13,897	14,565	14,785	15,888	16,223	16,624
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 1,958,796	\$ 2,669,175	\$ 2,684,261	\$ 2,892,635	\$ 2,895,194	\$ 3,034,280	\$ 3,080,256	\$ 3,055,396	\$ 3,119,777	\$ 3,196,838
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%
School Board Professional:										
Contractually required contribution (CRC)	\$ 44,646	\$ 61,757	\$ 62,012	\$ 116,924	\$ 117,628	\$ 123,395	\$ 125,334	\$ 136,718	\$ 139,623	\$ 140,509
Contributions in relation to the CRC	44,646	61,757	62,012	116,924	117,628	123,395	125,334	136,718	139,623	140,509
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 16,535,424	\$ 22,055,936	\$ 22,146,968	\$ 24,359,235	\$ 24,505,926	\$ 25,707,199	\$ 26,111,292	\$ 26,291,898	\$ 26,850,508	\$ 27,020,860
Contributions as a percentage of covered payroll	0.27%	0.28%	0.28%	0.48%	0.48%	0.48%	0.48%	0.52%	0.52%	0.52%

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD PROFESSIONAL
PLAN'S NET OPEB LIABILITY AND RELATED RATIOS –
HEALTH INSURANCE CREDIT PROGRAM
Measurement Dates of June 30, 2018 and 2017**

	Fiscal Year June 30,	
	2017	2018
Employer's proportion of the net HIC OPEB liability	0.33310%	0.33183%
Employer's proportionate share of the net HIC OPEB liability	\$ 4,226,000	\$ 4,214,000
Employer's covered payroll	23,723,333	26,836,725
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	17.81%	15.70%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board Professional Plan will present information for those years which information is available.

**SCHEDULE OF SCHOOL BOARD PROFESSIONAL PLAN CONTRIBUTIONS –
OPEB – HEALTH INSURANCE CREDIT PROGRAM
Years Ended June 30, 2010 through 2019**

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Contractually required contribution (CRC)	\$ 171,354	\$ 131,687	\$ 132,834	\$ 269,546	\$ 271,275	\$ 272,275	\$ 275,899	\$ 291,797	\$ 330,091	\$ 324,252
Contributions in relation to the CRC	171,354	131,687	132,834	269,546	271,275	272,275	275,899	291,797	330,091	324,250
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 16,476,309	\$ 21,947,769	\$ 22,139,032	\$ 24,283,412	\$ 24,439,147	\$ 25,686,331	\$ 26,028,220	\$ 23,723,333	\$ 26,836,725	\$ 27,020,860
Contributions as a percentage of covered payroll	1.04%	0.60%	0.60%	1.11%	1.11%	1.06%	1.06%	1.23%	1.23%	1.20%

COUNTY OF ORANGE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2019

Note 1. Medical Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Medical Insurance Program benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2019	3.50%
2018	3.87%

Note 2. Group Life Insurance Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

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

School Board Professional

Teachers

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2019

Note 2. Group Life Insurance Program (Continued)

B. Changes of Assumptions (Continued)

County and School Board Non-Professional Plans

General Employees

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

Hazardous Duty Employees

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

COUNTY OF ORANGE, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFITS Year Ended June 30, 2019

Note 3. Health Insurance Credit Program

A. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation.

B. Changes of Assumptions

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

School Board Professional Plan

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

SUPPLEMENTARY INFORMATION

COUNTY OF ORANGE, VIRGINIA**EXHIBIT 25****COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2019**

	Asset Forfeiture	Law Library	Totals
ASSETS			
Cash and cash equivalents	\$ 111,082	\$ 21,790	\$ 132,872
Total assets	\$ 111,082	\$ 21,790	\$ 132,872
LIABILITIES			
Accounts payable	\$ 22,683	\$ 555	\$ 23,238
Total liabilities	22,683	555	23,238
FUND BALANCES			
Committed	88,399	21,235	109,634
Total fund balances	88,399	21,235	109,634
Total liabilities and fund balances	\$ 111,082	\$ 21,790	\$ 132,872

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 26

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2019**

	Asset Forfeiture	Law Library	Totals
Revenues:			
Use of money and property	\$ 414	\$ -	\$ 414
Charges for services	-	7,822	7,822
Intergovernmental:			
Commonwealth	12,355	-	12,355
Federal	57,028	-	57,028
Total revenues	69,797	7,822	77,619
Expenditures:			
Current:			
Judicial administration	-	10,461	10,461
Public safety	12,165	-	12,165
Total expenditures	12,165	10,461	22,626
Excess (deficiency) of revenues over (under) expenditures	57,632	(2,639)	54,993
Other financing uses:			
Transfers out	-	(1,290)	(1,290)
Total other financing uses	-	(1,290)	(1,290)
Net change in fund balances	57,632	(3,929)	53,703
Fund balance, beginning	30,767	25,164	55,931
Fund balance, ending	\$ 88,399	\$ 21,235	\$ 109,634

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 27

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2019**

	Asset Forfeiture Fund				Law Library Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Use of money and property	\$ -	\$ -	\$ 414	\$ 414	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	6,006	6,006	7,822	1,816
Intergovernmental:								
Commonwealth	-	12,357	12,355	(2)	-	-	-	-
Federal	-	57,029	57,028	(1)	-	-	-	-
Total revenues	-	69,386	69,797	411	6,006	6,006	7,822	1,816
Expenditures:								
Current:								
Judicial administration	-	-	-	-	13,300	13,300	10,461	(2,839)
Public safety	-	99,901	12,165	(87,736)	-	-	-	-
Total expenditures	-	99,901	12,165	(87,736)	13,300	13,300	10,461	(2,839)
Excess (deficiency) of revenues over (under) expenditures	-	(30,515)	57,632	88,147	(7,294)	(7,294)	(2,639)	4,655
Other financing uses:								
Transfers out	-	-	-	-	(1,440)	(1,440)	(1,290)	150
Total other financing uses	-	-	-	-	(1,440)	(1,440)	(1,290)	150
Net change in fund balances	\$ -	\$ (30,515)	\$ 57,632	\$ 88,147	\$ (8,734)	\$ (8,734)	\$ (3,929)	\$ 4,805

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 28

COMBINING STATEMENT OF NET POSITION
AGENCY FUNDS
June 30, 2019

	Special Welfare	Rapidan Hills Limited Partnership	Commonwealth	Bond Escrow Agency	Parks and Recreation Foundation	Totals
ASSETS						
Cash and cash equivalents	\$ 40,621	\$ 7,845	\$ 53,096	\$ 808,947	\$ 1,982	\$ 912,491
Total assets	\$ 40,621	\$ 7,845	\$ 53,096	\$ 808,947	\$ 1,982	\$ 912,491
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 2,236	\$ -	\$ -	\$ 2,236
Amounts held for others	40,621	7,845	50,860	808,947	1,982	910,255
Total liabilities	\$ 40,621	\$ 7,845	\$ 53,096	\$ 808,947	\$ 1,982	\$ 912,491

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 29

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Page 1

AGENCY FUNDS

Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>SPECIAL WELFARE</u>				
ASSETS				
Cash and cash equivalents	\$ 56,982	\$ 48,692	\$ 65,053	\$ 40,621
Total assets	\$ 56,982	\$ 48,692	\$ 65,053	\$ 40,621
LIABILITIES				
Amounts held for others	\$ 56,982	\$ 48,692	\$ 65,053	\$ 40,621
Total liabilities	\$ 56,982	\$ 48,692	\$ 65,053	\$ 40,621
<u>RAPIDAN HILLS LIMITED PARTNERSHIP</u>				
ASSETS				
Cash and cash equivalents	\$ 7,837	\$ 8	\$ -	\$ 7,845
Total assets	\$ 7,837	\$ 8	\$ -	\$ 7,845
LIABILITIES				
Amounts held for others	\$ 7,837	\$ 8	\$ -	\$ 7,845
Total liabilities	\$ 7,837	\$ 8	\$ -	\$ 7,845
<u>COMMONWEALTH</u>				
ASSETS				
Cash and cash equivalents	\$ 60,233	\$ 1,378,904	\$ 1,386,041	\$ 53,096
Total assets	\$ 60,233	\$ 1,378,904	\$ 1,386,041	\$ 53,096
LIABILITIES				
Accounts payable	\$ 2,074	\$ 2,236	\$ 2,074	\$ 2,236
Amounts held for others	58,159	1,376,668	1,383,967	50,860
Total liabilities	\$ 60,233	\$ 1,378,904	\$ 1,386,041	\$ 53,096

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 29

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Page 2

AGENCY FUNDS

Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>BOND ESCROW AGENCY</u>				
ASSETS				
Cash and cash equivalents	\$ 668,294	\$ 431,063	\$ 290,410	\$ 808,947
Total assets	\$ 668,294	\$ 431,063	\$ 290,410	\$ 808,947
LIABILITIES				
Amounts held for others	\$ 668,294	\$ 431,063	\$ 290,410	\$ 808,947
Total liabilities	\$ 668,294	\$ 431,063	\$ 290,410	\$ 808,947
<u>PARKS AND RECREATION FOUNDATION</u>				
ASSETS				
Cash and cash equivalents	\$ 1,982	\$ -	\$ -	\$ 1,982
Total assets	\$ 1,982	\$ -	\$ -	\$ 1,982
LIABILITIES				
Amounts held for others	\$ 1,982	\$ -	\$ -	\$ 1,982
Total liabilities	\$ 1,982	\$ -	\$ -	\$ 1,982
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 795,328	\$ 1,858,667	\$ 1,741,504	\$ 912,491
Total assets	\$ 795,328	\$ 1,858,667	\$ 1,741,504	\$ 912,491
LIABILITIES				
Accounts payable	\$ 2,074	\$ 2,236	\$ 2,074	\$ 2,236
Amounts held for others	793,254	1,856,431	1,739,430	910,255
Total liabilities	\$ 795,328	\$ 1,858,667	\$ 1,741,504	\$ 912,491

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

Major Governmental Funds

School Operating Fund – This fund is a special revenue fund that 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 County.

School Textbook Adoptions Fund – This fund is a special revenue fund that accounts for transactions related to the adoption of textbooks to be utilized in the County's school system.

Adult Education Fund – This fund is a special revenue fund that accounts for transactions related to the regional adult education program the County oversees.

School Capital Projects Fund – This fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of capital assets for Orange County Public Schools.

Nonmajor Governmental Funds

School Cafeteria Fund – This fund is a special revenue fund that accounts for the County's school lunch program. Financing is provided from lunch sales and state and federal reimbursements.

Employee Childcare Fund – This fund is a special revenue fund that accounts for the County's Employee Childcare program. Financing is provided from Tuition daycare fees.

Head Start Fund – This fund is a special revenue fund that accounts for the operations of the County's Head Start program. Financing is provided by the Federal government and through in-kind contributions and a required local match.

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 30

COMBINING BALANCE SHEET

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

June 30, 2019

	School Operating Fund	School Textbook Adoptions Fund	Adult Education Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,353,977	\$ 1,649,835	\$ 1,251	\$ 1,254,119	\$ 475,251	\$ 4,734,433
Investments	327,098	398,925	-	-	-	726,023
Accounts receivable, net	29,276	-	-	-	23,827	53,103
Due from other funds	149,062	-	-	-	-	149,062
Due from other governments	1,431,758	-	70,332	-	168,032	1,670,122
Total assets	\$ 3,291,171	\$ 2,048,760	\$ 71,583	\$ 1,254,119	\$ 667,110	\$ 7,332,743
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 46,854	\$ -	\$ 102,208	\$ 149,062
Accounts payable	1,062,468	271,039	13,605	133,168	35,235	1,515,515
Accrued liabilities	2,220,760	-	18,335	-	107,388	2,346,483
Total liabilities	3,283,228	271,039	78,794	133,168	244,831	4,011,060
FUND BALANCES						
Assigned	-	1,777,721	-	1,120,951	422,653	3,321,325
Unassigned	7,943	-	(7,211)	-	(374)	358
Total fund balances (deficit)	7,943	1,777,721	(7,211)	1,120,951	422,279	3,321,683
Total liabilities and fund balances	\$ 3,291,171	\$ 2,048,760	\$ 71,583	\$ 1,254,119	\$ 667,110	\$ 7,332,743
Total fund balances						\$ 3,321,683
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.						
Governmental capital assets					\$ 135,547,682	
Less accumulated depreciation					(71,001,848)	
Net capital assets						64,545,834
Long-term assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.						
Net pension asset						864,018
Deferred outflows of resources represents a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.						
Pension plan					5,265,090	
Other postemployment benefits					748,866	
						6,013,956
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.						
Capital leases					(6,924,354)	
Compensated absences					(1,380,948)	
Accrued interest payable					(96,812)	
Other postemployment benefits					(9,337,408)	
Net pension liability					(39,011,000)	
						(56,750,522)
Deferred inflows of resources represents an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.						
Pension plan					(5,587,061)	
Other postemployment benefits					(833,853)	
						(6,420,914)
Net position of governmental activities						\$ 11,574,055

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 31

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD Year Ended June 30, 2019

	School Operating Fund	School Textbook Adoptions Fund	Adult Education Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Use of money and property	\$ -	\$ -	\$ -	\$ -	\$ 2,335	\$ 2,335
Charges for services	9,100	-	16,257	-	982,757	1,008,114
Miscellaneous	817,457	-	-	713,932	-	1,531,389
Appropriation from primary government	19,412,955	-	-	1,726,885	-	21,139,840
Intergovernmental:						
Commonwealth	28,138,385	-	184,005	-	47,414	28,369,804
Federal	2,651,764	-	203,053	-	3,166,676	6,021,493
Total revenues	51,029,661	-	403,315	2,440,817	4,199,182	58,072,975
Expenditures:						
Current:						
Education	51,035,521	432,987	386,664	-	4,106,427	55,961,599
Capital outlay	-	-	-	2,270,373	-	2,270,373
Debt service:						
Principal	-	-	-	853,305	-	853,305
Interest	-	-	-	206,581	-	206,581
Total expenditures	51,035,521	432,987	386,664	3,330,259	4,106,427	59,291,858
Excess (deficiency) of revenues over (under) expenditures	(5,860)	(432,987)	16,651	(889,442)	92,755	(1,218,883)
Other financing sources (uses):						
Issuance of capital lease	705,430	-	-	-	-	705,430
Transfers in	-	475,809	-	211,666	819	688,294
Transfers out	(688,294)	-	-	-	-	(688,294)
Total other financing sources, net	17,136	475,809	-	211,666	819	705,430
Net change in fund balances	11,276	42,822	16,651	(677,776)	93,574	(513,453)
Fund balances (deficit), beginning	(3,333)	1,734,899	(23,862)	1,798,727	328,705	3,835,136
Fund balances (deficit), ending	\$ 7,943	\$ 1,777,721	\$ (7,211)	\$ 1,120,951	\$ 422,279	\$ 3,321,683
Net change in fund balances						\$ (513,453)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:						
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 and amortization expense. This is the amount by which capital outlays was more than depreciation and amortization in the current period.						
Expenditure for capital assets				\$ 4,155,354		
Less depreciation and amortization expense				(3,761,398)		
Excess of capital outlays over depreciation and amortization						393,956
Net transfer of joint tenancy capital assets from Primary Government to the Component Unit						4,362,703
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.						(26,987)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.						
Issuance of capital lease					(705,430)	
Principal repayments:						
Capital lease					853,305	
						147,875
Deferred outflows of resources						
Pension plan contributions subsequent to measurement date					4,377,090	
Other postemployment benefit contributions subsequent to measurement date					481,385	
						4,858,475
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.						
Accrued interest					(906)	
Compensated absences					75,994	
Other postemployment benefits expense					(420,069)	
Pension expense					(2,087,763)	
						(2,432,744)
Change in net position of governmental activities						\$ 6,789,825

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 32

Page 1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2019**

	School Operating Fund				School Textbook Adoptions Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final			Original	Final		
Revenues:								
Charges for services	\$ 14,000	\$ 14,000	\$ 9,100	\$ (4,900)	\$ -	\$ -	\$ -	\$ -
Miscellaneous	752,218	752,218	817,457	65,239	-	-	-	-
Appropriation from primary government	20,530,199	20,587,754	19,412,955	(1,174,799)	-	-	-	-
Intergovernmental:								
Commonwealth	27,535,551	27,620,667	28,138,385	517,718	-	-	-	-
Federal	2,612,467	2,817,581	2,651,764	(165,817)	-	-	-	-
Total revenues	51,444,435	51,792,220	51,029,661	(762,559)	-	-	-	-
Expenditures:								
Current:								
Education	50,750,644	51,098,429	51,035,521	(62,908)	675,000	675,000	432,987	(242,013)
Total expenditures	50,750,644	51,098,429	51,035,521	(62,908)	675,000	675,000	432,987	(242,013)
Excess (deficiency) of revenues over (under) expenditures	693,791	693,791	(5,860)	(699,651)	(675,000)	(675,000)	(432,987)	242,013
Other financing sources (uses):								
Issuance of capital lease	-	-	705,430	705,430	-	-	-	-
Transfers in	-	-	-	-	472,437	472,437	475,809	3,372
Transfers out	(693,791)	(693,791)	(688,294)	5,497	-	-	-	-
Total other financing sources (uses), net	(693,791)	(693,791)	17,136	710,927	472,437	472,437	475,809	3,372
Net change in fund balances	\$ -	\$ -	\$ 11,276	\$ 11,276	\$ (202,563)	\$ (202,563)	\$ 42,822	\$ 245,385

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 32
Page 2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2019**

	Adult Education Fund			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Charges for services	\$ 27,707	\$ 27,707	\$ 16,257	\$ (11,450)
Miscellaneous	-	-	-	-
Appropriation from primary government	-	-	-	-
Intergovernmental:				
Commonwealth	149,005	149,005	184,005	35,000
Federal	210,073	210,073	203,053	(7,020)
Total revenues	386,785	386,785	403,315	16,530
Expenditures:				
Current:				
Education	396,473	396,473	386,664	(9,809)
Total expenditures	396,473	396,473	386,664	(9,809)
Excess (deficiency) of revenues over (under) expenses	(9,688)	(9,688)	16,651	26,339
Other financing sources:				
Issuance of capital lease	-	-	-	-
Transfers in	9,688	9,688	-	(9,688)
Transfers out	-	-	-	-
Total other financing sources	9,688	9,688	-	(9,688)
Net change in fund balances	\$ -	\$ -	\$ 16,651	\$ 16,651

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 33

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2019**

	School Cafeteria Fund	Employee Childcare Fund	Head Start Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 456,054	\$ 19,197	\$ -	\$ 475,251
Accounts receivable, net	1,668	20,318	1,841	23,827
Due from other governmental units	-	-	168,032	168,032
Total assets	\$ 457,722	\$ 39,515	\$ 169,873	\$ 667,110
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 102,208	\$ 102,208
Accounts payable	2,609	-	32,626	35,235
Accrued liabilities	61,269	10,706	35,413	107,388
Total liabilities	63,878	10,706	170,247	244,831
FUND BALANCES				
Assigned	393,844	28,809	-	422,653
Unassigned	-	-	(374)	(374)
Total fund balances (deficit)	393,844	28,809	(374)	422,279
Total liabilities and fund balances	\$ 457,722	\$ 39,515	\$ 169,873	\$ 667,110

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 34

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2019**

	School Cafeteria Fund	Employee Childcare Fund	Head Start Fund	Total Nonmajor Governmental Funds
Revenues:				
Use of money and property	\$ 2,335	\$ -	\$ -	\$ 2,335
Charges for services	684,826	297,931	-	982,757
Intergovernmental:				
Commonwealth	47,414	-	-	47,414
Federal	1,528,516	-	1,638,160	3,166,676
Total revenues	2,263,091	297,931	1,638,160	4,199,182
Expenditures:				
Current:				
Education	2,138,020	330,247	1,638,160	4,106,427
Total expenditures	2,138,020	330,247	1,638,160	4,106,427
Excess (deficiency) of revenues over (under) expenditures	125,071	(32,316)	-	92,755
Other financing sources:				
Transfers in	819	-	-	819
Total other financing sources	819	-	-	819
Net change in fund balances	125,890	(32,316)	-	93,574
Fund balances (deficit), beginning	267,954	61,125	(374)	328,705
Fund balances (deficit), ending	\$ 393,844	\$ 28,809	\$ (374)	\$ 422,279

**DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY**

COUNTY OF ORANGE, VIRGINIA**EXHIBIT 35****BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
June 30, 2019**

ASSETS	
Cash and cash equivalents	\$ 139,547
Investments	<u>529,868</u>
Total assets	<u>\$ 669,415</u>
LIABILITIES	
Accounts payable	<u>\$ 103</u>
Total liabilities	<u>103</u>
FUND BALANCE	
Assigned	<u>669,312</u>
Total fund balance	<u>669,312</u>
Total liabilities and fund balance	<u>\$ 669,415</u>
 Fund balance	 \$ 669,312
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>1,223,303</u>
Net position of governmental activities	<u>\$ 1,892,615</u>

COUNTY OF ORANGE, VIRGINIA

EXHIBIT 36

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE – DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY
Year Ended June 30, 2019**

Revenues:	
Revenue from the use of money	\$ 12,224
Charges for services	11,140
Other	21,874
Appropriation from primary government	416,242
Total revenues	461,480
Expenditures:	
Current:	
Community development	491,422
Total expenditures	491,422
Net change in fund balance	(29,942)
Fund balance, beginning	699,254
Fund balance, ending	\$ 669,312
Net change in fund balance	\$ (29,942)
Reconciliation of amounts reported for governmental activities in the Statement of Activities:	
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 and amortization expense. This is the amount by which capital outlays exceeded the depreciation and amortization in the current period.	596,087
The net effect of transactions involving capital assets (i.e. disposals, donations, and transfers) is to decrease net position	(525,313)
Change in net position of governmental activities	\$ 40,832

**DISCRETELY PRESENTED COMPONENT UNIT –
BROADBAND AUTHORITY**

COUNTY OF ORANGE, VIRGINIA**EXHIBIT 37****STATEMENT OF NET POSITION****DISCRETELY PRESENTED COMPONENT UNIT – BROADBAND AUTHORITY****June 30, 2019**

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 309,553
Total current assets	<u>309,553</u>
Noncurrent assets:	
Capital assets:	
Machinery & Equipment	21,405
Construction in progress	17,058
Less accumulated depreciation	<u>(21,405)</u>
Total capital assets, net of accumulated depreciation	<u>17,058</u>
Total noncurrent assets	<u>17,058</u>
Total assets	<u>326,611</u>
LIABILITIES	
Liabilities:	
Trade accounts payable	4,303
Accrued payroll and payroll taxes	<u>5,815</u>
Total liabilities	<u>10,118</u>
NET POSITION	
Net investment in capital assets	17,058
Unrestricted	<u>299,435</u>
Total net position	<u>\$ 316,493</u>

COUNTY OF ORANGE, VIRGINIA**EXHIBIT 38****STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT – BROADBAND AUTHORITY
Year Ended June 30, 2019**

<hr/>	
Operating expenses:	
Personal services	\$ 20,000
Fringe benefits	7,038
Other charges	<u>64,414</u>
 Total operating expenses	 <u>91,452</u>
 Operating loss	 <u>(91,452)</u>
 Change in net position	 (91,452)
 Net position, beginning	 <u>407,945</u>
 Net position, ending	 <u><u>\$ 316,493</u></u>

COUNTY OF ORANGE, VIRGINIA**EXHIBIT 39****STATEMENT OF CASH FLOWS****DISCRETELY PRESENTED COMPONENT UNIT – BROADBAND AUTHORITY****Year Ended June 30, 2019**

Cash flows from operating activities:	
Payments to suppliers for goods and services	\$ (47,986)
Payments to employees for services	<u>(21,223)</u>
Net cash used in operating activities	<u>(69,209)</u>
Net change in cash and cash equivalents	(69,209)
Cash and cash equivalents:	
Beginning	<u>378,762</u>
Ending	<u><u>\$ 309,553</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (91,452)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Loss on disposal	17,741
Increase (decrease) in:	
Accounts payable	(1,313)
Accrued liabilities	<u>5,815</u>
Net cash used in operating activities	<u><u>\$ (69,209)</u></u>

STATISTICAL SECTION

COUNTY OF ORANGE, VIRGINIA

STATISTICAL SECTION TABLE OF CONTENTS

The statistical section of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the County's overall financial health. This information has not been audited by the independent auditor.

Contents	Tables
Financial Trends These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1-4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the County's ability to generate revenues through property, sales taxes, and other means.	5-8
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	9-10
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparison over time and with other governments.	11-12
Operating Information This table contains information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	13

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year.

COUNTY OF ORANGE, VIRGINIA

TABLE 1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2019	2018(2)	2017	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010
Governmental activities:										
Net investment in capital assets	\$ (12,719,256)	\$ (18,396,119)	\$ (23,720,203)	\$ 3,005,800	\$ 3,496,972	\$ 2,016,519	\$ 1,237,313	\$ 2,422,835	\$ 11,254,062	\$ 6,973,273
Restricted	23,791,968	25,090,835	27,106,855	534,309	155,000	155,000	155,000	-	-	-
Unrestricted	24,441,542	23,000,595	23,551,304	23,018,630	21,071,507	21,542,237	19,545,539	20,175,732	19,290,317	19,826,534
Total governmental activities net position	35,514,254	29,695,311	26,937,956	26,558,739	24,723,479	23,713,756	20,937,852	22,598,567	30,544,379	26,799,807
Business-type activities:										
Net investment in capital assets	12,629,800	13,346,905	13,314,101	13,779,641	14,347,875	14,827,910	15,240,183	12,913,544	11,649,754	9,873,370
Unrestricted	348,326	932,632	1,152,693	710,862	475,783	350,025	616,845	2,018,586	2,666,307	2,342,618
Total business-type activities net position	12,978,126	14,279,537	14,466,794	14,490,503	14,823,658	15,177,935	15,857,028	14,932,130	14,316,061	12,215,988
Primary government:										
Net investment in capital assets	(89,456)	(5,049,214)	(10,406,102)	16,785,441	17,844,847	16,844,429	16,477,496	15,336,379	22,903,816	16,846,643
Restricted	23,791,968	25,090,835	27,106,855	534,309	155,000	155,000	155,000	-	-	-
Unrestricted	24,789,868	23,933,227	24,703,997	23,729,492	21,547,290	21,892,262	20,162,384	22,194,318	21,956,624	22,169,152
Total primary government net position	\$ 48,492,380	\$ 43,974,848	\$ 41,404,750	\$ 41,049,242	\$ 39,547,137	\$ 38,891,691	\$ 36,794,880	\$ 37,530,697	\$ 44,860,440	\$ 39,015,795

Note:

⁽¹⁾ GASB Statement No. 68 was adopted in fiscal year 2015.

⁽²⁾ GASB Statement No. 75 was adopted in fiscal year 2018.

COUNTY OF ORANGE, VIRGINIA

CHANGES IN NET POSITION Last Ten Fiscal Years (accrual basis of accounting) (Unaudited)

TABLE 2
Page 1

	Fiscal Year June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Primary government:										
Expenses:										
Governmental activities:										
General government	\$ 3,660,923	\$ 3,692,202	\$ 4,364,352	\$ 3,697,143	\$ 3,593,666	\$ 3,179,303	\$ 3,251,588	\$ 3,147,031	\$ 3,568,522	\$ 4,859,717
Judicial administration	1,971,178	1,825,881	1,718,583	1,650,036	1,614,274	1,550,961	1,555,502	1,591,338	1,496,249	1,320,372
Public safety	13,533,501	13,133,990	12,337,219	11,957,728	11,256,292	10,514,385	10,415,818	9,801,548	9,755,361	10,017,491
Public works	1,354,514	1,210,318	1,103,311	878,661	862,112	842,455	920,361	790,439	642,287	679,892
Health and welfare	7,434,957	7,569,465	7,489,593	6,060,296	5,910,475	5,661,805	5,677,690	5,981,549	6,471,864	5,235,344
Education	25,502,543	26,525,191	26,245,512	26,187,147	24,906,681	24,173,025	24,769,534	28,150,265	19,494,387	19,675,748
Parks, recreation, and cultural	1,374,658	1,331,700	1,301,536	1,285,193	1,280,110	1,232,679	1,217,282	1,255,820	1,074,565	1,645,909
Community development	1,432,368	1,088,595	1,200,104	1,432,001	931,565	1,506,917	1,025,612	1,027,386	1,013,298	1,506,794
Interest	3,301,671	3,571,815	3,045,826	3,139,207	3,444,343	3,655,244	3,928,975	4,124,114	4,388,109	3,749,091
Total governmental activities expense	59,566,313	59,949,157	58,806,036	56,287,412	53,799,518	52,316,774	52,762,362	55,869,490	47,904,642	48,690,358
Business-type activities:										
Airport	905,899	808,725	764,063	777,557	872,700	983,900	916,700	898,525	840,425	733,545
Landfill	3,015,769	2,663,521	2,533,327	2,410,358	2,827,009	2,848,400	2,276,549	2,111,304	3,347,359	2,246,931
Total business-type activities expense	3,921,668	3,472,246	3,297,390	3,187,915	3,699,709	3,832,300	3,193,249	3,009,829	4,187,784	2,980,476
Total primary government expense	63,487,981	63,421,403	62,103,426	59,475,327	57,499,227	56,149,074	55,955,611	58,879,319	52,092,426	51,670,834
Program revenue:										
Governmental activities:										
Charges for services:										
General government	972,575	888,615	1,074,534	918,897	1,011,672	1,093,314	1,055,846	1,100,931	1,771,477	-
Judicial administration	96,034	108,811	126,036	349,355	239,503	364,960	291,311	219,673	340,045	68,202
Public safety	1,852,313	1,848,484	1,853,647	1,580,451	627,575	1,504,002	1,326,899	1,606,510	1,317,980	1,512,408
Public works	12,497	11,369	12,469	-	-	-	-	-	-	-
Health and welfare	354,490	400,199	401,912	27,950	2,455	2,523	-	-	-	-
Education	-	-	-	346,051	7,030	222,483	170,955	185,123	271,022	-
Parks, recreation, and cultural	104,872	110,268	111,628	122,294	1,451,794	121,074	156,424	154,866	134,921	432,304
Community development	103,780	87,786	50,548	344,197	-	-	-	-	-	505
Operating grants and contributions	7,377,472	7,366,901	6,848,749	6,500,636	5,953,895	5,760,431	5,198,455	5,836,506	7,393,931	6,034,820
Capital grants and contributions	846,000	1,499,023	122,036	88,320	-	540,000	-	-	47,546	625,490
Total governmental activities program revenue	11,720,033	12,321,456	10,601,559	10,278,151	9,293,924	9,608,787	8,199,890	9,103,609	11,276,922	8,673,729
Business-type activities:										
Charges for services:										
Airport	335,377	294,252	276,484	306,299	379,093	429,389	422,685	470,543	417,480	307,756
Landfill	494,686	465,082	502,233	386,607	286,516	326,146	286,168	333,339	309,195	255,400
Operating grants and contributions	14,768	281,678	75,300	9,207	16,995	9,115	24,513	9,296	11,568	538,546
Capital grants and contributions	-	-	-	30,865	298,068	553,624	475,995	605,634	1,144,325	-
Total business-type activities program revenue	844,831	1,041,012	854,017	732,978	980,672	1,318,274	1,209,361	1,418,812	1,882,568	1,101,702
Total primary government program revenue	12,564,864	13,362,468	11,455,576	11,011,129	10,274,596	10,927,061	9,409,251	10,522,421	13,159,490	9,775,431

COUNTY OF ORANGE, VIRGINIA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

TABLE 2

Page 2

Primary government:

Net expense:

Governmental activities	\$ (47,846,280)	\$ (47,627,701)	\$ (48,204,477)	\$ (46,009,261)	\$ (44,505,594)	\$ (42,707,987)	\$ (44,562,472)	\$ (46,765,881)	\$ (36,627,720)	\$ (40,016,629)
Business-type activities	(3,076,837)	(2,431,234)	(2,443,373)	(2,454,937)	(2,719,037)	(2,514,026)	(1,983,888)	(1,591,017)	(2,305,216)	(1,878,774)
Total primary government net expense	(50,923,117)	(50,058,935)	(50,647,850)	(48,464,198)	(47,224,631)	(45,222,013)	(46,546,360)	(48,356,898)	(38,932,936)	(41,895,403)

General revenues and other changes

in net position:

Governmental activities:

Taxes										
Property taxes	42,849,380	41,316,740	40,829,686	39,853,041	39,884,990	37,715,684	35,876,658	33,228,086	32,155,490	31,599,974
Local sales and use	3,373,649	3,358,475	3,304,851	2,795,044	2,621,812	2,249,569	1,980,974	1,867,506	1,740,887	1,679,256
Consumers' utility taxes	656,583	598,492	591,472	573,344	1,982,022	2,004,316	2,035,551	2,024,767	2,086,617	2,050,682
Consumption taxes	111,957	102,257	96,060	94,162	100,354	99,172	96,389	89,117	101,613	90,711
Motor vehicle license taxes	1,053,305	1,051,297	1,093,406	1,002,943	951,035	960,387	914,527	662,916	652,932	677,609
Taxes on recordation and wills	542,503	538,195	549,880	450,282	446,202	434,981	460,522	379,057	381,132	455,274
Restaurant food taxes	789,063	766,423	759,517	769,294	742,794	713,125	646,602	631,748	577,864	510,629
Other local taxes	247,714	228,175	211,802	204,363	159,310	137,535	207,100	143,343	152,660	115,720
Use of money and property	1,223,203	746,102	352,115	203,645	120,969	133,126	192,056	234,352	354,819	1,974,347
Miscellaneous	478,372	473,033	483,069	558,478	223,249	349,951	304,803	294,343	491,702	580,009
Grants and contributions not	4,114,920	4,004,036	4,249,440	4,265,161	2,871,718	2,878,322	3,038,845	2,948,932	2,945,313	2,978,545
Special items	-	-	(1,540,000)	-	-	-	-	-	-	-
Transfers	(1,775,426)	(2,217,721)	(2,397,604)	(2,114,011)	(2,479,579)	(2,034,892)	(2,852,270)	(2,145,373)	(3,890,516)	(3,295,789)
Total governmental activities	53,665,223	50,965,504	48,583,694	48,655,746	47,624,876	45,641,276	42,901,757	40,358,794	37,750,513	39,416,967
Business-type activities:										
Use of money and property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	34,700	22,060	7,771	57,553	40,902	56,516	61,713	48,104	106,302
Transfers	1,775,426	2,217,721	2,397,604	2,114,011	2,479,579	2,034,892	2,852,270	2,145,373	3,890,516	3,295,789
Total business-type activities	1,775,426	2,252,421	2,419,664	2,121,782	2,537,132	2,075,794	2,908,786	2,207,086	3,938,620	3,402,091
Total primary government	55,440,649	53,217,925	51,003,358	50,777,528	50,162,008	47,717,070	45,810,543	42,565,880	41,689,133	42,819,058

Changes in net position:

Governmental activities	5,818,943	3,337,803	379,217	2,646,485	3,119,282	2,933,289	(1,660,715)	(6,407,087)	1,122,793	(599,662)
Business-type activities	(1,301,411)	(178,813)	(23,709)	(333,155)	(181,905)	(438,232)	924,898	616,069	1,633,404	1,523,317

Total primary government	\$ 4,517,532	\$ 3,158,990	\$ 355,508	\$ 2,313,330	\$ 2,937,377	\$ 2,495,057	\$ (735,817)	\$ (5,791,018)	\$ 2,756,197	\$ 923,655
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COUNTY OF ORANGE, VIRGINIA

TABLE 3

FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	
General Fund:										
Nonspendable	\$ 65,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	-
Restricted	-	-	-	379,309	-	-	-	-	-	-
Committed	-	-	-	71,125	71,125	71,125	71,125	144,000	-	-
Assigned	1,774,084	964,081	906,601	412,102	1,548,826	3,096	82,564	1,743,994	2,488,194	-
Unassigned	21,807,728	20,732,710	19,383,577	22,153,299	20,658,342	19,919,081	18,297,201	17,583,447	17,101,685	-
Total general fund	\$ 23,646,812	\$ 21,711,791	\$ 20,305,178	\$ 23,030,835	\$ 22,278,293	\$ 19,993,302	\$ 18,450,890	\$ 19,471,441	\$ 19,589,879	
All other governmental funds:										
Restricted	\$ 23,791,968	\$ 25,090,835	\$ 27,106,855	\$ 155,000	\$ 155,000	\$ 448,020	\$ 714,249	\$ -	\$ 2,387,117	-
Committed	241,172	187,469	861,954	602,287	206,317	187,444	252,351	289,624	211,209	-
Assigned	2,391,492	3,549,394	5,463,478	2,787,947	2,170,681	2,032,623	1,963,019	1,747,670	2,383,275	-
Unassigned	-	-	-	-	-	-	-	-	(107,010)	-
Total all other governmental funds	\$ 26,424,632	\$ 28,827,698	\$ 33,432,287	\$ 3,545,234	\$ 2,531,998	\$ 2,668,087	\$ 2,929,619	\$ 2,037,294	\$ 4,874,591	

	Fiscal Year June 30, 2010
General Fund:	
Unreserved	\$ 17,204,546
Total general fund	\$ 17,204,546
All other governmental funds:	
Reserved	\$ 10,052,344
Unreserved, reported in:	
Special revenue fund	487,893
Debt services fund	489,312
Capital projects fund	2,810,885
Total all other governmental funds	\$ 13,840,434

Note: 2011 was the first year of implementing GASB 54 which revised fund balance classifications.

COUNTY OF ORANGE, VIRGINIA

TABLE 4

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
General property taxes	\$ 43,179,633	\$ 41,243,180	\$ 40,875,523	\$ 40,315,480	\$ 39,724,465	\$ 37,312,103	\$ 35,560,361	\$ 33,241,812	\$ 32,506,482	\$ 31,547,517
Other local taxes	6,802,386	6,499,306	6,511,988	5,889,432	7,003,529	6,599,085	6,341,665	5,798,454	5,693,705	5,579,881
Permits, privilege fees, and regulatory licenses	524,438	489,088	439,084	359,171	307,295	321,965	354,996	304,007	225,857	171,857
Fines and forfeitures	177,630	188,953	223,539	219,125	32,820	96,143	17,964	337	50,182	38,798
Use of money and property	1,223,203	746,102	352,115	203,645	120,969	133,126	192,056	234,352	354,819	1,974,347
Charges for services	1,837,905	1,979,135	1,993,508	1,991,804	2,007,624	1,834,792	1,703,656	1,626,213	1,787,930	1,802,764
Miscellaneous	479,734	474,439	485,784	557,947	223,249	349,951	304,803	294,343	491,702	580,009
Recovered costs	1,634,171	1,537,172	1,082,720	1,602,324	1,596,671	1,658,315	1,595,849	1,620,931	2,266,476	214,018
Intergovernmental:										
Commonwealth	9,703,664	9,665,292	9,559,478	9,343,625	7,583,464	7,986,858	7,100,892	7,751,463	8,988,937	7,669,016
Federal	2,634,728	1,705,645	1,660,747	1,510,492	1,242,149	1,191,895	981,408	1,033,975	1,397,853	1,969,839
Total revenues	68,197,492	64,528,312	63,184,486	61,993,045	59,842,235	57,484,233	54,153,650	51,905,887	53,763,943	51,548,046
Expenditures:										
General government	3,363,367	3,035,247	2,921,052	2,944,001	2,774,183	2,793,382	2,937,819	2,721,480	2,717,558	2,967,297
Judicial administration	2,057,006	1,912,674	1,700,103	1,744,265	1,590,975	1,542,439	1,479,337	1,487,657	1,402,807	1,386,268
Public safety	12,876,484	12,668,077	11,445,541	11,227,370	10,875,608	10,482,533	9,787,671	9,307,451	9,241,293	9,156,532
Public works	1,020,608	1,165,691	995,174	813,924	835,473	842,977	854,968	739,907	749,891	695,733
Health and welfare	7,616,443	7,720,929	7,338,687	6,303,720	5,889,164	5,693,169	5,278,422	5,581,402	6,066,615	5,247,601
Education	21,139,840	22,279,641	22,598,168	21,512,600	20,086,846	19,201,455	19,617,055	17,777,521	16,357,351	16,863,445
Parks, recreation, and cultural	1,351,343	1,341,683	1,248,154	1,295,954	1,244,476	1,201,478	1,141,213	1,168,824	1,010,633	1,441,339
Community development	1,433,319	907,785	1,129,139	1,440,771	915,959	1,507,750	952,071	960,472	947,721	1,453,749
Nondepartmental	104,580	131,692	102,214	82,990	149,450	74,854	58,853	56,646	79,648	64,989
Capital outlay	6,376,833	4,274,367	2,781,039	1,690,138	2,181,597	1,062,318	953,451	3,203,261	7,642,665	25,991,675
Debt service:										
Principal	5,874,021	6,122,307	5,920,047	5,618,697	5,422,510	5,469,436	5,398,954	5,248,884	5,612,231	4,053,986
Interest and fiscal charges	3,676,267	3,948,474	3,999,097	3,438,826	3,754,016	3,990,869	4,233,801	4,462,741	4,738,377	3,994,632
Total expenditures	66,890,111	65,508,567	62,178,415	58,113,256	55,720,257	53,862,660	52,693,615	52,716,246	56,566,790	73,317,246
Excess of revenues over (under) expenditures	1,307,381	(980,255)	1,006,071	3,879,789	4,121,978	3,621,573	1,460,035	(810,359)	(2,802,847)	(21,769,200)
Other financing sources (uses):										
Transfers in	12,782,756	11,031,214	16,415,157	13,632,337	11,759,177	11,604,410	11,440,832	11,345,608	9,156,316	9,086,109
Transfers out	(14,558,182)	(13,248,935)	(18,812,761)	(15,746,348)	(14,227,123)	(13,639,302)	(14,293,103)	(13,490,981)	(13,046,832)	(12,381,898)
Issuance of capital leases	-	-	514,626	-	494,870	56,207	747,000	-	-	-
Refunding of bonds	-	-	48,110,000	-	-	-	-	-	-	-
Premium on lease revenue refunding bonds issued	-	-	4,398,303	-	-	-	-	-	-	-
Payment to bond escrow agent	-	-	(24,470,000)	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	155,000	-	-	-
Total other financing sources (uses), net	(1,775,426)	(2,217,721)	26,155,325	(2,114,011)	(1,973,076)	(1,978,685)	(1,950,271)	(2,145,373)	(3,890,516)	(3,295,789)
Net change in fund balances	\$ (468,045)	\$ (3,197,976)	\$ 27,161,396	\$ 1,765,778	\$ 2,148,902	\$ 1,642,888	\$ (490,236)	\$ (2,955,732)	\$ (6,693,363)	\$ (25,064,989)
Debt service as a percentage of noncapital expenditures	15.90%	16.44%	16.29%	15.93%	17.05%	17.92%	18.62%	19.61%	21.16%	17.01%

COUNTY OF ORANGE, VIRGINIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (Unaudited)

TABLE 5
Page 1

Tax Year	Real Estate ⁽¹⁾						Personal Property							
	Residential	Commercial	Agricultural	Land Use Deferment	Public Service Companies ⁽²⁾	Nominal Tax Rate per \$100	Personal Property	Nominal Tax Rate per \$100	Mobile Homes	Nominal Tax Rate per \$100	Machinery and Tools	Nominal Tax Rate per \$100	Merchants' Capital	Nominal Tax Rate per \$100
2019	\$ 3,006,921,500	\$ 279,182,200	\$ 887,432,500	\$ (326,688,400)	\$ 174,879,322	\$ 0.804	\$ 295,619,326	\$ 3.750	\$ 4,864,360	\$ 0.804	\$ 54,050,685	\$ 1.831	\$ 52,409,004	\$ 0.400
2018	2,965,725,700	273,571,300	887,244,800	(331,746,500)	184,617,337	0.804	300,747,945	3.750	4,873,755	0.804	51,293,875	1.831	51,476,767	0.400
2017	2,928,737,200	268,322,200	885,052,200	(336,737,200)	172,586,718	0.804	292,472,233	3.750	4,586,870	0.804	38,343,323	1.831	53,393,121	0.400
2016	2,891,574,450	269,842,800	885,356,900	(335,949,129)	169,705,328	0.804	279,172,792	3.750	4,778,250	0.804	37,843,645	1.831	47,096,280	0.400
2015	2,872,989,900	288,499,900	938,883,900	(405,605,300)	159,283,646	0.804	267,188,483	3.750	4,531,275	0.804	36,472,265	1.831	44,482,505	0.400
2014	2,851,679,600	285,469,200	935,478,300	(392,770,900)	156,469,027	0.804	260,018,870	3.750	4,659,999	0.804	31,425,320	1.831	47,827,072	0.400
2013	2,831,446,900	278,849,200	937,481,400	(395,149,600)	158,528,254	0.720	253,822,185	3.750	4,772,504	0.720	30,302,947	1.831	38,623,768	0.400
2012	2,813,280,900	268,501,700	934,808,400	(399,110,800)	150,901,640	0.720	247,033,473	3.750	4,753,499	0.720	32,438,245	1.831	36,833,317	0.400
2011	4,049,804,500	274,307,300	1,299,776,700	(627,490,300)	146,290,996	0.490	238,198,946	3.270	5,857,655	0.490	46,108,840	1.831	34,275,835	0.400
2010	4,032,854,000	276,234,300	1,303,981,800	(618,427,800)	149,505,359	0.490	233,050,277	3.270	5,888,190	0.490	49,158,875	1.831	34,848,749	0.400

Notes:

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

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

⁽³⁾ Until 2010, RVs were included with boats because they were taxed at the same rate. Campers were included in regular personal property until 2012 when the Board decided RVs and Campers should have the same rate.

Source: Commissioner of Revenue

* Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies. (See Table 6)

COUNTY OF ORANGE, VIRGINIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (Unaudited)

TABLE 5
Page 2

Personal Property (Continued)														
Tax Year	Business and Heavy Equipment	Nominal Tax Rate per \$100	RVs and Campers ⁽³⁾	Nominal Tax Rate per \$100	Airplanes	Nominal Tax Rate per \$100	Boats	Nominal Tax Rate per \$100	Logging Equipment	Nominal Tax Rate per \$100	Public Service Companies ⁽²⁾	Nominal Tax Rate per \$100	Total Taxable Assessed Value	Direct* Tax Rate per \$100
2019	\$ 39,694,201	\$ 2.200	\$ 9,827,520	\$ 2.620	\$ 3,162,983	\$ -	\$ 8,929,420	\$ 2.090	\$ 618,720	\$ -	\$ 101,886	\$ 3.750	\$ 4,491,005,227	\$ 1.024
2018	39,616,822	2.200	8,961,060	2.620	3,093,863	2.620	10,134,630	2.090	553,565	-	106,159	3.750	4,450,271,078	1.029
2017	40,433,625	2.200	7,386,181	2.620	3,042,695	0.700	9,500,382	2.090	501,085	-	119,557	3.750	4,367,740,190	1.023
2016	36,712,415	2.200	6,121,182	2.620	2,659,380	0.700	9,731,932	2.090	436,220	-	129,819	3.750	4,305,212,264	1.016
2015	37,401,024	2.200	5,644,432	2.620	3,663,235	0.700	10,791,413	2.090	-	-	136,301	3.750	4,264,362,979	1.011
2014	36,801,282	2.200	5,152,226	2.620	3,689,295	0.700	9,863,242	2.090	-	-	217,962	3.750	4,235,980,495	1.005
2013	32,088,040	2.200	4,577,454	2.620	4,572,520	0.700	9,574,406	2.090	-	-	207,743	3.750	4,189,697,721	0.925
2012	33,761,234	2.200	4,837,245	2.620	3,702,065	0.700	9,833,186	2.090	-	-	233,596	3.750	4,141,807,700	0.924
2011	30,992,750	2.200	2,711,355	2.090	3,764,875	0.700	10,033,275	2.090	-	-	235,409	3.270	5,514,868,136	0.634
2010	32,819,096	2.200	3,220,590	2.090	3,733,820	0.700	8,414,365	2.090	-	-	264,395	3.270	5,515,546,016	0.633

Notes:

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

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

⁽³⁾ Until 2010, RVs were included with boats because they were taxed at the same rate. Campers were included in regular personal property until 2012 when the Board decided RVs and Campers should have the same rate.

Source: Commissioner of Revenue

* Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies. (See Table 6)

COUNTY OF ORANGE, VIRGINIA

TABLE 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES ⁽¹⁾
Last Ten Fiscal Years
(Unaudited)

Direct Rates*										
Tax Year	Real Estate ⁽²⁾	Personal Property ⁽²⁾	Mobile Homes	Machinery and Tools ⁽²⁾	Merchants' Capital	Business Equipment	RVs and Campers	Airplanes	Boats	Total Direct Rate
2019	\$ 0.720	\$ 0.247	\$ 0.001	\$ 0.022	\$ 0.005	\$ 0.019	\$ 0.006	\$ -	\$ 0.004	\$ 1.024
2018	0.719	0.253	0.001	0.021	0.005	0.020	0.005	-	0.005	1.029
2017	0.721	0.251	0.001	0.016	0.005	0.020	0.004	-	0.005	1.023
2016	0.725	0.243	0.001	0.016	0.004	0.019	0.004	-	0.005	1.016
2015	0.727	0.235	0.001	0.016	0.004	0.019	0.003	0.001	0.005	1.011
2014	0.728	0.230	0.001	0.014	0.005	0.019	0.003	0.001	0.005	1.005
2013	0.655	0.227	0.001	0.013	0.004	0.017	0.003	0.001	0.005	0.925
2012	0.655	0.224	0.001	0.014	0.004	0.018	0.003	0.001	0.005	0.924
2011	0.457	0.141	0.001	0.015	0.002	0.012	0.001	0.000	0.004	0.634
2010	0.457	0.138	0.001	0.016	0.003	0.013	0.001	0.000	0.003	0.633

Overlapping Rates						
Tax Year	Town of Orange			Town of Gordonsville		
	Real Estate ⁽²⁾	Personal Property ⁽²⁾	Machinery and Tools	Real Estate	Personal Property	Machinery and Tools
2019	\$ 0.175	\$ 0.830	\$ 0.066	\$ 0.130	\$ 0.990	\$ 0.240
2018	0.175	0.830	0.066	0.100	0.990	0.240
2017	0.175	0.830	0.066	0.100	0.990	0.240
2016	0.175	0.830	0.066	0.100	0.990	0.240
2015	0.155	0.830	0.066	0.100	0.990	0.240
2014	0.155	0.830	0.066	0.100	0.990	0.240
2013	0.155	0.830	0.066	0.100	0.990	0.240
2012	0.145	0.830	0.066	0.095	0.990	0.240
2011	0.114	0.830	0.066	0.095	0.990	0.240
2010	0.114	0.830	0.066	0.095	0.990	0.240

Notes:

⁽¹⁾ Per \$100 of assessed value

⁽²⁾ Includes Public Service Companies

* Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies.

COUNTY OF ORANGE, VIRGINIA

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS ⁽¹⁾ Current Year and Nine Years Ago (Unaudited)

Taxpayer	Type of Business	2019			2010		
		Assessed Value ⁽²⁾	Rank	Percentage of Total Taxable Assessed Value	Assessed Value ⁽²⁾	Rank	Percentage of Total Taxable Assessed Value
VanHoven Enterprises, LLC	Horticulture	\$ 51,296,500	1	1.28%	\$ -	-	-
Aerojet General Corp	Manufacturing	23,963,000	2	0.60%	23,225,600	1	0.45%
Holtzbrinck Publishers	Book Distributor	11,111,400	3	0.28%	19,308,900	2	0.38%
Rocklands LLC	Agriculture	10,681,000	4	0.27%	-	-	0.00%
Wal-Mart	Retail	9,802,400	5	0.24%	-	-	0.00%
PMC Distribution	Manufacturing	8,104,100	6	0.20%	5,887,300	5	0.11%
Lohman Corporation	Manufacturing	8,020,800	7	0.20%	-	-	0.00%
American Woodmark	Manufacturing	7,130,000	8	0.18%	6,725,400	4	0.13%
P.W. Hiden LLC	Agriculture	6,669,600	9	0.17%	-	-	0.00%
Somerset Plantation Inc.	Agriculture	6,662,600	10	0.17%	-	-	0.00%
Orange Village	Shopping Center	-	-	-	9,429,300	3	0.00%
General Shale	Manufacturing	-	-	-	5,500,100	6	0.11%
Angela's Properties	Housing	-	-	-	5,330,500	7	0.10%
Schooler Property of Wilderness	Shopping Center	-	-	-	4,872,800	8	0.09%
Oakbrook Terrace	Housing	-	-	-	4,661,000	9	0.09%
One America Place	Manufacturing	-	-	-	4,523,300	10	0.09%
Total Principal Property Tax Payers' Assessed Values		143,441,400		3.57%	89,464,200		1.74%
All Other Tax Payers' Assessed Values		3,878,285,722		96.43%	5,047,856,665		98.26%
Total Annual Assessed Values		<u>\$ 4,021,727,122</u>		<u>100.00%</u>	<u>\$ 5,137,320,865</u>		<u>100.00%</u>

Notes:

⁽¹⁾ Companies/entities with no amounts were not in the top ten for that year.

⁽²⁾ Amounts provided for real estate assessments only.

Source: Commissioner of Revenue

COUNTY OF ORANGE, VIRGINIA

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 42,348,667	\$ 41,082,386	97.01%	\$ -	\$ 41,082,386	97.01%
2018	40,986,025	39,582,898	96.58%	874,633	40,457,531	98.71%
2017	40,601,127	39,208,461	96.57%	1,177,619	40,386,080	99.47%
2016	41,032,097	39,513,123	96.30%	260,159	39,773,282	96.93%
2015	42,035,631	41,509,115	98.75%	392,401	41,901,517	99.68%
2014	40,285,579	39,072,965	96.99%	1,208,843	40,281,808	99.99%
2013	38,114,349	37,414,751	98.16%	696,838	38,111,589	99.99%
2012	32,995,952	32,237,484	97.70%	755,889	32,993,373	99.99%
2011	31,815,752	31,299,234	98.38%	514,055	31,813,289	99.99%
2010	31,189,040	30,128,613	96.60%	1,058,026	31,186,639	99.99%

Source: Commissioner of Revenue, County Treasurer's Office.

COUNTY OF ORANGE, VIRGINIA

TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year June 30,	Governmental Activities			Total	Percentage of Personal Income ⁽¹⁾	Debt Per Capita ⁽¹⁾
	General Obligation Bonds	Other Notes/ Bonds	Capital Leases			
2019	\$ 32,644,328	\$ 50,001,240	\$ 7,034,321	\$ 89,679,889	N/A	\$ 2,447
2018	37,297,285	51,274,772	7,412,030	95,984,087	N/A	2,661
2017	41,974,253	52,508,303	7,446,614	101,929,170	6.10%	2,844
2016	46,551,005	24,900,000	998,812	72,449,817	4.47%	2,084
2015	50,004,318	25,852,628	1,438,147	77,295,093	5.18%	2,223
2014	54,474,685	26,666,166	1,310,884	82,451,735	6.01%	2,391
2013	59,095,722	27,133,866	1,565,987	87,795,575	6.53%	2,539
2012	61,063,084	28,775,000	1,050,901	90,888,985	7.15%	2,654
2011	65,397,332	29,535,000	1,205,537	96,137,869	8.12%	2,833
2010	73,209,104	29,589,064	1,657,766	104,455,934	9.10%	3,269

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

⁽¹⁾ See the Schedule of Demographic and Economic Statistics - Table 11.

COUNTY OF ORANGE, VIRGINIA

TABLE 10

**RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA**

**Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30,	Gross Bonded Debt ⁽³⁾	Less: Amounts Reserved for Debt Service	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value ⁽²⁾	Net Bonded Debt per Capita ⁽¹⁾
2019	\$ 32,644,328	\$ -	\$ 32,644,328	0.73%	\$ 891
2018	37,297,285	160,014	37,137,271	0.83%	1,030
2017	41,974,253	1,094,182	40,880,071	0.94%	1,141
2016	46,551,005	-	46,551,005	1.08%	1,310
2015	50,004,318	-	50,004,318	1.17%	1,438
2014	54,474,685	-	54,474,685	1.30%	1,580
2013	59,095,722	-	59,095,722	1.29%	1,709
2012	61,063,084	-	61,063,084	1.34%	1,783
2011	65,397,332	-	65,397,332	1.06%	1,927
2010	102,404,572	489,312	101,915,260	1.67%	3,037

Notes:

⁽¹⁾ Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11.

⁽²⁾ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5.

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

COUNTY OF ORANGE, VIRGINIA

TABLE 11

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30,	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽²⁾	Public School Average Daily Membership ⁽³⁾	Unemployment Rate ⁽⁴⁾
2019	36,644	N/A	NA	N/A	4,725	3.20%
2018	36,073	N/A	N/A	N/A	4,746	3.30%
2017	35,836	\$ 1,669,934,000	\$ 46,293	N/A	4,781	3.90%
2016	35,533	1,619,025,612	45,564	42.1	4,840	4.00%
2015	34,763	1,492,044,000	42,166	42.6	4,969	4.90%
2014	34,487	1,372,657,000	39,190	42.6	4,971	5.40%
2013	34,580	1,344,107,000	38,821	42.6	4,960	6.00%
2012	34,246	1,271,930,686	37,141	42.6	5,044	6.70%
2011	33,938	1,183,902,000	34,884	41.9-44	5,027	6.80%
2010	33,559	1,148,376,000	34,220	40-44.8	5,058	7.70%

Notes:

⁽¹⁾ Source: Bureau of Economic Analysis (BEARFACTS), www.fedstats.gov

⁽²⁾ Source: U.S. Census Bureau (American FactFinder)

⁽³⁾ Source: Virginia Department of Education (Annual Superintendent's Report 03/31)

⁽⁴⁾ Source: Virginia Workforce Connection

COUNTY OF ORANGE, VIRGINIA

TABLE 12

PRINCIPAL PRIVATE EMPLOYERS

Current Year and Nine Years Ago

(Unaudited)

Employer	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
American Woodmark	337	1	3.49%	159	5	1.69%
Dogwood Village	335	2	3.46%	276	3	2.94%
MPS	307	3	3.17%	326	2	3.47%
Green Applications	292	4	3.02%	-	-	-
Aerojet	289	5	2.99%	131	10	1.40%
Germanna Community College*	243	6	2.51%	530	1	5.65%
Food Lion	222	7	2.30%	147	7	1.57%
Walmart	210	8	2.17%	-	-	-
Zamma Corp.	206	9	2.13%	-	-	-
Battlefield Farms	174	10	1.80%	186	4	1.98%
Ridge Tool Manufacturing	-	-	-	131	9	1.40%
American Press	-	-	-	150	6	1.60%
PBM Products	-	-	-	138	8	1.47%
	<u>2,615</u>		<u>27.04%</u>	<u>2,174</u>		<u>23.16%</u>
Total County Employment	9,670			9,388		

Source: Virginia Employment Commission, 2nd Quarter 2017.

* *quasi private employer*

COUNTY OF ORANGE, VIRGINIA

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years (Unaudited)

TABLE 13
Page 1

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public safety										
Sheriffs department: ⁽¹⁾										
Calls for service	N/A	23,468	28,545	28,357	29,378	29,255	30,024	28,340	30,954	31,762
Traffic violations	2,755	1,755	3,498	2,719	2,471	2,499	2,602	2,017	2,429	3,320
Civil papers	8,778	9,319	9,559	8,979	10,064	10,919	9,913	10,379	10,679	11,051
Fire and rescue:										
Number of calls answered	7,715	7,108	9,048	6,475	6,529	5,707	5,962	6,834	5,463	5,696
Building inspections:										
Permits issued	1,129	965	902	880	778	848	826	693	633	679
Animal control:										
Number of calls answered ⁽¹⁾	2,195	1,478	693	640	1,280	1,229	776	1,385	1,319	1,213
Public works										
General maintenance:										
Trucks/vehicles	4	4	4	4	5	3	3	3	3	3
Landfill:										
Refuse collected (total tons per year)	25,529	23,431	24,623	24,225	15,871	24,373	23,696	25,985	33,269	35,946
Recycling (total tons per year)	712	917	1,042	2,909	1,571	1,979	7,000	1,733	1,561	2,076
Health and welfare										
Office on Youth Childcare Enrollment:										
Gordon Barbour Elementary School	56	52	48	51	55	37	37	42	43	N/A
Locust Grove Primary School	107	96	94	87	76	34	46	33	39	N/A
Orange Elementary School	68	64	48	43	36	43	site closed	site closed	30	N/A
Culture and recreation										
Parks and recreation:										
Youth sports participants	397	396	372	425	515	591	541	931	456	439
Community development										
Planning:										
Zoning permits issued	440	440	364	301	328	290	313	283	252	355
Component Unit – School Board										
Education:										
Average Daily Membership (ADM)	4,727	4,746	4,781	4,840	4,969	4,971	4,960	5,023	5,027	5,058
Number of teachers	363	385	380	360	348	348	346	339	346	391
Local expenditures per pupil	4,161	4,075	3,850	4,109	4,055	3,690	3,908	3,198	3,216	3,417

COUNTY OF ORANGE, VIRGINIA

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years (Unaudited)

TABLE 13
Page 2

Function	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Full-Time Employee Population										
General government administration	30	26	34	31	32	32	32	29	29	33
Judicial administration	24	22	15	22	20	19	19	20	19	20
Public safety	111	104	104	97	97	94	93	87	86	88
Public works	10	8	8	8	8	8	8	8	8	9
Health and welfare	7	7	6	5	4	4	2	2	2	6
Parks, recreation and cultural	10	9	10	9	9	9	9	8	8	9
Community development	13	8	8	8	8	8	8	7	7	6
Non-departmental	0	1	1	-	-	-	-	-	-	-
Airport	2	1	1	1	1	1	1	1	1	1
Landfill	7	8	7	8	8	7	7	7	7	7
Capital Assets, net of accumulated depreciation ⁽²⁾										
General administration	\$ 5,321,444	\$ 14,204,893	\$ 13,762,660	\$ 14,234,451	\$ 14,635,541	\$ 14,557,883	\$ 15,439,858	\$ 15,068,367	N/A	N/A
Judicial administration	82,319	356,103	7,704	12,801	17,896	13,588	-	-	N/A	N/A
Public safety	11,604,958	3,604,189	3,021,193	2,626,968	2,730,149	2,057,784	1,750,344	1,622,991	N/A	N/A
Public works	2,606,641	1,372,904	1,513,787	1,492,201	275,612	265,767	424,182	387,448	N/A	N/A
Health and welfare	238,436	100,687	90,917	71,277	67,154	45,282	-	30,018	N/A	N/A
Education	88,223,847	88,811,909	88,180,196	91,159,498	95,427,463	96,257,186	94,077,159	95,082,005	N/A	N/A
Parks, recreation and cultural	823,119	444,308	353,651	411,656	245,596	272,228	15,594	94,105	N/A	N/A
Community development	226,211	435,944	318,561	61,519	148,084	142,711	63,510	129,172	N/A	N/A
Airport	9,642,252	10,053,419	10,182,877	11,004,347	11,371,563	11,526,529	11,327,593	11,646,100	N/A	N/A
Landfill	2,415,492	2,589,872	2,501,973	2,355,044	2,976,312	3,301,381	3,912,590	1,267,444	N/A	N/A
Total	\$ 121,184,719	\$ 121,974,228	\$ 119,933,519	\$ 123,429,762	\$ 127,895,370	\$ 128,440,339	\$ 127,010,830	\$ 125,327,650	N/A	N/A

Source: Individual county departments

Notes:

⁽¹⁾ Statistics available on calendar year, rather than fiscal year.

⁽²⁾ Capital assets, net of accumulated depreciation amounts are exclusive of construction in progress.

COMPLIANCE SECTION

COUNTY OF ORANGE, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE:				
<u>Pass-through payments:</u>				
<u>Department of Social Services:</u>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not provided	\$ -	\$ 342,115
Total SNAP Cluster				<u>342,115</u>
<u>Department of Agriculture:</u>				
Child Nutrition Cluster:				
Commodity Distributions	10.555	Not provided	-	150,184
Summer Food Service Program for Children	10.559	Not provided	-	492
				<u>150,676</u>
<u>Department of Education:</u>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	Not provided	-	366,262
National School Lunch Program	10.555	Not provided	-	963,774
Summer Food Service Program for Children	10.559	Not provided	-	34,805
				<u>1,364,841</u>
Total Child Nutrition Cluster				<u>1,515,517</u>
School Nutrition Program Equipment Assistance Grant	10.579	Not provided	-	13,000
<u>Department of Health:</u>				
Child and Adult Care Food Program	10.558	Not provided	-	41,587
Total Department of Agriculture				<u>1,912,219</u>
DEPARTMENT OF DEFENSE:				
<u>Direct payments:</u>				
<u>Department of Defense:</u>				
ROTC Language and Culture Training Grants	12.357		-	48,995
Total Department of Defense				<u>48,995</u>
DEPARTMENT OF THE INTERIOR:				
<u>Direct payments:</u>				
<u>Bureau of Land Management:</u>				
Payments in Lieu of Taxes	15.226		-	15,269
Total Department of the Interior				<u>15,269</u>

COUNTY OF ORANGE, VIRGINIA

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF JUSTICE:				
<u>Pass-through payments:</u>				
<u>Department of Criminal Justice Services:</u>				
Crime Victim Assistance	16.575	18-U9571VW16	\$ -	\$ 62,139
Total Department of Justice				62,139
DEPARTMENT OF TRANSPORTATION:				
<u>Pass-through payments:</u>				
<u>Department of Motor Vehicles:</u>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FSC-2019-59261-9261	-	9,731
Total Highway Safety Cluster				9,731
Total Department of Transportation				9,731
DEPARTMENT OF EDUCATION:				
<u>Pass-through payments:</u>				
<u>Department of Education:</u>				
Adult Education - Basic Grants to States	84.002	V002A170047/V002A180047	-	184,491
Title I Grants to Local Education Agencies	84.010	S010A170046/S010180046	-	779,530
Student Support and Academic Enrichment Grants	84.424	S424A170048/S424A18048	-	64,661
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A170107/H027A180107	-	1,178,091
Special Education - Preschool Grants	84.173	H173A170112/H173A180112	-	21,063
Total Special Education Cluster				1,199,154
Career and Technical Education - Basic Grants to States	84.048	V048A170046/V048A180046	-	78,043
English Language Acquisition State Grants	84.365	S365A180046	-	14,608
Supporting Effective Instruction State Grant	84.367	S367A170044/S367A180044	-	173,015
Total Department of Education				2,493,502

COUNTY OF ORANGE, VIRGINIA

Page 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Direct payments:</u>				
<u>Department of Health and Human Services:</u>				
Head Start	93.600	03CH010570-01 03HP0011-04	\$ -	\$ 1,638,160
<u>Pass-through payments:</u>				
<u>Department of Social Services:</u>				
Promoting Safe and Stable Families TANF Cluster:	93.556	Not provided	-	14,871
Temporary Assistance for Needy Families Total TANF Cluster	93.558	Not provided	-	180,476
				180,476
Refugee and Entrant Assistance - State Administered Programs	93.566	Not provided	-	103
Low-Income Home Energy Assistance	93.568	Not provided	-	27,402
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not provided	-	33,448
Total Child Care and Development Fund Cluster				33,448
Chafee Education and Training Vouchers Program (ETV)	93.599	Not provided	-	7,504
Adoption and Legal Guardianship Incentive Payments	93.603	Not provided	-	2,992
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not provided	-	186
Foster Care - Title IV-E	93.658	Not provided	-	255,342
Adoption Assistance	93.659	Not provided	-	208,465
Social Services Block Grant	93.667	Not provided	-	172,109
Chafee Foster Care Independence Program	93.674	Not provided	-	5,808
Children's Health Insurance Program	93.767	Not provided	-	8,391
Medicaid Cluster:				
Medical Assistance Program	93.778	Not provided	-	626,287
Total Medicaid Cluster				626,287
Total Department of Health and Human Services				3,181,544
DEPARTMENT OF HOMELAND SECURITY:				
<u>Direct payments:</u>				
Assistance to Firefighters Program	97.044		-	846,000
Total Department of Homeland Security				846,000
Total Expenditures of Federal Awards				\$ 8,569,399

COUNTY OF ORANGE, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the County of Orange, Virginia and component unit, Orange County School Board under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of 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, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Pass-through Payments – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

Major Programs – The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the County of Orange, Virginia and its component units were determined using a risk-based approach in accordance with Uniform Guidance.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number), which is reflected in the Schedule.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the County of Orange, Virginia and its component units: SNAP, Child Nutrition, Highway Safety, Special Education, TANF, Child Care and Development Fund, and Medicaid.

COUNTY OF ORANGE, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2019

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The County has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Non-Cash Assistance

In addition to amounts reported on the Schedule, the County of Orange, Virginia consumed non-cash assistance in the form of food commodities. Commodities with a fair value of \$150,184 at the time received were consumed during the year ended June 30, 2019. These commodities were included in the determination of federal awards expended during the year ended June 30, 2019.



**INDEPENDENT AUDITOR'S 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 Orange, Virginia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Orange, Virginia (County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Scheduled of Findings and Questioned Costs as item 2019-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBmares, LLP

Harrisonburg, Virginia
November 25, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Orange, Virginia's (County) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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.

PB Mares, LLP

Harrisonburg, Virginia
November 25, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Section I. SUMMARY OF AUDITOR'S RESULTS*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiencies identified?	<u> √ </u> Yes	<u> </u> None Reported

Noncompliance material to financial statements noted?	<u> </u> Yes	<u> √ </u> No
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Federal Awards

Internal control over major programs:

Material weakness identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> √ </u> None Reported

Type of auditor's report issued on compliance for major programs:

- Unmodified for all applicable major programs and applicable compliance requirements.

Any audit findings disclosed that are required
to be reported in accordance with section
2 CFR 200.516(a)?

<u> </u> Yes	<u> √ </u> No
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start
Special Education Cluster:	
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.010	Title I Grants to Local Educational Agencies
93.659	Adoption Assistance
97.044	Assistance to Firefighters

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> √ </u> No
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

Section II. FINANCIAL STATEMENT FINDINGS

A. Significant Deficiencies in Internal Control

2019-001: Significant Deficiencies Due to Significant Audit Adjustments

Criteria: The year-end financial statements obtained from the County, School Board, Economic Development Authority and Broadband Authority to be audited should be final and free of material misstatements.

Condition: Upon auditing the year-end balances of the School Board, there were instances of significant adjustments identified.

Context: Upon auditing the School Board's year-end balances, entries were required to properly record construction in progress and amounts associated with capital leases. There was a lack of reconciliation of both additions to construction in progress and transfers of completed projects out of construction in progress to depreciable asset classes. In addition, capital outlay and proceeds from capital leases were not recorded.

Cause: There was lack of sufficient review to ensure items noted above were accurately recorded.

Repeat Finding: This is a repeat finding, as the prior year findings were identified as 2018-001, 2017-001, and 2016-001.

Effect: As noted above, the effect of these transactions was to misstate current year net position of the School Board. The necessary entries above were significant to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend the School Board increase levels of due diligence in maintaining accurate account balances. We also recommend a thorough review of the general ledger and supporting schedules prior to the audit.

Views of Responsible Officials: The auditee agrees with these recommendations and has taken the necessary steps to prevent a recurrence. The School Board has taken the necessary steps to help ensure that construction in progress and the amounts associated with capital leases are recorded properly.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

ORANGE COUNTY, VIRGINIA

Office of the County Administrator

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COUNTY ADMINISTRATOR

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112 WEST MAIN STREET
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CORRECTIVE ACTION PLAN **Year Ended June 30, 2019**

Identifying Number: 2019-001: Significant Deficiencies Due to Significant Audit Adjustments

Finding:

Upon auditing the School Board's year-end balances, entries were required to properly record construction in progress and amounts associated with capital leases.

Corrective Action Taken or Planned:

The School Board has taken the necessary steps to help ensure that construction in progress and the amounts associated with capital leases are recorded properly.

ORANGE COUNTY, VIRGINIA

Office of the County Administrator

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COUNTY ADMINISTRATOR

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS **Year Ended June 30, 2019**

Identifying Number: 2018-001

Audit Finding:

2018-001: Material Weakness Due to Material Audit Adjustments

Criteria: The year-end financial statements obtained from the County, School Board, Economic Development Authority and Broadband Authority to be audited should be final and free of material misstatements.

Condition: Upon auditing the year-end balances of the School Board, there were instances of material adjustments identified.

Context: Upon auditing the School Board's year-end balances, entries were required to properly record construction in progress. There was a lack of reconciliation of both additions to construction in progress and transfers of completed projects out of construction in progress to depreciable asset classes.

Cause: There was lack of sufficient review to ensure items noted above were accurately recorded.

Repeat Finding: This is a repeat finding, as the prior year findings were identified as 2017-001 and 2016-001.

Effect: As noted above, the effect of these transactions was to misstate current year net position of the School Board. The necessary entries above were material to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend the School Board increase levels of due diligence in maintaining accurate account balances. We also recommend a thorough review of the general ledger and supporting schedules prior to the audit.

Corrective Action Taken or Planned:

The School Board will strive to follow the recommendations given in order to maintain accurate account balances.

Identifying Number: 2018-002

Audit Finding:

2018-002: Social Services LASER Reconciliation to the General Ledger Not Completed

Criteria: Per the *Specifications for Audits of Counties, Cities and Towns*, issued by the APA of the Commonwealth of Virginia, Chapters 3-15 Social Services section entitled *General Ledger Reconciliation*, “amounts reported in LASER must be reconciled monthly to be in compliance with Section 3.60, LASER Expenditure Reconciliation and Certification, of the *LDSS Finance Guidelines Manual for Local Departments of Social Service*.”

Condition: During the fiscal year 2018 audit, it was determined the monthly LASER amounts were not being reconciled to the General Ledger.

Context: Based on inquiries and testing performed, the lack of reconciliation noted above appears pervasive throughout the entire year.

Cause: Due to limited resources within the Orange Department of Social Services.

Repeat Finding: This is a repeat finding, as the prior year findings were identified as 2017-005 and 2016-010.

Effect: Noncompliance with reconciliation requirements may result in unidentified errors in recording transactions.

Recommendation: We recommend the County and Department of Social Services implement procedures to be in compliance with the specifications of the Auditor of Public Accounts.

Corrective Action Taken or Planned:

Since MUNIS and LASER don't interface, the Department reconciles between the systems that interface which allows them to appropriately identify any discrepancies:

- Thomas Brother's uploads data to LASER - 100% of the transactions between Thomas Brothers and LASER are reconciled in a timely manner.
- Thomas Brother's uploads data to MUNIS - 100% of the transactions between Thomas Brothers and MUNIS are reconciled in a timely manner.

Identifying Number: 2018-003

Audit Finding:

2018-003: Social Services Untimely Completion of Termination and Separation Checklists of Terminated Users

Criteria: According to the *Specifications for Audits of Counties, Cities and Towns*, Chapter 3-15 Social Services section entitled *Terminated Users*, “When a user leaves the LDSS (Local Department of Social Services), their access privileges must be immediately removed from all systems they were authorized to use,” which is defined as “within three working days of employment termination.”

Identifying Number: 2018-003 (Continued)

Audit Finding: (Continued)

Condition: In auditing the termination and separation checklists, it was determined not all checklists were completed on a timely basis.

Context: In testing the removal of access privileges of two terminated employees, one employee who was terminated in November 2017 did not have a termination and separation checklist completed until May 2018. This is considered a statistically valid sample.

Cause: Due to limited resources within the Orange Department of Social Services.

Repeat Finding: This is a portion of repeat findings, as the termination and separation checklists portion of the prior year findings were identified as 2017-005 and 2016-013.

Effect: Noncompliance with regulations may result in terminated individuals retaining inappropriate user access.

Recommendation: We recommend a termination and separation checklist be completed within three business days of each employee's termination in order to ensure compliance with this requirement.

Corrective Action Taken or Planned:

The Orange Department of Social Services has trained additional local security officers to assist with the requirement. Checklists and terminations are now consistently performed timely.

Identifying Number: 2018-004

Audit Finding:

2018-004: Social Services Information Systems Security Controls

Criteria: In order to comply with the *Specifications for Audits of Counties, Cities and Towns*, Chapter 3-15 Social Services, the Local Security Officer at the Department of Social Services should be annually reviewing all employees' access to each application with employees' supervisors to ensure the access is properly aligned with job responsibilities, in addition to approval of initial access. The Department should also have documentation indicating employees and volunteers have acknowledged reading and understanding the VDSS Acceptable Use Policy.

Condition: Of the information security forms tested, we noted employees with missing annual IT access reviews.

Context: Documentation of annual review of employee access was lacking for all four employees tested. This is considered a statistically valid sample.

Cause: Due to limited resources within the Orange Department of Social Services.

Repeat Finding: This is a repeat finding, as the prior year findings were identified as 2017-007 and 2016-014.

Effect: Noncompliance with regulations may result in individuals being granted inappropriate user access, or retaining user access which is no longer appropriate as employee duties change over time.

Identifying Number: 2018-004 (Continued)

Audit Finding: (Continued)

Recommendation: We recommend initiating formal procedures to review initial access request forms, annual IT access, and acceptable use policy acknowledgements on a regular basis to ensure compliance with state requirements.

Corrective Action Taken or Planned:

The 2017 Annual System Access Review was completed timely for all staff. This finding resulted from miscommunication between Orange Department of Social Services staff and PBMares.

Identifying Number: 2018-005

Audit Finding:

2018-005: Eligibility and Allowable Costs – Adoption Assistance – CFDA Number 93.659; Award period: Year Ended June 30, 2018; Pass-through entity name: Virginia Department of Social Services

Criteria and Condition: US Code 42 USC 675(3) – A payment may not be made to parents or relative guardians with respect to a child who has attained 18 years of age or 21 years of age, if the Department of Social Services determines the child has a mental or physical handicap which warrants the continuation of assistance. Payments were made on behalf of one individual between 18 and 21 years of age, however no determination of continuing mental or physical handicap was documented.

US Code 42 USC 675(3) – The term “adoption assistance agreement” means a written agreement, binding on the parties to the agreement, between the State agency, other relevant agencies, and the prospective adoptive parents of a minor child which at a minimum specifies the nature and amount of any payments, services, and assistance to be provided under such agreement. Per the Virginia Department of Social Services Child and Family Services Manual, the Virginia Annual Affidavit for Adoption Assistance is the required annual certification by the adoptive parents that the child continues to be eligible for adoption assistance. It informs the LDSS when the adoption assistance agreement needs to be renegotiated. It also documents school enrollment information required by federal law.

Context: Of the 12 children tested, one did not have sufficient documentation to support benefit payments continuing past the age of 18 and five Virginia Annual Affidavits for Adoption Assistance were not performed. This is considered a statistically valid sample.

Cause: Due to limited resources within the Orange County Department of Social Services.

Effect: Noncompliance with regulations may result in improper payments to adoptive parents which exceed the allowed amounts, or which may be for children no longer eligible for adoption assistance.

Questioned Costs: Known questioned costs for the child over the age of 18 are \$16,200. Additional questioned costs for adoption subsidy agreements signed untimely were not able to be quantified.

Identifying Number: 2018-005 (Continued)

Audit Finding: (Continued)

Recommendation: The Orange County Department of Social Services should develop internal control procedures to ensure sufficient supporting documentation is maintained for all eligibility determinations, and that adoptive parents sign the Virginia Annual Affidavit for Adoption Assistance on a timely basis.

Corrective Action Taken or Planned:

The Orange Department of Social Services' Family Services Unity is now fully staffed to include a Human Services Assistant (HSA) who assists with the adoption subsidy files. The HSA utilizes OASIS and Safe Measures to ensure affidavits are current. The Orange Department of Social Services corrected the funding source for the adoption assistance payment that was noted in the audit and is now in compliance with regard to allowable adoption assistance costs.