



PHOTO COURTESY OF MATTHEW BORKOSKI

COUNTY
OF
SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2020

COUNTY OF SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared by

Angie Stine, Finance Director

Shenandoah County, Virginia

**COUNTY OF SHENANDOAH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

County of Shenandoah

BOARD OF SUPERVISORS

DISTRICT 1 – DICK NEESE
DISTRICT 2 – STEVE BAKER
DISTRICT 3 – RICHARD WALKER
DISTRICT 4 – KARL ROULSTON
DISTRICT 5 – DENNIS MORRIS
DISTRICT 6 – CONRAD HELSLEY

600 N. Main Street, Ste 102
WOODSTOCK, VA 22664



OFFICE OF COUNTY ADMINISTRATION

EVAN L. VASS
COUNTY ADMINISTRATOR

MANDY R. BELYEA
ASSISTANT COUNTY ADMINISTRATOR

Tel: 540.459.6165 Fax: 540.459.6168
www.shenandoahcountyva.us

December 7 2020

To the Honorable Chairman, Members of the Board of Supervisors, and Citizens of the County of Shenandoah, Virginia:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Shenandoah (County) for the fiscal year ended 2020. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, has audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards Board and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

The financial reporting entity (*the County*) includes all funds of the primary government (*i.e., the County of Shenandoah as legally defined*), as well as all of its component units. The County provides a full range of services including police and fire protection, sanitation services, recreational activities, cultural events, and welfare services.

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component units included in this report are the Shenandoah County School Board and the Shenandoah County Library. 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 the MD&A and should be read in conjunction with it. The County of Shenandoah's MD&A can be found immediately following the report of the independent auditors.

□ **The Reporting Entity and Economic Outlook** □

The County of Shenandoah was formed in 1772 from Frederick County, and was originally named Dunmore County in honor of Governor Dunmore. In 1778, the name was changed to Shenandoah after the Shenandoah River, an Indian name meaning "Daughter of the Stars."

Situated in the scenic northern Shenandoah Valley of Virginia, the County is 34 miles long and an average of 16 miles wide and contains a land area of 512 square miles. Within the boundaries of the County of Shenandoah are the incorporated towns of Edinburg, Mt. Jackson, New Market, Strasburg, Toms Brook and Woodstock. The County is a political subdivision of the Commonwealth of Virginia administered by a six-member board elected by magisterial district for four year concurrent terms. The Board of Supervisors elects one of its own to serve as Chairman and appoints a County Administrator to oversee the general administration of the County.

Although a rural county, the County's 2020 population was 43,616 Shenandoah County enjoys a diversified economy, with manufacturing accounting for approximately 24% of the jobs in the County, retail accounting for 10% and health care accounting for roughly 12%. Agriculture accounts for less than 1% of the employment in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. The County's unemployment is higher than the State average for the first time in several years, and from June 2019 to June 2020, Shenandoah County saw its unemployment rates increase from 2.6 percent to 6.9 percent.

The County is pleased to report the continuation of three significant economic development projects during fiscal year 2020.

During fiscal year 2015, Route 11 Potato Chips commenced its expansion of its existing potato chip production facility located within the county; during fiscal year 2020, it completed its investment of \$1.2 million, which includes the installation of a second line in its current facility creating 13 new jobs.

During fiscal year 2017, Filibuster Distillery (Filibuster) was selected to receive a \$30,000 Agriculture and Forestry Industries Development (AFID) grant for agreeing to invest \$795,000 in their Maurertown facility. Shenandoah County provided matching grant funds. This investment will create 8 new jobs by 2020. Filibuster also agreed to 100% source its corn and rye from Virginia Farmers and has been working with a farm out of Shenandoah County to meet these needs.

Finally, in August 2019, Howell Metal received a \$400,000 Commonwealth Opportunity Funds Grant for an expansion of their New Market facility including an \$8 million investment and 102 new jobs.

In addition, Shenandoah County adopted a newly revised Economic Development Strategic Plan in winter 2020. This represents a collaborative effort between the County, Towns, local residents, and private industries working together on a broader vision for promoting economic development in the County. This will be an ongoing project offering endless possibilities for the County.

□ Major Initiatives and Goals □

The mission statement of the County of Shenandoah is as follows:

The government of Shenandoah County is to promote an organizational environment that emphasizes the efficient delivery of high quality services to the public, assist the Board of Supervisors in carrying out its strategic objectives, and effectively communicate information about County operations and services to citizens, the Board of Supervisors, the public, the employees, and the media.

During fiscal year 2016, the County contracted with an architectural firm to provide a conceptual design of a new Sheriff's Office facility. The Sheriff's Office facility will provide the space necessary to support the County's law enforcement services including patrol, crime prevention, civil process, animal control, investigations, and administration. Architectural and engineering services associated with the project continued into fiscal year 2018 and included further design to include the 911 Emergency Communications Center. Construction commenced on the facility during the winter of 2019. The project was expected to reach substantial completion in approximately 18 months. As of June 30, 2020, the project was 95% complete. Move-in is anticipated to occur in the fall of 2020.

During fiscal years 2017 and 2018, Shenandoah County contracted with a vendor to assess the existing ultra-high frequency (UHF) conventional analog public safety radio communications system. The goal of the needs assessment was to determine the best approach to improve radio communications within the county and to replace aging equipment which has reached (or will reach within the next 2 years) its End-of-Life through the manufacturer. The assessment included a review of how the Shenandoah County Department of Emergency Communications (DEC) interfaces with the radio communications system, as well as recommendations for replacement of the current system. In fiscal year 2019, funds were secured for the radio system replacement and implementation. The project includes the need to upgrade, replace existing towers, and/or add new towers throughout the county. Construction on the various tower sites began during the fiscal year 2020. As of June 30, 2020, 100% of the site walks were completed, 100% of the geotechnical reports were completed, 90% of compound preparation/civil work completed, all access roads complete, and 90% of construction design has been completed and submitted to building officials for permits. Additionally, all sites have FAA approval and 90% of NEPA's have been submitted and approved. Construction of three of the seven tower sites has been completed with shelters in place along with generators. These sites are awaiting electrical and grounding. The County has also taken delivery of all mobile and portable radio equipment along with racked equipment to be installed in shelters and the Emergency Communications Center; this equipment has also been tested in staging in Chicago prior to its shipment and acceptance. Furthermore, interoperability plans have been completed with the Counties of Frederick, Warren, Rockingham and Page. Fleet mapping process began with all Law Enforcement and Fire/Rescue agencies in the County. Moreover, as of June 30, 2020, approximately 60% of the project has been completed and it is anticipated the project will be complete by March of 2021.

During fiscal year 2019, the Department of Solid Waste Management initiated the construction of a new satellite trash collection and recycling site ("Convenience Site") just outside the Strasburg town limits. This project was precipitated by the loss of a lease on a convenience site a few miles away. Instead of leasing at the new location the County purchased the land and the site was designed to be built to accommodate future growth in the area. In December 2019, the County opened a newly-constructed trash and recycling collection site near the Town of Strasburg. Construction began during fiscal year 2019, and was concluded

in November 2019. The new site is the largest satellite facility in the County, with more than double the capacity of any previous site. Two other collection sites in the northern part of the County were closed once the new site opened.

□ **Financial Information** □

The management of the County of Shenandoah is responsible for establishing and maintaining internal controls to ensure the protection of the County assets. In developing and evaluating the County of Shenandoah's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the County also is responsible for ensuring that adequate internal controls are in place to make certain the County operates in compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2020 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

Budgeting Controls

In addition to internal accounting controls, the County also maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the County Board of Supervisors. Budgetary control is maintained at the function level and any unspent capital and unspent grant appropriations, at the fiscal year end, may be re-appropriated as part of the following year's revised budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Relevant financial policies

The County of Shenandoah, Virginia has adopted a comprehensive set of financial policies. The County has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to appropriations and transfers to other funds). Anticipated fiscal year 2020 revenues were less than appropriations and transfers to other funds by \$3,204,223. In such cases, the policy allows for appropriation of fund balance to close the gap. However, because revenues for the construction of the Sheriff's Office were received in the prior fiscal year and expenses, in excess of three million dollars, were incurred in the current fiscal year, the decrease in fund balance was \$5,759,952 for the year.

□ **Other Information** □

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer, Cox Associates, CPA's, was selected by the County. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The auditors' report on the basic financial statements and combining individual fund statements and schedules is included in the Financial Section of this report. The auditors' report related specifically to the single audit is included in the Compliance Section.

Awards

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 Shenandoah, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The County 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 requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this annual financial report could not have been accomplished without the dedicated efforts of Evan Vass, County Administrator, Mandy Belyea, Deputy County Administrator, Cindy George, Treasurer, members of the Finance staff, the School Board and the members of their staff. We would like to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report.

Moreover, without the leadership and support of the Board of Supervisors, preparation of this report would not have been possible.

Sincerely,



Angela D. Stine
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

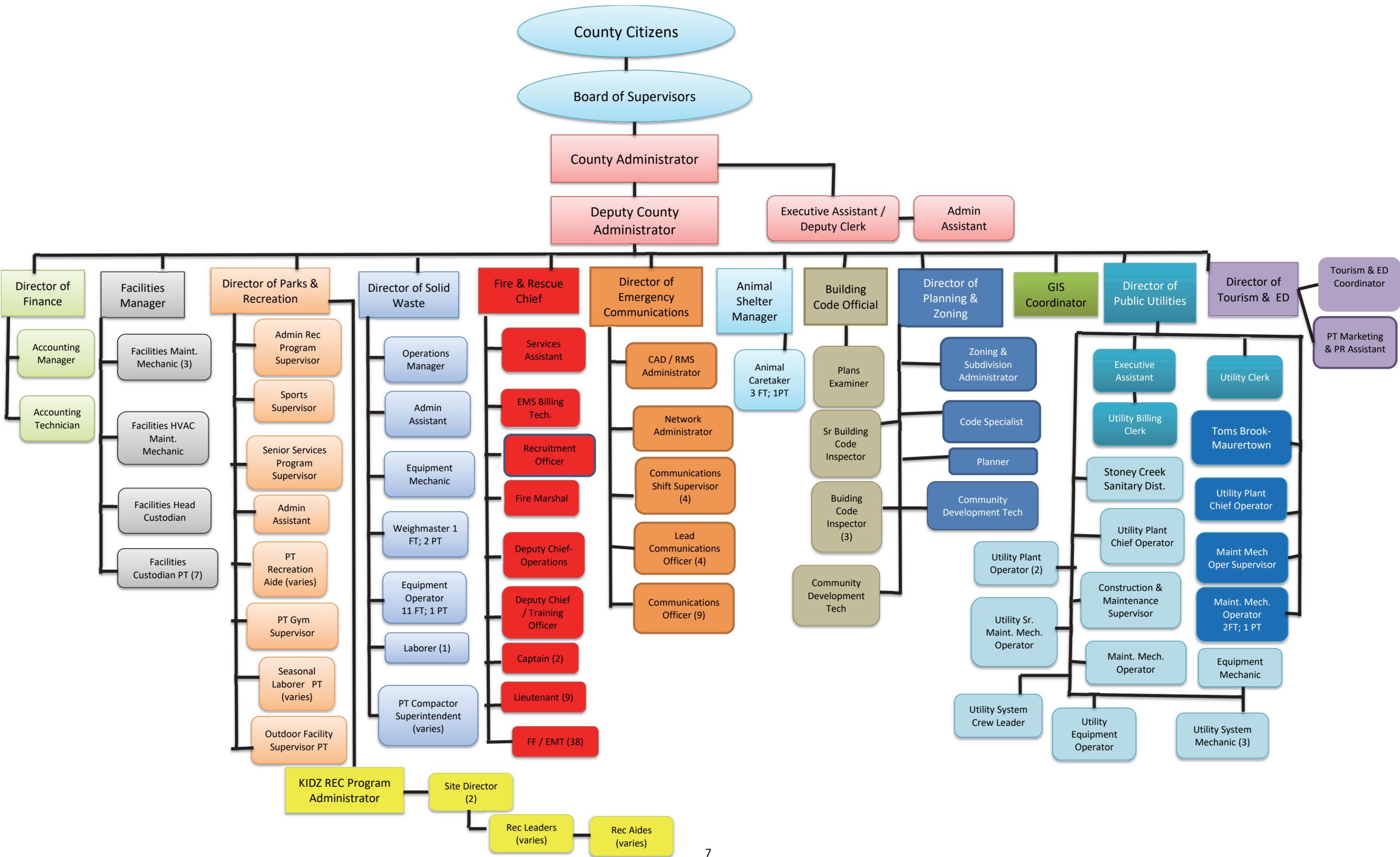
**County of Shenandoah
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



COUNTY OF SHENANDOAH, VIRGINIA

BOARD OF SUPERVISORS

Dick Neese, Chairman District 1
Steven Baker, Vice Chairman, District 2

Bradley Pollack, District 3
Karl Roulston, District 4

Dennis Morris, District 5
Tim Taylor, District 6

COUNTY SCHOOL BOARD

Karen S. Whetzel, Chairman, District 1
Cindy Walsh, Vice Chairman, District 3

Marty Helsley, District 2
Michelle Manning, District 4

Shelby Kline, District 5
Andrew Keller, District 6

OTHER OFFICIALS

Judge of the Circuit Court	Kevin Black
Judge of the General District Court	Amy Tisinger
Judge of the Juvenile & Domestic Court.....	Chad Logan
Clerk of the General District Court.....	Tammy Heishman
Clerk of the Juvenile & Domestic Court.....	Nikki Taylor
Clerk of the Circuit Court	Sarona Irvin
Commonwealth's Attorney	Amanda McDonald Wiseley
Commissioner of the Revenue	Kathy Black
Treasurer	Cindy George
Sheriff	Timothy Carter
Superintendent of Schools.....	Dr. Mark Johnston
Director of Public Utilities.....	Pat Felling
Director of Social Services.....	Carla Taylor
General Registrar	Lisa McDonald
County Administrator	Evan L. Vass
Deputy County Administrator.....	Mandy Belyea
County Attorney	Jason Ham
Finance Director	Angie Stine
Interim Building Code Official	Tim Ferguson
Director of Parks and Recreation.....	Jered Hoover
Chief of Fire and Rescue	Tim Williams
Director of Emergency Communications Center	Mellanie Shipe
General Properties Manager	Duane Williams
Library Director	Sandy Whitesides

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF SHENANDOAH, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 12-19, 105, and 106-123, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

The introductory and statistical sections 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 December 7, 2020, on our consideration of the County of Shenandoah, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Shenandoah Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Shenandoah, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 7, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Shenandoah, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2019.

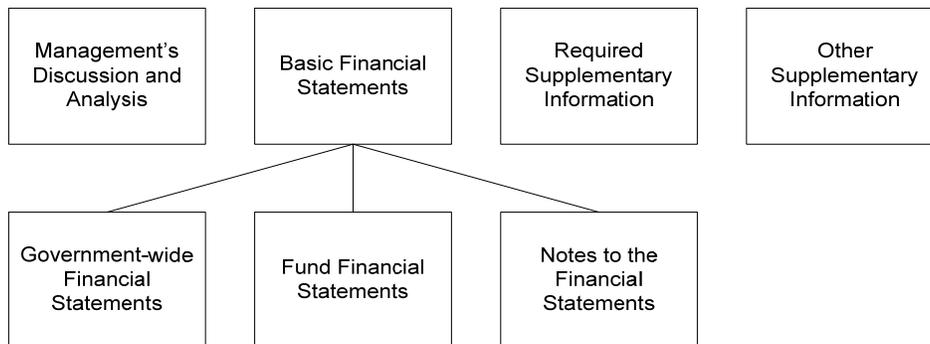
Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,780,214 (net position). Of this amount, \$5,266,995 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$32,564,742, a decrease of \$10,607,785 in comparison with the prior year. Approximately \$11,759,917 or 36 percent of the total fund balance is unassigned and available for spending at the County's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund of \$11,759,917 represents 16 percent of total general fund expenditures.
- The County's total long-term obligations decreased by \$931,264 during the current fiscal year, primarily due to the to the payment of principal on its indebtedness.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains required supplementary information and other supplementary information.

Components of the Financial Report



Government-wide financial statements - The government-wide financial statements provide financial statement users with a general overview of the County's finances. The statements provide both long-term and short-term information about the County's financial status. Two financial statements are used to present this information: 1) the statement of net position, and 2) the statement of activities. These statements are reported using the economic resources measurement focus and the accrual basis of accounting, which is similar to the accounting used by private-sector companies.

The statement of net position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors also need to be considered to determine the overall financial position of the County.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial administration, public safety, public works, health and welfare, parks and recreation and cultural, and community development. Business-type activities of the County include the Toms Brook-Maurertown Sanitary District, the Stoney Creek Sanitary District, North Fork Wastewater Treatment Plant fund, and the Landfill fund.

The government-wide financial statements include not only the County of Shenandoah, Virginia (known as the primary government), but also a legally separate school district and a legally separate library for which the County of Shenandoah, Virginia is financially accountable. Financial information for these component units is reported separately from the financial information present for the primary government itself.

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

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

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

The County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, both of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds - The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Toms Brook-Maurertown Sanitary District, Stoney Creek Sanitary District, North Fork Wastewater Treatment Plant and the Landfill. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Toms Brook-Maurertown Sanitary District, Stoney Creek Sanitary District, North Fork Wastewater and the Landfill all of which are considered to be major funds of the County.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in the connection with nonmajor governmental funds are also presented as required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,780,214 at the close of the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

Shenandoah County's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents 69 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Shenandoah, Virginia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 67,237,971	\$ 72,419,949	\$ 2,914,387	\$ 2,566,946	\$ 70,152,358	\$ 74,986,895
Capital assets	51,411,933	44,378,837	13,735,241	13,079,091	65,147,174	57,457,928
Total assets	<u>\$ 118,649,904</u>	<u>116,798,786</u>	<u>\$ 16,649,628</u>	<u>\$ 15,646,037</u>	<u>135,299,532</u>	<u>\$ 132,444,823</u>
Total deferred outflows of resources	\$ 2,569,724	\$ 1,215,064	\$ 301,192	\$ 152,934	\$ 2,870,916	\$ 1,367,998
Current liabilities	\$ 7,614,914	\$ 3,170,163	\$ 193,867	\$ 627,596	\$ 7,808,781	\$ 3,797,759
Long-term liabilities	52,407,006	54,561,895	14,366,965	13,143,339	66,773,971	67,705,234
Total liabilities	<u>\$ 60,021,920</u>	<u>57,732,058</u>	<u>14,560,832</u>	<u>\$ 13,770,935</u>	<u>74,582,752</u>	<u>\$ 71,502,993</u>
Total deferred inflows of resources	\$ 25,371,021	\$ 25,280,808	\$ 436,461	\$ 471,701	\$ 25,807,482	\$ 25,752,509
Net position:						
Net investment in capital assets	\$ 20,131,947	\$ 11,418,828	\$ 11,313,348	\$ 11,351,123	\$ 31,445,295	\$ 22,769,951
Restricted:						
Asset forfeiture	1,067,924	5,130,470	-	-	1,067,924	5,130,470
Unrestricted	14,626,816	18,451,686	(9,359,821)	(9,794,788)	5,266,995	8,656,898
Total net position	<u>\$ 35,826,687</u>	<u>35,000,984</u>	<u>1,953,527</u>	<u>\$ 1,556,335</u>	<u>37,780,214</u>	<u>\$ 36,557,319</u>

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position, except for business-type unrestricted net position, both for the County as a whole and for its separate governmental and business-type activities.

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County of Shenandoah, Virginia's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,696,944	\$ 2,472,241	\$ 3,332,976	\$ 3,367,624	\$ 6,029,920	\$ 5,839,865
Operating grants and contributions	10,221,751	9,080,561	-	-	10,221,751	9,080,561
Capital grants and contributions	-	3,406,369	50,000	28,833	50,000	3,435,202
General revenues:						
Property taxes	48,673,614	47,697,753	558,942	566,297	49,232,556	48,264,050
Other local taxes	7,658,607	7,067,029	-	-	7,658,607	7,067,029
Other	5,699,570	6,779,401	57,308	50,438	5,756,878	6,829,839
Total revenues	<u>\$ 74,950,486</u>	<u>\$ 76,503,354</u>	<u>\$ 3,999,226</u>	<u>\$ 4,013,192</u>	<u>\$ 78,949,712</u>	<u>\$ 80,516,546</u>
Expenses:						
General						
government administration	\$ 2,906,778	\$ 2,766,993	\$ -	\$ -	\$ 2,906,778	\$ 2,766,993
Judicial						
administration	2,358,719	2,384,105	-	-	2,358,719	2,384,105
Public safety	17,671,034	17,064,133	-	-	17,671,034	17,064,133
Public works	1,401,848	1,606,368	-	-	1,401,848	1,606,368
Health and welfare	10,356,776	9,191,780	-	-	10,356,776	9,191,780
Education	32,287,111	32,187,526	-	-	32,287,111	32,187,526
Parks, recreation and culture	2,407,958	2,165,131	-	-	2,407,958	2,165,131
Community development	1,072,502	1,093,153	-	-	1,072,502	1,093,153
Interest	2,059,559	2,042,052	-	-	2,059,559	2,042,052
Business-type activities	-	-	5,243,532	5,153,724	5,243,532	5,153,724
Total expenses	<u>\$ 72,522,285</u>	<u>\$ 70,501,241</u>	<u>\$ 5,243,532</u>	<u>\$ 5,153,724</u>	<u>\$ 77,765,817</u>	<u>\$ 75,654,965</u>
Increase (decrease) in net position before transfers	\$ 2,428,201	\$ 6,002,113	\$ (1,244,306)	\$ (1,140,532)	\$ 1,183,895	\$ 4,861,581
Transfers	<u>(1,637,138)</u>	<u>(1,193,780)</u>	<u>1,637,138</u>	<u>1,193,780</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	\$ 791,063	\$ 4,808,333	\$ 392,832	\$ 53,248	\$ 1,183,895	\$ 4,861,581
Net position beginning	35,035,624	30,192,651	1,560,695	1,503,087	36,596,319	31,695,738
Net position ending	<u>\$ 35,826,687</u>	<u>\$ 35,000,984</u>	<u>\$ 1,953,527</u>	<u>\$ 1,556,335</u>	<u>\$ 37,780,214</u>	<u>\$ 36,557,319</u>

Governmental activities – Governmental activities increased the County’s net position by \$791,063.

Key elements of this increase are as follows:

- General property taxes increased \$1,120,018 in fiscal year 2020 compared to fiscal year 2019. The increase is attributed to higher collections on prior years’ real property and personal property accounts as a result of continued collection efforts on delinquent tax accounts, offset by a decrease in revenues for services affected by COVID-19 (i.e. Parks and Recreation activities).
- For the most part, increases in expenses closely paralleled inflation, growth in the demand for services and expenses directly related to COVID-19 and the safety of county citizens and employees.

Business-type activities – Business-type activities of the two Sanitary Districts increased the Shenandoah County Government’s net position by \$420,840. This was an increase of \$92,787 from the previous fiscal year. This increase is primarily the result of lower administration and maintenance expenses for the two districts.

Two other enterprise funds are included in the business-type activities. First is the North Fork Wastewater Treatment Plant and the second is the Landfill Enterprise Fund. In fiscal year 2020, the North Fork Wastewater Treatment Plant fund experienced a decrease in assets of \$26,801 mainly due to the depreciation of its existing machinery and equipment. The Landfill Enterprise Fund was created in fiscal year 2012 in response to the leachate line project. The creation of this fund required significant changes to the financial statements as assets moved from the General Fund to the Landfill Fund. The landfill continues to have a negative impact on the business-type activities and for fiscal year 2020, the impact was \$5,696,368 however, the General Fund assets benefit from this transfer.

Financial Analysis of the County’s Funds

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

Governmental funds - The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$32,564,742 a decrease of \$10,607,785 in comparison with the prior year. Approximately 36% of the total fund balance or \$11,759,917 constitutes unassigned fund balance, which is available for spending at the County’s discretion. The remainder of fund balance is assigned to indicate that is not available to finance operations as it has been designated by the Board of Supervisors for future capital projects.

The General Fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,759,917, while the total general fund balance was \$14,432,073. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17 percent of total general fund expenditures, while total fund balance represents 21 percent of that same amount.

The General Fund’s fund balance decreased \$5,759,952 during the current fiscal year. This decrease is mainly attributable to transfers made to the Capital Projects Fund for construction of a sheriff’s office which accordingly reduced the Capital Projects Fund’s fund balance by \$4,708,096.

Proprietary funds - The Shenandoah County Government’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were a \$2,081,988 increase in appropriations and can be briefly summarized as follows:

- \$773,572 increase in public safety expenditures due in part to the receipt and expenditures associated with COVID-19 and the CARES Act Funding provided by the federal government.

Fiscal year 2020 actual revenues were approximately \$468,840 more than the fiscal year 2020 final budgeted revenues. Fiscal year 2020 actual expenditures were approximately \$3,125,953 less than the fiscal year 2020 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- Personal property taxes were \$799,967 more than the final budgeted revenues primarily due to increased personal property tax collections that were higher than anticipated; this was a result of more aggressive tax collections on current and delinquent taxes.
- Intergovernmental revenues from the state were \$864,183 more than the budgeted revenues due to more receipts for welfare assistance and other state categorical aid.
- Education expenditures were \$2,898,321 less than the budgeted expenditures as a result of less transfers to the County School Board throughout the fiscal year.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$51,411,933 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total change of the County's investment in capital assets for the current fiscal year over the prior year is due to the construction of the Sheriff's Office and continued progress on the Radio Project.

County of Shenandoah, Virginia's Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 4,908,718	\$ 4,908,718	\$ 503,500	\$ 503,500	\$ 5,412,218	\$ 5,412,218
Building and improvements	39,573,488	42,162,330	8,147,415	7,393,280	47,720,903	49,555,610
Utility plant in service	-	-	26,406,933	33,815,203	26,406,933	33,815,203
Equipment	11,712,318	10,431,955	-	-	11,712,318	10,431,955
Construction in progress	15,141,934	6,180,234	53,624	576,805	15,195,558	6,757,039
Subtotal	\$ 71,336,458	\$ 63,683,237	\$ 35,111,472	\$ 42,288,788	\$ 106,447,930	\$ 105,972,025
Accumulated depreciation	<u>(19,924,525)</u>	<u>(19,304,400)</u>	<u>(21,376,231)</u>	<u>(21,816,417)</u>	<u>(41,300,756)</u>	<u>(41,120,817)</u>
Net capital assets	<u>\$ 51,411,933</u>	<u>\$ 44,378,837</u>	<u>\$ 13,735,241</u>	<u>\$ 20,472,371</u>	<u>\$ 65,147,174</u>	<u>\$ 64,851,208</u>

Additional information on the County's capital assets can be found in Note 7.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$44,323,931. The bonded debt outstanding comprises debt backed by the full faith and credit of the County.

During the current fiscal year, the County's long-term bonded debt decreased by \$4,506,592.

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

Economic Factors and Next Year's Budgets and Rates

- The 2020 unemployment rate for the County was 6.9 percent, which is an increase from a rate of 2.6 percent in 2019. The County's rate is greater than the state average of 5.3 percent and equal to the national average rate of 6.9 percent.
- Population growth in the County is expected to continue to remain slow, which will continue to cause general property and other local tax revenues to experience minimal growth; however, the potential for economic development growth is gaining strength and may help to increase the local revenues in the future.
- Earnings on idle cash continue to remain at low levels.
- It is expected that the Commonwealth of Virginia may continue to decrease its funding to localities, particularly given the impact of federal government budgetary cuts to the Commonwealth.

All of these factors were considered in preparing the County's budget for fiscal year 2019.

Requests for Information

This financial report is designed to provide a general overview of the finances of the County of Shenandoah, Virginia. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Shenandoah Department of Finance, 600 N. Main Street; Suite 102, Woodstock, Virginia 22664.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Position
June 30, 2020

Exhibit 1

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	Library
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 23,899,741	\$ 2,120,273	\$ 26,020,014	\$ 4,277,750	\$ 343,586
Cash in custody of others	9,497	-	9,497	-	-
Restricted cash	11,709,460	24,025	11,733,485	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	25,440,517	328,173	25,768,690	-	-
Accounts receivable	1,612,001	432,888	2,044,889	22,835	72
Notes receivable	5,168	-	5,168	-	-
Due from component unit	1,787,989	-	1,787,989	-	-
Due from other governmental units	2,412,491	-	2,412,491	1,687,793	5,899
Inventories	-	-	-	132,784	-
Prepaid items	350,605	7,771	358,376	690	14,751
Deposits	-	-	-	5,000	-
Capital assets (net of accumulated depreciation):					
Land	4,908,718	503,500	5,412,218	5,725,275	-
Buildings and improvements	28,413,113	4,741,632	33,154,745	43,846,133	163,969
Wells, lines, reservoirs	-	4,876,425	4,876,425	-	-
Machinery and equipment	2,948,168	3,560,060	6,508,228	3,629,669	39,705
Construction in progress	15,141,934	53,624	15,195,558	20,751	38,617
Net OPEB Asset	10,502	1,257	11,759	-	-
Other assets	-	-	-	1,039,174	-
Total assets	\$ 118,649,904	\$ 16,649,628	\$ 135,299,532	\$ 60,387,854	\$ 606,599
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 2,235,120	\$ 262,283	\$ 2,497,403	\$ 14,020,854	\$ -
OPEB related items	334,604	38,909	373,513	2,419,285	-
Total deferred outflows of resources	\$ 2,569,724	\$ 301,192	\$ 2,870,916	\$ 16,440,139	\$ -
LIABILITIES					
Accounts payable	\$ 2,516,050	\$ 153,045	\$ 2,669,095	\$ 3,484,505	\$ 287
Retainage payable	422,410	-	422,410	-	-
Accrued interest payable	528,299	16,797	545,096	-	-
Due to primary government	-	-	-	1,787,989	-
Unearned revenue	4,148,155	-	4,148,155	-	-
Deposits payable-restricted assets	-	24,025	24,025	-	-
Long-term liabilities:					
Due within one year	5,287,824	378,227	5,666,051	252,050	-
Due in more than one year	47,119,182	13,988,738	61,107,920	76,384,399	-
Total liabilities	\$ 60,021,920	\$ 14,560,832	\$ 74,582,752	\$ 81,908,943	\$ 287
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 23,972,758	\$ 278,628	\$ 24,251,386	\$ -	\$ -
Deferred charge refunding	207,168	-	207,168	-	-
Pension related items	868,714	121,815	990,529	6,099,569	-
OPEB related items	322,381	36,018	358,399	1,208,610	-
Total deferred inflows of resources	\$ 25,371,021	\$ 436,461	\$ 25,807,482	\$ 7,308,179	\$ -
NET POSITION					
Net investment in capital assets	\$ 20,131,947	\$ 11,313,348	\$ 31,445,295	\$ 53,221,828	\$ 242,291
Restricted:					
Asset forfeiture	1,067,924	-	1,067,924	-	-
Unrestricted (deficit)	14,626,816	(9,359,821)	5,266,995	(65,610,957)	364,021
Total net position (deficit)	\$ 35,826,687	\$ 1,953,527	\$ 37,780,214	\$ (12,389,129)	\$ 606,312

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,906,778	\$ 77,682	\$ 342,483	\$ -
Judicial administration	2,358,719	159,351	841,736	-
Public safety	17,671,034	1,549,855	2,546,883	-
Public works	1,401,848	-	15,823	-
Health and welfare	10,356,776	-	6,467,454	-
Education	32,287,111	-	-	-
Parks, recreation, and cultural	2,407,958	910,056	4,500	-
Community development	1,072,502	-	2,872	-
Interest on long-term debt	2,059,559	-	-	-
Total governmental activities	<u>\$ 72,522,285</u>	<u>\$ 2,696,944</u>	<u>\$ 10,221,751</u>	<u>\$ -</u>
Business-type activities:				
Stoney Creek Sanitary District	\$ 1,318,054	\$ 1,131,294	\$ -	\$ 10,000
Toms Brook Maurertown Sanitary District	747,696	698,411	-	40,000
North Fork Wastewater	168,662	145,186	-	-
Landfill	3,009,120	1,358,085	-	-
Total business-type activities	<u>\$ 5,243,532</u>	<u>\$ 3,332,976</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Total primary government	<u>\$ 77,765,817</u>	<u>\$ 6,029,920</u>	<u>\$ 10,221,751</u>	<u>\$ 50,000</u>
COMPONENT UNITS:				
School Board	\$ 76,654,075	\$ 2,332,043	\$ 41,981,560	\$ 13,176
Library	1,024,919	18,954	1,007,048	-
Total component units	<u>\$ 77,678,994</u>	<u>\$ 2,350,997</u>	<u>\$ 42,988,608</u>	<u>\$ 13,176</u>

General revenues:
General property taxes
Local sales tax
Consumer utility taxes
Motor vehicle licenses
Tax on recordation and wills
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Library	
\$ (2,486,613)	\$ -	\$ (2,486,613)	\$ -	\$ -	
(1,357,632)	-	(1,357,632)	-	-	
(13,574,296)	-	(13,574,296)	-	-	
(1,386,025)	-	(1,386,025)	-	-	
(3,889,322)	-	(3,889,322)	-	-	
(32,287,111)	-	(32,287,111)	-	-	
(1,493,402)	-	(1,493,402)	-	-	
(1,069,630)	-	(1,069,630)	-	-	
(2,059,559)	-	(2,059,559)	-	-	
<u>\$ (59,603,590)</u>	<u>\$ -</u>	<u>\$ (59,603,590)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (176,760)	\$ (176,760)	\$ -	\$ -	
-	(9,285)	(9,285)	-	-	
-	(23,476)	(23,476)	-	-	
-	(1,651,035)	(1,651,035)	-	-	
<u>\$ -</u>	<u>\$ (1,860,556)</u>	<u>\$ (1,860,556)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (59,603,590)</u>	<u>\$ (1,860,556)</u>	<u>\$ (61,464,146)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (32,327,296)	\$ -	
-	-	-	-	1,083	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,327,296)</u>	<u>\$ 1,083</u>	
\$ 48,673,614	\$ 558,942	\$ 49,232,556	\$ -	\$ -	
4,364,517	-	4,364,517	-	-	
1,756,968	-	1,756,968	-	-	
916,402	-	916,402	-	-	
463,305	-	463,305	-	-	
157,415	-	157,415	-	-	
887,025	26,044	913,069	37,708	524	
591,756	31,264	623,020	691,807	412	
4,220,789	-	4,220,789	32,235,642	3,336	
(1,637,138)	1,637,138	-	-	-	
<u>\$ 60,394,653</u>	<u>\$ 2,253,388</u>	<u>\$ 62,648,041</u>	<u>\$ 32,965,157</u>	<u>\$ 4,272</u>	
\$ 791,063	\$ 392,832	\$ 1,183,895	\$ 637,861	\$ 5,355	
35,035,624	1,560,695	36,596,319	(13,026,990)	600,957	
<u>\$ 35,826,687</u>	<u>\$ 1,953,527</u>	<u>\$ 37,780,214</u>	<u>\$ (12,389,129)</u>	<u>\$ 606,312</u>	

FUND FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
 Balance Sheet
 Governmental Funds
 June 30, 2020

Exhibit 3

	Governmental Funds			
	General	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,807,638	\$ 7,679,849	\$ 412,254	\$ 23,899,741
Cash in custody of others	9,497	-	-	9,497
Receivables (net of allowance for uncollectibles):				
Taxes receivable	25,440,517	-	-	25,440,517
Accounts receivable	1,612,001	-	-	1,612,001
Other	-	5,168	-	5,168
Due from component unit	1,787,989	-	-	1,787,989
Due from other governmental units	2,412,491	-	-	2,412,491
Prepaid items	350,605	-	-	350,605
Restricted assets:				
Cash and cash equivalents	-	11,709,460	-	11,709,460
Total assets	<u>\$ 47,420,738</u>	<u>\$ 19,394,477</u>	<u>\$ 412,254</u>	<u>\$ 67,227,469</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,264,398	\$ 1,251,652	\$ -	\$ 2,516,050
Retainage payable	-	422,410	-	422,410
Unearned revenue	4,148,155	-	-	4,148,155
Total liabilities	<u>\$ 5,412,553</u>	<u>\$ 1,674,062</u>	<u>\$ -</u>	<u>\$ 7,086,615</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 27,576,112	\$ -	\$ -	\$ 27,576,112
FUND BALANCES				
Nonspendable	\$ 350,605	\$ -	\$ -	\$ 350,605
Restricted	1,067,924	-	-	1,067,924
Assigned	1,253,627	17,720,415	412,254	19,386,296
Unassigned	11,759,917	-	-	11,759,917
Total fund balances	<u>\$ 14,432,073</u>	<u>\$ 17,720,415</u>	<u>\$ 412,254</u>	<u>\$ 32,564,742</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 47,420,738</u>	<u>\$ 19,394,477</u>	<u>\$ 412,254</u>	<u>\$ 67,227,469</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2020

Exhibit 4

**Primary
Government**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 32,564,742

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

Land	\$	4,908,718	
Buildings and improvements		28,413,113	
Machinery and equipment		2,948,168	
Construction in progress		<u>15,141,934</u>	51,411,933

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

Unavailable revenue - property taxes	\$	3,603,354	
Net OPEB Asset		<u>10,502</u>	3,613,856

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

Pension related items	\$	2,235,120	
OPEB related items		<u>334,604</u>	2,569,724

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

Accrued interest	\$	(528,299)	
General obligation bonds		(20,698,019)	
Bond premium		(2,440,775)	
Literary loan funds		(314,500)	
Lease revenue bonds		(19,790,000)	
Capital leases payable		(1,569,682)	
Compensated absences		(1,158,176)	
Net pension liability		(3,777,762)	
Net OPEB liabilities		<u>(2,658,092)</u>	(52,935,305)

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

Deferred charge refunding	\$	(207,168)	
Pension related items		(868,714)	
OPEB related items		<u>(322,381)</u>	<u>(1,398,263)</u>

Net position of governmental activities \$ 35,826,687

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

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

Exhibit 5

	Governmental Funds				
	General	Debt Service	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 48,206,372	\$ -	\$ -	\$ -	\$ 48,206,372
Other local taxes	7,658,607	-	-	-	7,658,607
Permits, privilege fees, and regulatory licenses	521,730	-	-	-	521,730
Fines and forfeitures	52,366	-	-	-	52,366
Revenue from the use of money and property	667,709	-	219,316	-	887,025
Charges for services	2,122,848	-	-	-	2,122,848
Miscellaneous	747,251	414,879	-	-	1,162,130
Recovered costs	484,538	-	-	-	484,538
Intergovernmental:					
Commonwealth	11,953,904	-	-	-	11,953,904
Federal	2,488,636	-	-	-	2,488,636
Total revenues	<u>\$ 74,903,961</u>	<u>\$ 414,879</u>	<u>\$ 219,316</u>	<u>\$ -</u>	<u>\$ 75,538,156</u>
EXPENDITURES					
Current:					
General government administration	\$ 2,845,989	\$ -	\$ -	\$ -	\$ 2,845,989
Judicial administration	2,133,644	-	-	-	2,133,644
Public safety	17,995,053	-	-	-	17,995,053
Public works	1,342,442	-	-	-	1,342,442
Health and welfare	10,732,125	-	-	-	10,732,125
Education	29,637,854	1,055,703	-	-	30,693,557
Parks, recreation, and cultural	2,386,781	-	-	-	2,386,781
Community development	1,474,148	-	-	-	1,474,148
Nondepartmental	8,026	-	-	-	8,026
Capital projects	-	-	9,008,154	-	9,008,154
Debt service:					
Principal retirement	-	4,662,414	-	-	4,662,414
Interest and other fiscal charges	-	2,282,173	-	-	2,282,173
Total expenditures	<u>\$ 68,556,062</u>	<u>\$ 8,000,290</u>	<u>\$ 9,008,154</u>	<u>\$ -</u>	<u>\$ 85,564,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,347,899</u>	<u>\$ (7,585,411)</u>	<u>\$ (8,788,838)</u>	<u>\$ -</u>	<u>\$ (10,026,350)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 6,345,336	\$ 4,080,742	\$ 44,635	\$ 10,470,713
Transfers out	(12,107,851)	-	-	-	(12,107,851)
Issuance of capital leases	-	1,055,703	-	-	1,055,703
Total other financing sources (uses)	<u>\$ (12,107,851)</u>	<u>\$ 7,401,039</u>	<u>\$ 4,080,742</u>	<u>\$ 44,635</u>	<u>\$ (581,435)</u>
Net change in fund balances	\$ (5,759,952)	\$ (184,372)	\$ (4,708,096)	\$ 44,635	\$ (10,607,785)
Fund balances - beginning	20,192,025	184,372	22,428,511	367,619	43,172,527
Fund balances - ending	<u>\$ 14,432,073</u>	<u>\$ -</u>	<u>\$ 17,720,415</u>	<u>\$ 412,254</u>	<u>\$ 32,564,742</u>

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

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

Exhibit 6

Primary
Government

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

Net change in fund balances - total governmental funds	\$	(10,607,785)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$	9,745,053	
Depreciation expense		(1,118,403)	
Allocation of debt financed school assets based on current year repayments		<u>(1,593,554)</u>	7,033,096

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

Property taxes			467,242
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	\$	(1,055,703)	
Principal repayments		4,662,414	
Change in accrued interest		<u>63,332</u>	<u>3,670,043</u>

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

Change in compensated absences	\$	(119,407)	
Amortization of bond premium		139,432	
Amortization of deferred charge on refunding		19,850	
Pension expense		261,487	
OPEB expense		<u>(72,895)</u>	<u>228,467</u>

Change in net position of governmental activities	\$		<u><u>791,063</u></u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit 7

Enterprise Funds

	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,531,757	\$ 572,350	\$ 16,166	\$ -	\$ 2,120,273
Restricted cash	7,100	16,925	-	-	24,025
Taxes receivable, net of allowances for uncollectibles	298,945	29,228	-	-	328,173
Accounts receivable, net of allowances for uncollectibles	222,324	76,074	15,649	118,841	432,888
Prepaid items	4,057	3,714	-	-	7,771
Total current assets	\$ 2,064,183	\$ 698,291	\$ 31,815	\$ 118,841	\$ 2,913,130
Noncurrent assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 37,251	\$ 84,047	\$ 4,950	\$ 377,252	\$ 503,500
Building and improvements	-	-	34,993	4,706,639	4,741,632
Wells, lines, reservoirs	2,860,124	2,016,301	-	-	4,876,425
Machinery and equipment	546,366	63,867	156,183	2,793,644	3,560,060
Construction in progress	-	41,914	-	11,710	53,624
Net OPEB Asset	522	202	-	533	1,257
Total noncurrent assets	\$ 3,444,263	\$ 2,206,331	\$ 196,126	\$ 7,889,778	\$ 13,736,498
Total assets	\$ 5,508,446	\$ 2,904,622	\$ 227,941	\$ 8,008,619	\$ 16,649,628
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 105,173	\$ 45,494	\$ -	\$ 111,616	\$ 262,283
OPEB related items	16,428	5,942	-	16,539	38,909
Total deferred outflows of resources	\$ 121,601	\$ 51,436	\$ -	\$ 128,155	\$ 301,192
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 13,596	\$ 9,676	\$ 3,872	\$ 125,901	\$ 153,045
Deposits payable-restricted assets	7,100	16,925	-	-	24,025
Accrued interest payable	-	461	-	16,336	16,797
Compensated absences	10,217	3,045	-	17,666	30,928
Note payable	-	-	-	132,291	132,291
Bonds payable	-	25,962	-	65,192	91,154
Capital leases	-	-	-	123,854	123,854
Total current liabilities	\$ 30,913	\$ 56,069	\$ 3,872	\$ 481,240	\$ 572,094
Noncurrent liabilities:					
Compensated absences	\$ 30,652	\$ 9,136	\$ -	\$ 52,997	\$ 92,785
Note payable	-	-	-	494,429	494,429
Bonds payable	-	240,985	-	748,498	989,483
Capital leases	-	-	-	590,682	590,682
Landfill closure and post-closure care	-	-	-	11,069,842	11,069,842
Net pension liability	187,679	72,541	-	192,070	452,290
Net OPEB liabilities	128,848	43,060	-	127,319	299,227
Total noncurrent liabilities	\$ 347,179	\$ 365,722	\$ -	\$ 13,275,837	\$ 13,988,738
Total liabilities	\$ 378,092	\$ 421,791	\$ 3,872	\$ 13,757,077	\$ 14,560,832
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 250,215	\$ 28,413	\$ -	\$ -	\$ 278,628
Pension related items	46,341	14,738	-	60,736	121,815
OPEB related items	15,581	5,108	-	15,329	36,018
Total deferred inflows of resources	\$ 312,137	\$ 48,259	\$ -	\$ 76,065	\$ 436,461
NET POSITION					
Net investment in capital assets	\$ 3,443,741	\$ 1,939,182	\$ 196,126	\$ 5,734,299	\$ 11,313,348
Unrestricted	1,496,077	546,826	27,943	(11,430,667)	(9,359,821)
Total net position	\$ 4,939,818	\$ 2,486,008	\$ 224,069	\$ (5,696,368)	\$ 1,953,527

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit 8

	Enterprise Funds				
	Stoney Creek	Toms Brook	North Fork	Landfill	Total
	Sanitary District	Sanitary District	Wastewater		
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 465,496	\$ 252,449	\$ -	\$ -	\$ 717,945
Sewer sales	665,798	420,423	-	-	1,086,221
Septage income	-	25,539	145,186	-	170,725
Waste collection charges	-	-	-	1,358,085	1,358,085
Total operating revenues	<u>\$ 1,131,294</u>	<u>\$ 698,411</u>	<u>\$ 145,186</u>	<u>\$ 1,358,085</u>	<u>\$ 3,332,976</u>
OPERATING EXPENSES					
Treatment and purification	\$ 538,672	\$ 211,520	\$ -	\$ -	\$ 750,192
Maintenance	158,772	174,410	144,934	-	478,116
Administration	230,251	144,143	-	-	374,394
Other	264,430	95,732	14,840	-	375,002
Refuse collection and disposal	-	-	-	2,062,549	2,062,549
Landfill closure and post-closure costs	-	-	-	384,163	384,163
Depreciation and amortization	125,929	109,311	8,888	499,056	743,184
Total operating expenses	<u>\$ 1,318,054</u>	<u>\$ 735,116</u>	<u>\$ 168,662</u>	<u>\$ 2,945,768</u>	<u>\$ 5,167,600</u>
Operating income (loss)	<u>\$ (186,760)</u>	<u>\$ (36,705)</u>	<u>\$ (23,476)</u>	<u>\$ (1,587,683)</u>	<u>\$ (1,834,624)</u>
NONOPERATING REVENUES (EXPENSES)					
General property taxes	\$ 502,197	\$ 56,745	\$ -	\$ -	\$ 558,942
Investment earnings	12,107	13,937	-	-	26,044
Other	13,984	7,915	(3,325)	12,690	31,264
Interest expense	-	(12,580)	-	(63,352)	(75,932)
Total nonoperating revenues (expenses)	<u>\$ 528,288</u>	<u>\$ 66,017</u>	<u>\$ (3,325)</u>	<u>\$ (50,662)</u>	<u>\$ 540,318</u>
Income before contributions and transfers	<u>\$ 341,528</u>	<u>\$ 29,312</u>	<u>\$ (26,801)</u>	<u>\$ (1,638,345)</u>	<u>\$ (1,294,306)</u>
Capital contributions	\$ 10,000	\$ 40,000	\$ -	\$ -	\$ 50,000
Transfers in	-	-	-	1,637,138	1,637,138
Change in net position	<u>\$ 351,528</u>	<u>\$ 69,312</u>	<u>\$ (26,801)</u>	<u>\$ (1,207)</u>	<u>\$ 392,832</u>
Total net position - beginning	<u>\$ 4,588,290</u>	<u>\$ 2,416,696</u>	<u>\$ 250,870</u>	<u>\$ (5,695,161)</u>	<u>\$ 1,560,695</u>
Total net position - ending	<u>\$ 4,939,818</u>	<u>\$ 2,486,008</u>	<u>\$ 224,069</u>	<u>\$ (5,696,368)</u>	<u>\$ 1,953,527</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit 9

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,144,900	\$ 706,507	\$ 145,202	\$ 1,369,170	\$ 3,365,779
Payments to suppliers	(428,968)	(320,927)	(159,570)	(1,315,575)	(2,225,040)
Payments to employees	(807,707)	(305,163)	-	(1,173,709)	(2,286,579)
Net cash provided by (used for) operating activities	\$ (91,775)	\$ 80,417	\$ (14,368)	\$ (1,120,114)	\$ (1,145,840)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	\$ -	\$ -	\$ -	\$ 1,637,138	\$ 1,637,138
General property taxes	492,670	56,277	-	-	548,947
Other income	-	-	-	12,690	12,690
Net cash provided by (used for) noncapital financing activities	\$ 492,670	\$ 56,277	\$ -	\$ 1,649,828	\$ 2,198,775
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase and construction of capital assets	\$ (148,897)	\$ -	\$ (12,372)	\$ (950,265)	\$ (1,111,534)
Issuance of note payable	-	-	-	691,178	691,178
Principal paid on capital debt	-	(24,817)	-	(263,561)	(288,378)
Interest paid on capital debt	-	(12,623)	-	(51,346)	(63,969)
Capital contributions	10,000	40,000	-	-	50,000
Net cash provided by (used for) capital and related financing activities	\$ (138,897)	\$ 2,560	\$ (12,372)	\$ (573,994)	\$ (722,703)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	\$ 12,107	\$ 13,937	\$ -	\$ -	\$ 26,044
Net cash provided by (used for) investing activities	\$ 12,107	\$ 13,937	\$ -	\$ -	\$ 26,044
Net increase (decrease) in cash and cash equivalents	\$ 274,105	\$ 153,191	\$ (26,740)	\$ (44,280)	\$ 356,276
Cash and cash equivalents (including restricted cash)- beginning	1,264,752	436,084	42,906	44,280	1,788,022
Cash and cash equivalents (including restricted cash)- ending	\$ 1,538,857	\$ 589,275	\$ 16,166	\$ -	\$ 2,144,298
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (186,760)	\$ (36,705)	\$ (23,476)	\$ (1,587,683)	\$ (1,834,624)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:					
Depreciation and amortization expense	\$ 125,929	\$ 109,311	\$ 8,888	\$ 499,056	\$ 743,184
Other non-operating income	13,984	7,915	-	-	21,899
Non-cash closure and post closure costs (recovery)	-	-	-	384,163	384,163
(Increase) decrease in accounts receivable	4,592	2,278	16	11,085	17,971
(Increase) decrease in prepaid items	(211)	(194)	-	8,250	7,845
(Increase) decrease in net OPEB asset	(261)	(111)	-	(250)	(622)
(Increase) decrease in deferred outflows of resources	(56,856)	(28,925)	-	(58,117)	(143,898)
Increase (decrease) in accounts payable and accrued liabilities	(25,593)	2,805	204	(393,027)	(415,611)
Increase (decrease) in due to other funds	-	(2,591)	-	-	(2,591)
Increase (decrease) in compensated absences	4,528	422	-	121	5,071
Increase (decrease) in deposits payable	(4,970)	(2,097)	-	-	(7,067)
Increase (decrease) in net pension liability	51,411	25,164	-	44,673	121,248
Increase (decrease) in deferred inflows of resources	(18,689)	(3,309)	-	(17,015)	(39,013)
Increase (decrease) in net OPEB liabilities	1,121	6,454	-	(11,370)	(3,795)
Total adjustments	\$ 94,985	\$ 117,122	\$ 9,108	\$ 467,569	\$ 688,784
Net cash provided by (used for) operating activities	\$ (91,775)	\$ 80,417	\$ (14,368)	\$ (1,120,114)	\$ (1,145,840)
Schedule of non-cash capital and related financing activities:					
Landfill closure and post-closure costs (recovery)	\$ -	\$ -	\$ -	\$ 384,163	\$ -
Purchase of machinery and equipment on account	-	-	-	314,140	-

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

Exhibit 10

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 937,095
Receivables:	
Accounts receivable	325,171
Total assets	<u>\$ 1,262,266</u>
LIABILITIES	
Amounts held for social service clients	\$ 7,414
Amounts held for locality rescue agencies	1,254,852
Total liabilities	<u>\$ 1,262,266</u>

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Financial Reporting Entity

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

Blended component units. The Stoney Creek and Toms Brook-Maurertown Sanitary Districts account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. The Sanitary Districts are governed by the County Board of Supervisors, benefit the primary government even though it does not provide services directly to it, and are reported as blended component units.

Discretely presented component units. The Shenandoah County School Board (Board) is responsible for elementary and secondary education within the government's jurisdiction. The members of the Board's governing board are elected by the voters. However, the government is financially accountable for the Board because the government's council approves the Boards' budget, levies taxes (if necessary), and must approve any debt issuances. The Shenandoah County School Board does not prepare separate financial statements.

The Shenandoah County Library operates to provide services to the citizens of the County. The Board of Supervisors appoints the Library Trustees as well as provides significant funding to the Library. Complete financial statements for the Library can be obtained from their offices in Edinburg, Virginia.

Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Joint Venture – The County of Rappahannock, the County of Shenandoah, and the County of Warren participate in supporting the Rappahannock-Shenandoah-Warren (RSW) Regional Jail, which serves as the localities' regional adult detention center. The RSW Regional Jail became operational on July 1, 2014. The RSW Regional Jail is governed by a nine-member board, an Authority, consisting of three members each from the three participating counties. The participating localities pay a per diem charge each year based on the participating localities' usage of the jail for the preceding three years. In April 2012, the RSW Regional Jail Authority issued \$45,240,000 in moral obligation bonds with varying annual payments, with a final maturity at April 1, 2043. The bonds were issued at a premium of \$4,992,732. The outstanding principal portion and unamortized premium of the bonds for the RSW Regional Jail at June 30, 2020 total \$45,263,029. While the participating localities have an ongoing financial responsibility to fund the RSW Regional Jail debt should it lack sufficient funds to make scheduled debt service payments, the participating localities do not have an equity interest in the jail. During fiscal year 2020, the County contributed \$3,211,687 for the operations of the jail.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

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

A. Financial Reporting Entity (Continued)

Other Organizations (Continued)

Excluded from the County's Financial Report: (Continued)

Summary financial information for the RSW Regional Jail at June 30, 2020 is provided below:

		RSW Regional Jail
Total assets and deferred outflows of resources	\$	74,558,853
Total liabilities and deferred inflows of resources		48,086,687
Total net position	\$	<u>26,472,166</u>
For the year ended June 30, 2020		
Operating revenue	\$	15,714,575
Operating expenses		(13,961,010)
Nonoperating income (expense)		(1,565,238)
Change in net position	\$	188,327
Net position at beginning of year		26,283,839
Net position at end of year	\$	<u>26,472,166</u>

Complete financial statements for the RSW Regional Jail can be obtained from the Jail Superintendent at 6601 Winchester Road, Front Royal, Virginia 22630.

Jointly Governed Organizations – The County, in conjunction with other localities has created the Northwestern Regional Juvenile Detention Center and the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$253,662 for operations to the Northwestern Community Services Board and \$519,697 to the Northwestern Regional Juvenile Detention Center. The School Board contributed \$1,291,540 to the Shenandoah Valley Regional Program for operations. The County does not maintain an ongoing financial interest or responsibility for these organizations.

B. Government-wide and fund financial statements

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

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

B. Government-wide and fund financial statements (continued)

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The General Fund includes the activities for Virginia Public Assistance, Forfeited Drug Assets, Sheriff Federal Case, Jail Canteen, Animal Shelter, Law Library, Transient Occupancy, Gypsy Moth, Spay/Neuter, Pump and Haul, KidzRec, Jail Telephone, Purchase Development Rights, Project Lifesaver, Triad, Crime Prevention, DARE, Sludge Disposal and Landfill Recovery Funds.

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

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

The *debt service fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. It also is used to report the financial resources being accumulated for future debt service. The County Debt Service Fund is a major fund of the County.

The *capital projects fund* accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County Capital Projects Fund is a major fund of the County.

The government reports the following major proprietary funds:

The *Stoney Creek Sanitary District and Toms Brook-Maurertown Sanitary District funds* account for the activities of the Districts blended component units of the government. The Districts operate the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution systems of the County.

The *North Fork Wastewater fund* accounts for the activity of the leachate services provided at the sewage treatment plant.

The *Landfill fund* accounts for the activity of the refuse disposal services provided to the residents of the County. It was created on June 30, 2012 to account for this activity and to segregate operations for the 2011 general obligation bond issue.

The government reports the following governmental fund types:

Special revenue fund accounts for and reports the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Landfill Contingency Fund is a nonmajor special revenue fund of the County.

Capital projects fund accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Industrial Park Water and Sewer Fund is a nonmajor capital projects fund of the County.

The government reports the following fiduciary fund types:

Agency funds account for assets held by the County as an agent or custodian for individuals, private organizations, other governmental units or other funds. The special welfare, and ambulance recovery accounts are the County's agency funds.

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sanitary Districts are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

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

2. Receivables and payables

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

3. Property taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due and collectible semi-annually on June 5th and December 5th. The County bills and collects its own property taxes.

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

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

4. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,474,080 at June 30, 2020 and is comprised solely of property taxes. This allowance represents 0.6384% of the total levies for the previous six years. The allowance amounted to \$577 for Toms Brook-Maurertown Sanitary District and \$5,472 for Stoney Creek Sanitary District at June 30, 2020.

Accounts receivable are stated at book value. The Sanitary Districts calculate their allowance for uncollectible utility accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$3,413 for Toms Brook-Maurertown Sanitary District, and \$21,023 for the landfill fund at June 30, 2020.

5. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund where it can be easily measured.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Restricted assets

At June 30, 2020, the County's restricted assets consisted of funds restricted for the construction of the sheriff's office in the Capital Projects fund in the amount of \$11,709,460 and Sanitary Districts customer deposits in the amount of \$24,025.

7. Capital assets

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

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

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

7. 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. There was no capitalized interest during the current fiscal year.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Wells, lines and reservoirs	40-50
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

8. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9. Long-term obligations

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

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

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

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

10. Fund equity

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

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

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

The County establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 12.5% of the actual GAAP basis expenditures and other financing sources and uses.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

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

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

10. Fund equity (continued)

The detail of the County’s governmental fund balances are detailed below:

	General Fund	Major Capital Projects Fund	Other Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 350,605	\$ -	\$ -	\$ 350,605
Restricted:				
Asset forfeiture proceeds-Virginia	\$ 77,819	\$ -	\$ -	\$ 77,819
Asset forfeiture proceeds-Federal	990,105	-	-	990,105
Total Restricted	\$ 1,067,924	\$ -	\$ -	\$ 1,067,924
Assigned:				
Capital projects	\$ -	\$ 17,720,415	\$ 100,084	\$ 17,820,499
Law library	117,523	-	-	117,523
KidzRec	191,617	-	-	191,617
Gypsy moth	10,655	-	-	10,655
Purchase development rights	2,503	-	-	2,503
Project lifesaver	12,690	-	-	12,690
Triad	5,961	-	-	5,961
Sheriff federal cases	19,014	-	-	19,014
Animal shelter	154,108	-	-	154,108
Spay and neuter	80,077	-	-	80,077
Pump and haul	19,416	-	-	19,416
Crime prevention	3,368	-	-	3,368
Jail canteen	36,602	-	-	36,602
Sludge disposal	360,249	-	-	360,249
Landfill recovery	238,849	-	-	238,849
Landfill contingency	-	-	312,170	312,170
DARE	995	-	-	995
Total Assigned	\$ 1,253,627	\$ 17,720,415	\$ 412,254	\$ 19,386,296
Unassigned	\$ 11,759,917	\$ -	\$ -	\$ 11,759,917
Total Fund Balances	\$ 14,432,073	\$ 17,720,415	\$ 412,254	\$ 32,564,742

10. Net position

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

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

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

11. Net position (continued)

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

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

12. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

E. Investments

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

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. Accordingly, actual results could differ from those estimates.

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

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB assets/liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB asset/liability measurement date. For more detailed information on these items, reference the related notes.

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

H. Pensions

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

I. Other Postemployment Benefits (OPEB)

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

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

I. Other Postemployment Benefits (OPEB) (Continued)

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. 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 only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system’s categories. The legal level of budgetary control is at the function level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2020. Several supplemental appropriations were necessary during the year.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2020, the following functions had expenditures exceeding appropriations:

Fund	Function	Excess of Expenditures over Appropriations
General Fund	Health and Welfare	\$ <u>1,288,292</u>
County Debt Service Fund	Debt Service	\$ <u>1,466,585</u>
Total		\$ <u><u>2,754,877</u></u>

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The County of Shenandoah, Virginia sets forth the following authorized investments to mitigate custodial credit risk. Whereas, authorized investments for public funds are limited to those set forth in Chapter 18, Section 2.2-4501 of the Code of Virginia. Investment vehicles for the County of Shenandoah, Virginia shall be further restricted in consideration of the size of the portfolio and the absence of professional investment personnel.

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COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County of Shenandoah, Virginia may invest any and all funds belonging to it or in its control in the following:

1. U.S. Treasury Bills, Notes, Bonds and other direct obligations of the United States Government.
2. Repurchase agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
3. Obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least “AA” or equivalent by Moody’s and/or Standard & Poor’s.
4. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
5. Local Government Investment Pool (LGIP) Fund is comprised of legal investments authorized for public funds and has an average maturity of 30 days.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 22,128,680
Total	\$ 22,128,680

External Investment Pool

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

Interest Rate Risk

All County investments must be in securities maturing within five years. Maturities of the County’s investments are as follows:

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 22,128,680	\$ 22,128,680
Total	\$ 22,128,680	\$ 22,128,680

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 4—INTERFUND OBLIGATIONS:

	Due From Component Unit	Due To Component Unit	Due from Other Funds	Due to Other Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Primary Government:				
General Fund	\$ 1,787,989	\$ -	\$ -	\$ -
Toms Brook-Maurertown Sanitary District	-	-	-	-
Sub-total	<u>\$ 1,787,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Discretely Presented Component Units:				
School Operating Fund	\$ -	\$ 1,787,989	\$ 110,136	\$ -
School Cafeteria Fund	-	-	-	110,136
Sub-total	<u>\$ -</u>	<u>\$ 1,787,989</u>	<u>\$ 110,136</u>	<u>\$ 110,136</u>
Total reporting entity	<u>\$ 1,787,989</u>	<u>\$ 1,787,989</u>	<u>\$ 110,136</u>	<u>\$ 110,136</u>

Balances due to/from component units resulted from the time lag between the dates that interfund goods and services were provided.

NOTE 5—INTERFUND TRANSFERS:

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

Fund	Transfers In	Transfers Out
<u> </u>	<u> </u>	<u> </u>
Primary Government:		
General Fund	\$ -	\$ 12,107,851
County Debt Service	6,345,336	-
County Capital Projects	4,080,742	-
Landfill Contingency	44,635	-
District	-	-
Landfill	1,637,138	-
Total	<u>\$ 12,107,851</u>	<u>\$ 12,107,851</u>

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 6—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 944,796
Local sales taxes	755,483	-
Comprehensive services act funds	814,099	-
Public assistance and welfare	103,512	-
Fringe benefits	233,813	-
Other funds	260,009	284,000
Federal Government:		
Public assistance and welfare	176,198	-
Other funds	69,377	-
School funds	-	400,128
Cafeteria funds	-	58,869
Total	<u>\$ 2,412,491</u>	<u>\$ 1,687,793</u>

NOTE 7—CAPITAL ASSETS:

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,908,718	\$ -	\$ -	\$ 4,908,718
Construction in progress	6,180,234	8,961,700	-	15,141,934
Total capital assets not being depreciated	<u>\$ 11,088,952</u>	<u>\$ 8,961,700</u>	<u>\$ -</u>	<u>\$ 20,050,652</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 42,162,330	\$ 175,299	\$ (2,764,141)	\$ 39,573,488
Machinery and equipment	10,431,955	608,054	672,309	11,712,318
Total capital assets being depreciated	<u>\$ 52,594,285</u>	<u>\$ 783,353</u>	<u>\$ (2,091,832)</u>	<u>\$ 51,285,806</u>
Accumulated depreciation:				
Buildings and improvements	\$ (11,120,819)	\$ (637,170)	\$ 597,614	\$ (11,160,375)
Machinery and equipment	(8,183,581)	(481,233)	(99,336)	(8,764,150)
Total accumulated depreciation	<u>\$ (19,304,400)</u>	<u>\$ (1,118,403)</u>	<u>\$ 498,278</u>	<u>\$ (19,924,525)</u>
Total capital assets being depreciated, net	<u>\$ 33,289,885</u>	<u>\$ (335,050)</u>	<u>\$ (1,593,554)</u>	<u>\$ 31,361,281</u>
Governmental activities capital assets, net	<u>\$ 44,378,837</u>	<u>\$ 8,626,650</u>	<u>\$ (1,593,554)</u>	<u>\$ 51,411,933</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 503,500	\$ -	\$ -	\$ 503,500
Construction in progress	576,805	213,196	(736,377)	53,624
Total capital assets not being depreciated	<u>\$ 1,080,305</u>	<u>\$ 213,196</u>	<u>\$ (736,377)</u>	<u>\$ 557,124</u>
Capital assets being depreciated:				
Buildings and infrastructure	\$ 7,416,288	\$ 736,377	\$ (5,250)	\$ 8,147,415
Water distribution system	14,464,189	142,986	-	14,607,175
Machinery and equipment	11,934,726	1,046,477	(1,181,444)	11,799,759
Total capital assets being depreciated	<u>\$ 33,815,203</u>	<u>\$ 1,925,840</u>	<u>\$ (1,186,694)</u>	<u>\$ 34,554,349</u>
Accumulated depreciation:				
Buildings and improvements	\$ (3,224,870)	\$ (182,838)	\$ 1,925	\$ (3,405,783)
Wells, lines and reservoirs	(9,540,137)	(190,613)	-	(9,730,750)
Machinery and equipment	(9,051,410)	(369,733)	1,181,444	(8,239,699)
Total accumulated depreciation	<u>\$ (21,816,417)</u>	<u>\$ (743,184)</u>	<u>\$ 1,183,369</u>	<u>\$ (21,376,232)</u>
Business-type activities, capital assets, net	<u>\$ 13,079,091</u>	<u>\$ 1,395,852</u>	<u>\$ (739,702)</u>	<u>\$ 13,735,241</u>

Capital assets of the governmental activities in the amount of \$2,764,141 were transferred to the Component Unit School Board, capital assets in the amount of \$672,309 were transferred from the Component unit School Board to the Primary Government, additionally, a net transfer of \$498,278 was transferred in accumulated depreciation from the governmental activities to the Component Unit School Board, due to debt repayments made by the Primary Government for the year ended June 30, 2020 as required by the Code of Virginia.

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

Governmental Activities:	
General government administration	\$ 501,718
Judicial administration	220,075
Public safety	350,263
Public works	2,400
Health and welfare	17,015
Parks, recreation, and cultural	26,932
Total depreciation expense-governmental activities	<u>\$ 1,118,403</u>
Business-type Activities:	
Stoney Creek Sanitary District	\$ 125,929
Toms Brook-Maurertown Sanitary District	109,311
North Fork Wastewater Fund	8,888
Landfill	499,056
Total depreciation expense business-type activities	<u>\$ 743,184</u>

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Capital Leases:

The government has entered into lease agreements as lessee for financing school buses for the school board and equipment for the landfill. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Equipment	\$ 2,294,749	\$ 1,037,547
Less: Accumulated depreciation	(703,271)	(314,395)
Total	<u>\$ 1,591,478</u>	<u>\$ 723,152</u>

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

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2021	\$ 485,717	\$ 217,998
2022	420,872	217,998
2023	399,369	185,242
2024	222,487	66,672
2025	110,713	66,672
Total minimum lease payments	\$ 1,639,158	\$ 754,582
Less: Amount representing interest	(69,476)	(40,046)
Present value of minimum lease payments	<u>\$ 1,569,682</u>	<u>\$ 714,536</u>

Discretely Presented Component Units:

Activity for the School Board for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,725,275	\$ -	\$ -	\$ 5,725,275
Construction in progress	1,157,632	1,096,745	(2,233,626)	20,751
Total capital assets not being depreciated	<u>\$ 6,882,907</u>	<u>\$ 1,096,745</u>	<u>\$ (2,233,626)</u>	<u>\$ 5,746,026</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 78,173,356	\$ 1,908,764	\$ 2,764,141	\$ 82,846,261
Machinery and equipment	12,748,202	2,054,870	(672,309)	14,130,763
Total capital assets being depreciated	<u>\$ 90,921,558</u>	<u>\$ 3,963,634</u>	<u>\$ 2,091,832</u>	<u>\$ 96,977,024</u>
Accumulated depreciation:				
Buildings and improvements	\$ (36,443,026)	\$ (1,959,488)	\$ (597,614)	\$ (39,000,128)
Machinery and equipment	(9,685,519)	(914,911)	99,336	(10,501,094)
Total accumulated depreciation	<u>\$ (46,128,545)</u>	<u>\$ (2,874,399)</u>	<u>\$ (498,278)</u>	<u>\$ (49,501,222)</u>
Total capital assets being depreciated, net	<u>\$ 44,793,013</u>	<u>\$ 1,089,235</u>	<u>\$ 1,593,554</u>	<u>\$ 47,475,802</u>
School Board capital assets, net	<u>\$ 51,675,920</u>	<u>\$ 2,185,980</u>	<u>\$ (640,072)</u>	<u>\$ 53,221,828</u>

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Capital assets of the governmental activities in the amount of \$2,764,141 were transferred to the Component Unit School Board, capital assets in the amount of \$672,309 were transferred from the Component unit School Board to the Primary Government, additionally, a net transfer of \$498,278 was transferred in accumulated depreciation from the governmental activities to the Component Unit School Board, due to debt repayments made by the Primary Government for the year ended June 30, 2020 as required by the Code of Virginia.

Activity for the Shenandoah County Library for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 33,766	\$ 4,851	\$ -	\$ 38,617
Capital assets being depreciated:				
Buildings and system	\$ 291,416	\$ -	\$ -	\$ 291,416
Machinery and equipment	199,741	-	(32,693)	167,048
Total capital assets being depreciated	\$ 491,157	\$ -	\$ (32,693)	\$ 458,464
Accumulated depreciation:				
Buildings and system	\$ (119,696)	\$ (7,751)	\$ -	\$ (127,447)
Machinery and equipment	(152,568)	(7,468)	32,693	(127,343)
Total accumulated depreciation	\$ (272,264)	\$ (15,219)	\$ 32,693	\$ (254,790)
Total Library capital assets being depreciated, net	\$ 218,893	\$ (15,219)	\$ -	\$ 203,674
Library capital assets, net	\$ 252,659	\$ (10,368)	\$ -	\$ 242,291

NOTE 8—UNEARNED REVENUE:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$4,148,155 is comprised of the following:

- A. Unearned Revenue – Former Employee – In conjunction with the plea agreement of the former County landfill director on criminal charges of mail fraud, money laundering and forfeiture of assets, he agreed to provide restitution to the County in the amount of \$400,000 of which \$219,456 was outstanding at June 30, 2020. Payments commenced February 1, 1996, with final payment due February 1, 2001. This agreement is secured by the personal residence of the former director and other assets. Other restitution received by the County from the sale of assets seized by the authorities in September 1994 will not be applied against this restitution amount. The February 1, 1998 and 1997 payments were not made by the former employee. Therefore, the plea agreement was violated. As a result of violating the agreement, the former employee’s personal residence was seized and sold on September 23, 1997, for \$192,500. After payment of liens and selling expense, the County received \$106,598 in July 1998.
- B. Asset Forfeiture Proceeds – Assets seized as a result of law enforcement raids awaiting approval from the federal government totaled \$127,274 at June 30, 2020.
- C. Parks and Recreation Trip Deposits– Funds collected for future recreational trips totaled \$91,805 at June 30, 2020.
- D. CARES Act Funding–Funds received from Federal CARES act unspent at June 30, 2020 totaled \$3,709,620.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 9—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$23,972,758 and \$27,576,112 respectively, is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2020, but paid in advance by the taxpayers totaled \$2,967,664 in the general fund at June 30, 2020.
- B. Unbilled Property Taxes – Property taxes for the second half of 2019 that had not been billed as of June 30, 2020 amounted to \$21,005,094.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$3,603,354 at June 30, 2020.

NOTE 10—LONG-TERM OBLIGATIONS:

Changes in long-term obligations

The following is a summary of changes in long-term obligation transactions of the Primary Government for the year ended June 30, 2020:

	Balance July 1, 2019	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020
Governmental Activities:				
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 24,347,539	\$ -	\$ 3,649,520	\$ 20,698,019
Bond Premium	2,580,207	-	139,432	2,440,775
Literary Loan Funds	629,000	-	314,500	314,500
Lease Revenue Bonds	20,105,000	-	315,000	19,790,000
Total direct borrowings and placements	<u>\$ 47,661,746</u>	<u>\$ -</u>	<u>\$ 4,418,452</u>	<u>\$ 43,243,294</u>
Other Liabilities:				
Capital Leases	897,373	1,055,703	383,394	1,569,682
Compensated Absences	1,038,769	742,668	623,261	1,158,176
Net pension Liability	2,630,029	6,018,334	4,870,601	3,777,762
Net OPEB Liabilities	2,333,978	506,642	182,528	2,658,092
Total Governmental Activities	<u>\$ 54,561,895</u>	<u>\$ 8,323,347</u>	<u>\$ 10,478,236</u>	<u>\$ 52,407,006</u>
Business-type Activities:				
Direct Borrowings and Placements:				
General Obligation/Revenue Bonds	\$ 1,168,777	\$ -	\$ 88,140	\$ 1,080,637
Total direct borrowings and placements	<u>\$ 1,168,777</u>	<u>\$ -</u>	<u>\$ 88,140</u>	<u>\$ 1,080,637</u>
Other Liabilities:				
Capital Leases	\$ 536,176	\$ 314,140	\$ 135,780	\$ 714,536
Note Payable	-	691,178	64,458	626,720
Compensated Absences	118,642	76,256	71,185	123,713
Net Pension Liability	331,042	704,377	583,129	452,290
Net OPEB Liabilities	303,022	58,010	61,805	299,227
Landfill Closure and Post-Closure Care	10,685,680	384,162	-	11,069,842
Total Business-type Activities	<u>\$ 13,143,339</u>	<u>\$ 2,228,123</u>	<u>\$ 1,004,497</u>	<u>\$ 14,366,965</u>
Total Long-Term Obligations	<u>\$ 67,705,234</u>	<u>\$ 10,551,470</u>	<u>\$ 11,482,733</u>	<u>\$ 66,773,970</u>

For governmental activities, the liability for compensated absences, net pension liability and the net OPEB liabilities are fully liquidated by the general fund.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

The County's outstanding notes from direct borrowings and direct placements related to governmental and business-type activities of \$47,661,746 and \$1,168,777, respectively, contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Governmental Activities			
	Capital Leases		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 455,321	\$ 30,396	\$ 330,000	\$ 885,619
2022	399,707	21,165	695,000	860,453
2023	387,260	12,109	715,000	824,672
2024	217,516	4,971	940,000	783,088
2025	109,878	835	990,000	735,356
2026	-	-	1,030,000	686,669
2027	-	-	1,015,000	636,816
2028	-	-	905,000	589,281
2029	-	-	895,000	545,347
2030	-	-	915,000	500,491
2031	-	-	960,000	454,544
2032	-	-	1,010,000	406,813
2033	-	-	1,060,000	358,363
2034	-	-	1,105,000	309,603
2035	-	-	1,155,000	258,953
2036	-	-	1,205,000	209,478
2037	-	-	1,260,000	160,563
2038	-	-	1,305,000	109,659
2039	-	-	1,360,000	56,741
2040	-	-	225,000	26,169
2041	-	-	230,000	18,975
2042	-	-	240,000	11,544
2043	-	-	245,000	3,875
Total	\$ 1,569,682	\$ 69,476	\$ 19,790,000	\$ 9,433,069

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary government – Annual requirements to amortize long-term obligation and related interest are as follows: (continued)

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Governmental Activities			
	General Obligation Bonds		State Literary Loans	
	Principal	Interest	Principal	Interest
2021	\$ 3,788,879	\$ 1,173,813	\$ 314,500	\$ 9,434
2022	3,932,565	1,007,332	-	-
2023	4,072,128	833,193	-	-
2024	2,162,468	703,893	-	-
2025	2,218,180	622,133	-	-
2026	2,032,314	538,513	-	-
2027	2,094,789	452,190	-	-
2028	262,490	9,947	-	-
2029	134,206	2,013	-	-
Total	<u>\$ 20,698,019</u>	<u>\$ 5,343,027</u>	<u>\$ 314,500</u>	<u>\$ 9,434</u>

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Business-type Activities			
	Toms Brook-Maurertown Sanitary District Bonds		Landfill VRA Loan	
	Principal	Interest	Principal	Interest
2021	\$ 25,962	\$ 11,480	\$ 65,192	\$ 23,367
2022	27,152	10,288	67,116	21,443
2023	28,400	9,040	69,097	19,462
2024	29,704	7,736	71,137	17,423
2025	31,069	6,371	73,236	15,323
2026	32,496	4,944	75,398	13,162
2027	33,989	3,451	77,623	10,936
2028	35,550	1,890	79,914	8,645
2029	22,625	337	82,273	6,287
2030	-	-	84,701	3,858
2031	-	-	68,003	1,358
	<u>\$ 266,947</u>	<u>\$ 55,537</u>	<u>\$ 813,690</u>	<u>\$ 141,264</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary government – Annual requirements to amortize long-term obligation and related interest are as follows: (continued)

Year Ending June 30,	Business-type Activities			
	Landfill Capital Lease		Landfill Note Payable	
	Principal	Interest	Principal	Interest
2021	\$ 202,402	\$ 15,596	\$ 132,291	\$ 17,751
2022	205,098	12,900	136,276	13,765
2023	178,249	6,993	140,381	9,660
2024	63,646	3,026	144,610	5,432
2025	65,141	1,531	73,162	1,090
	<u>\$ 714,536</u>	<u>\$ 40,046</u>	<u>\$ 626,720</u>	<u>\$ 47,698</u>

PRIMARY GOVERNMENT

Details of long-term obligations:

Governmental Activities:	Total Amount Due	Amount Due Within One Year
Capital leases:		
\$410,500 issued June 28, 2016, due in quarterly installments of \$21,491 beginning September 28, 2016, through June 28, 2021, for the purchase of five school buses	\$ 105,510	\$ 85,021
\$729,723 issued June 1, 2018, due in quarterly installments of \$39,228 beginning September 1, 2018, through June 1, 2023, for the purchase of nine school buses	449,982	145,833
\$98,823 issued January 25, 2019, due in annual installments of \$19,983 beginning June 1, 2019, through June 1, 2023, for the purchase computer software	59,341	19,680
\$1,055,703 issued October 29, 2019, due in annual installments of \$55,622 beginning January 1, 2020, through October 29, 2024, for the purchase of thirteen school buses	954,849	204,787
Total capital leases	<u>\$ 1,569,682</u>	<u>\$ 455,321</u>
Direct Borrowings and Placements:		
Lease Revenue Bonds:		
\$3,255,000 2011B refunding bonds were issued on November 26, 2011, due in varying annual installments beginning June 1, 2012, through June 1, 2029, bearing interest at 2.97%	\$ 1,810,000	\$ 220,000
\$4,495,000 2012C lease revenue bonds were issued on December 6, 2012, due in varying annual installments beginning October 1, 2015 through October 1, 2042, bearing interest at varying rates ranging from 3.125%-4.845%	4,010,000	110,000
\$13,970,000 2018C lease revenue bonds were issued on November 14, 2018, due in varying annual installments beginning April 1, 2019 through April 1, 2039, bearing interest at varying rates ranging from 4.125%-5.125%	13,970,000	-
Total lease revenue bonds	<u>\$ 19,790,000</u>	<u>\$ 330,000</u>

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Placements: (Continued)		
General Obligation Bonds:		
\$4,000,000 VRA bond for Town of Mt. Jackson WWTP expansion project, issued in 2008, semi-annual payments of \$136,219 maturing January 1, 2029, with interest payable at 3%.	\$ 2,030,698	\$ 213,102
\$15,760,000 VRA bond issued November 19, 2009, due in semi-annual installments totaling \$1,539,334 maturing October 1, 2026, with interest payable at 5.125%	8,525,000	1,095,000
\$25,140,000 Virginia Public School Authority Bonds 2002, issued May 16, 2002, at a premium of \$836,018, annual payments of \$2,019,563 through July 15, 2022, with interest payable semi-annually at rates of 3.6% to 5.6%.	5,610,000	1,775,000
\$4,130,808 Virginia Public School Authority Bonds 2004B, issued November 10, 2004, at a premium of \$303,424, maturing annually through January 15, 2025, with interest payable semi-annually at rates of 4.6% to 5.6%.	1,157,321	225,777
\$7,435,000 Virginia Public School Authority Bonds 2010, issued July 8, 2010, annual payments of \$480,000 through June 1, 2027, with interest payable semi-annually at rates of 2.7%. Interest is reimbursed by a federal interest subsidy.	<u>3,375,000</u>	<u>480,000</u>
Total general obligation bonds	<u>\$ 20,698,019</u>	<u>\$ 3,788,879</u>

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Placements: (Continued)		
Literary Fund Loans:		
\$1,290,000 issued April 1, 2001 for the renovation of Ashby Lee Elementary School, due in annual installments of \$64,500 from April 1, 2002 through April 1, 2021, plus interest at 3%.	\$ 64,500	\$ 64,500
\$1,931,000 issued April 1, 2001 for the renovation of Sandy Hook Elementary School, due in annual installments of \$96,550 from April 1, 2002 through April 1, 2021, plus interest at 3%.	96,550	96,550
\$3,069,000 issued April 1, 2001 for the renovation of W. W. Robinson Elementary School, due in annual installments of \$153,450 from April 1, 2002 through April 1, 2021, plus interest at 3%.	<u>153,450</u>	<u>153,450</u>
Total Literary Fund Loans	<u>\$ 314,500</u>	<u>\$ 314,500</u>
Total Direct Borrowings and Placements	<u>\$ 40,802,519</u>	<u>\$ 4,433,379</u>
Unamortized Bond Premium	<u>\$ 2,440,775</u>	<u>\$ 139,432</u>
Other Liabilities:		
Compensated absences	<u>\$ 1,158,176</u>	<u>\$ 259,692</u>
Net pension liability	<u>\$ 3,777,762</u>	<u>\$ -</u>
Net OPEB liabilities	<u>\$ 2,658,092</u>	<u>\$ -</u>
Total Governmental Activities Long-term Obligation	<u><u>\$ 52,407,006</u></u>	<u><u>\$ 5,287,824</u></u>
<u>Business-type Activities:</u>		
<u>Stoney Creek Sanitary District:</u>		
Compensated absences	<u>\$ 40,869</u>	<u>\$ 10,217</u>
Net pension liability	<u>\$ 187,679</u>	<u>\$ -</u>
Net OPEB liabilities	<u>\$ 128,848</u>	<u>\$ -</u>
Total Stoney Creek Sanitary District	<u><u>\$ 357,396</u></u>	<u><u>\$ 10,217</u></u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)
Details of long-term obligations: (continued)
Business-type Activities: (continued)

	Total Amount Due	Amount Due Within One Year
	<u> </u>	<u> </u>
<u>Toms Brook-Maurertown Sanitary District:</u>		
General Obligation Revenue Bonds:		
Direct Borrowings and Placements:		
\$634,000 General Obligation Bond Series of 1995, with interest only payable annually in February 1996 and 1997, and thereafter payable in monthly installments of \$3,120, including principal and interest at 4.5% per annum beginning in March 1997, and ending in February 2029.	\$ 266,947	\$ 25,962
Total Direct Borrowings and Placements	<u>\$ 266,947</u>	<u>\$ 25,962</u>
Other Liabilities:		
Compensated absences	\$ 12,181	\$ 3,045
Net pension liability	\$ 72,541	\$ -
Net OPEB liabilities	\$ 43,060	\$ -
Total Toms Brook-Maurertown Sanitary District	<u>\$ 394,729</u>	<u>\$ 29,007</u>
<u>Landfill:</u>		
Lease Revenue Bond:		
Direct Borrowings and Placements:		
\$1,304,415 VRA Bond 2011, payable semi-annually beginning on December 1, 2012 of \$7,106, including principal and interest at 2.93%, and ending in June 2032.	\$ 813,690	\$ 65,192
Total Direct Borrowings and Placements	<u>\$ 813,690</u>	<u>\$ 65,192</u>
Note payable:		
\$691,178 note issued on July 18, 2019, payable semi-annually beginning on January 18, 2020 of \$75,021, including principal and interest at 2.99%, and ending on July	\$ 626,720	\$ 132,291
Total Note Payable	<u>\$ 626,720</u>	<u>\$ 132,291</u>
Capital leases:		
\$330,260 issued April 27, 2017, due in semi-annual installments of \$32,249 beginning January 1, 2018, through January 1, 2023, at an annual interest rate of 2.36%, for the purchase of two utility truck and roll off equipment	\$ 156,961	\$ 61,446
\$393,147 issued June 7, 2018, due in semi-annual installments of \$42,907 beginning December 18, 2018, through June 8, 2023 at an annual interest rate of 3.244%, for the purchase of an excavator and loader	243,435	78,548
\$314,140 issued December 13, 2019, due in annual installments of \$66,672 beginning July 11, 2020, through July 11 2024 at an annual interest rate of 2.349%, for the purchase of a snowplow and two loaders	<u>314,140</u>	<u>62,408</u>
Total capital leases	<u>\$ 714,536</u>	<u>\$ 202,402</u>

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Business-type Activities: (continued)

Other Liabilities:

Landfill closure and post-closure care	\$ 11,069,842	\$ -
Compensated absences	\$ 70,663	\$ 17,666
Net pension liability	\$ 192,070	\$ -
Net OPEB liabilities	\$ 127,319	\$ -
Total landfill	<u>\$ 13,614,840</u>	<u>\$ 339,003</u>
Total Business-type Activities	<u>\$ 14,366,965</u>	<u>\$ 378,227</u>

DISCRETLY PRESENTED COMPONENT UNIT-SCHOOL BOARD:

Changes in long-term obligations:

The following is a summary of long-term liability transactions of the Component Unit – School Board for the year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Amount Due Within One Year
Compensated Absences	\$ 926,642	\$ 637,427	\$ 555,985	\$ 1,008,084	\$ 252,050
Net Pension Liability	50,672,325	22,620,080	14,128,999	59,163,406	-
Net OPEB Liabilities	<u>15,314,000</u>	<u>2,527,578</u>	<u>1,376,619</u>	<u>16,464,959</u>	<u>-</u>
Total	<u>\$ 66,912,967</u>	<u>\$ 25,785,085</u>	<u>\$ 16,061,603</u>	<u>\$ 76,636,449</u>	<u>\$ 252,050</u>

NOTE 11—OTHER LIABILITIES – ENTERPRISE FUNDS:

The other liabilities of the Sanitary Districts at June 30, 2020, consist of the following:

	Stoney Creek	Toms-Brook Maurertown	Total
Security deposits	\$ 7,100	\$ 16,925	\$ 24,025
Total	<u>\$ 7,100</u>	<u>\$ 16,925</u>	<u>\$ 24,025</u>

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 12—DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The County does not match the employee's contributions. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Under the provisions of the Small business Job Protection Act of 1996, all amounts currently or thereafter held under the Plan, including amounts deferred and earnings or other accumulations attributable thereto, shall be held for the exclusive benefit of Plan participants and beneficiaries in annuity contracts, or in trust or in one or more custodial accounts pursuant to one or more separate written instruments.

Investments are managed by the plan's trustee under one of twenty-seven investment options, or a combination thereof. The choice of the investment option is made solely by the participants.

NOTE 13—PENSION PLAN:

Plan Description

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

Benefits Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 13—PENSION PLAN: (CONTINUED)

- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	157	159
Inactive members:		
Vested inactive members	48	35
Non-vested inactive members	71	80
Inactive members active elsewhere in VRS	<u>209</u>	<u>33</u>
Total inactive members	328	148
Active members	<u>285</u>	<u>175</u>
Total covered employees	<u><u>770</u></u>	<u><u>482</u></u>

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 9.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,291,119 and \$1,238,870 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 6.28% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$209,530 and \$209,518 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 13—PENSION PLAN: (CONTINUED)

Net Pension Liability

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

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.0% to 6.75%

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.0% to 6.75%

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school board for the VRS teacher retirement plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 50,800,669	\$ 47,839,598	\$ 2,961,071
Changes for the year:			
Service cost	\$ 1,513,031	\$ -	\$ 1,513,031
Interest	3,463,665	-	3,463,665
Changes of assumptions	1,712,494	-	1,712,494
Differences between expected and actual experience	(366,432)	-	(366,432)
Contributions - employer	-	1,238,866	(1,238,866)
Contributions - employee	-	665,080	(665,080)
Net investment income	-	3,183,353	(3,183,353)
Benefit payments, including refunds	(2,639,468)	(2,639,468)	-
Administrative expenses	-	(31,516)	31,516
Other changes	-	(2,006)	2,006
Net changes	\$ 3,683,290	\$ 2,414,309	\$ 1,268,981
Balances at June 30, 2019	\$ 54,483,959	\$ 50,253,907	\$ 4,230,052

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 13,819,904	\$ 13,778,579	\$ 41,325
Changes for the year:			
Service cost	\$ 313,409	\$ -	\$ 313,409
Interest	935,964	-	935,964
Changes of assumptions	343,688	-	343,688
Differences between expected and actual experience	8,719	-	8,719
Contributions - employer	-	208,097	(208,097)
Contributions - employee	-	168,578	(168,578)
Net investment income	-	902,461	(902,461)
Benefit payments, including refunds	(897,992)	(897,992)	-
Administrative expenses	-	(9,297)	9,297
Other changes	-	(565)	565
Net changes	\$ 703,788	\$ 371,282	\$ 332,506
Balances at June 30, 2019	\$ 14,523,692	\$ 14,149,861	\$ 373,831

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability	\$ 12,072,453	\$ 4,230,052	\$ (1,955,530)
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 1,869,443	\$ 373,831	\$ (833,947)

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,000,250 and \$77,221, respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 516,438	\$ 4,547	\$ 46,764
Changes of assumptions	1,190,392	31,175	179,244	-
Net difference between projected and actual earnings on pension plan investments	-	427,024	-	127,835
Deferred change in proportionate share	15,892	15,892	-	-
Employer contributions subsequent to the measurement date	1,291,119	-	209,530	-
Total	\$ 2,497,403	\$ 990,529	\$ 393,321	\$ 174,599

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

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

\$1,291,119 and \$209,530 reported as deferred outflows of resources related to pensions resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2021	\$ 165,310	\$ 118,706
2022	(82,961)	(114,597)
2023	105,704	(3,606)
2024	27,702	8,689
2025	-	-
Thereafter	-	-

Pension Plan Data

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

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division’s contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$5,840,296 and \$5,792,551 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

At June 30, 2020, the school division reported a liability of \$58,789,575 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .44671% as compared to .43054% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$6,541,201. Since there was a change in proportionate share 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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,764,545
Change in assumptions	5,821,546	-
Net difference between projected and actual earnings on pension plan investments	-	1,290,880
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,965,691	869,545
Employer contributions subsequent to the measurement date	5,840,296	-
Total	\$ 13,627,533	\$ 5,924,970

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

\$5,840,296 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>		
2021	\$	280,744
2022		(1,033,952)
2022		666,113
2023		1,312,061
2024		637,301

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.0% to 6.75%

Net Pension Liability

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

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 88,503,850	\$ 58,789,575	\$ 34,221,373

Pension Plan Fiduciary Net Position

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

NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 13, the County administers a single-employer defined benefit healthcare plan, the County of Shenandoah OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 5 years of service with the County. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 10 years of services with the School Board.

Plan Membership

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

	Primary Government	Component Unit School Board
Total active employees with coverage	276	906
Total retirees with coverage	3	55
Total	279	961

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2020 was \$36,000.

The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$269,000.

Total OPEB Liability

The County's and School Board's total OPEB liabilities were measured as of July 1, 2019. The measurement of the total OPEB liabilities is based on a valuation date of July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

Salary Increases	2.5% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.13% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2019

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is equal to the Fidelity Index 20-Year Municipal GO AA Index. The final equivalent single discount rate used for this year’s valuation is 3.13% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2019	\$ 1,607,000	\$ 6,762,000
Changes for the year:		
Service cost	105,000	518,000
Interest	61,000	259,000
Difference between expected and actual experience	(4,000)	(370,000)
Changes in assumptions	88,000	288,000
Benefit payments	<u>(36,000)</u>	<u>(269,000)</u>
Net changes	<u>214,000</u>	<u>426,000</u>
Balances at June 30, 2020	<u>\$ 1,821,000</u>	<u>\$ 7,188,000</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Primary Government			
\$	2,018,000	\$ 1,821,000	\$ 1,644,000
Component Unit School Board			
\$	7,824,000	\$ 7,188,000	\$ 6,605,000

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (10.17% and -.09%) or one percentage point higher (12.17% and 1.01%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (10.17% decreasing to 4.0%)	Healthcare Cost Trend (11.17% decreasing to 5.0%)	1% Increase (12.17% increasing to 6.0%)
Primary Government			
\$	1,580,000	\$ 1,821,000	\$ 2,107,000
	Rates		
	1% Decrease (-0.09% increasing to 4.0%)	Healthcare Cost Trend (0.01% increasing to 5.0%)	1% Increase (1.01% increasing to 6.0%)
Component Unit School Board			
\$	6,305,000	\$ 7,188,000	\$ 8,242,000

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 14—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2020, the Primary Government recognized OPEB expense in the amount of \$128,000. The School Board recognized OPEB expense in the amount of \$764,000. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 234,000	\$ 348,000	\$ 330,000
Changes in assumptions	74,000	13,000	257,000	421,000
Employer contributions subsequent to the measurement date	36,000	-	269,000	-
Total	<u>\$ 110,000</u>	<u>\$ 247,000</u>	<u>\$ 874,000</u>	<u>\$ 751,000</u>

\$36,000 and \$269,000 reported as deferred outflows of resources related to the Pay as You Go OPEB Plan resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit School Board
2021	\$ (43,000)	\$ (19,000)
2022	(43,000)	(19,000)
2023	(43,000)	(19,000)
2024	(42,000)	(19,000)
2025	(6,000)	(19,000)
Thereafter	4,000	(51,000)

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. County contributions to the Group Life Insurance Plan from the entity were \$75,236 and \$71,182 for the years ended June 30, 2020 and June 30, 2019, respectively. The Component Unit School Board's contributions to the Group Life Insurance Plan for nonprofessional employees were \$19,547 and \$19,125, for the years ended June 30, 2020 and June 30, 2019 respectively. The Component Unit School Board's contributions to the Group Life Insurance Plan for professional employees were \$200,943 and \$195,131, for the years ended June 30, 2020 and June 30, 2019 respectively.

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

At June 30, 2020, the County reported a liability of \$1,136,319 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.07030% as compared to 0.06983% at June 30, 2018.

At June 30, 2020, the School Board reported liability of \$305,275 for nonprofessional employees and \$3,114,913 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2019 and June 30, 2018, the participating employer's proportion for nonprofessional employees was 0.018326% and 0.01876% respectively. At June 30, 2019, the participating employer's proportion for School Board professional employees was 0.19142% as compared to 0.18357% at June 30, 2018.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of 28,045, while the School Board recognized GLI OPEB expense of \$1,475 and \$79,949 for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

	Primary Government		Component Unit School Board Nonprofessional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,572	\$ 14,739	\$ 20,303	\$ 3,959
Net difference between projected and actual earnings on GLI OPEB program investments	-	23,341	-	6,271
Change in assumptions	71,741	34,265	19,273	9,205
Changes in proportion	26,015	10,854	-	22,407
Employer contributions subsequent to the measurement date	<u>75,236</u>	<u>-</u>	<u>19,547</u>	<u>-</u>
Total	<u>\$ 248,564</u>	<u>\$ 83,199</u>	<u>\$ 59,123</u>	<u>\$ 41,842</u>

	Component Unit School Board Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,160	\$ 40,403
Net difference between projected and actual earnings on GLI OPEB program investments	-	63,983
Change in assumptions	196,657	93,928
Changes in proportion	104,727	47,179
Employer contributions subsequent to the measurement date	<u>200,943</u>	<u>-</u>
Total	<u>\$ 709,487</u>	<u>\$ 245,493</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

\$75,236, \$19,547, and \$200,943 for the County, Component Unit School Board-Nonprofessional and Component Unit School Board-Professional respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government	Component Unit School Board	
	Nonprofessional	Professional
<u>Year Ended June 30,</u>	<u>Year Ended June 30,</u>	<u>Year Ended June 30,</u>
2021	2021	2021
\$ 5,806	\$ (4,499)	\$ 18,987
2022	2022	2022
5,807	(4,499)	18,990
2023	2023	2023
15,692	(1,843)	46,089
2024	2024	2024
26,445	1,816	73,541
2025	2025	2025
28,262	5,011	81,126
Thereafter	Thereafter	Thereafter
8,117	1,748	24,318

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

Comp letter

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NET GLI OPEB Liability

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

	Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
GLI Net OPEB Liability (Asset)	\$ 1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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.

Long-Term Expected Rate of Return

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,492,809	\$ 1,136,319	\$ 847,216
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability-nonprofessional employees	\$ 401,047	\$ 305,275	\$ 227,606
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability-professional employees	\$ 4,092,134	\$ 3,114,913	\$ 2,322,415

GLI Plan Fiduciary Net Position

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN:

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>24</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>-</u>
Total inactive members	24
Active members	<u>170</u>
Total covered employees	<u><u>194</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County contractually required employer contribution rate for the year ended June 30, 2020 was .11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Plan were \$8,432 and \$7,946 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The County net Health Insurance Credit OPEB liability was measured as of June 30, 2019. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.0% to 6.75%

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.0% to 6.75%

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 225,455	\$ 231,137	\$ (5,682)
Changes for the year:			
Service cost	\$ 6,695	\$ -	\$ 6,695
Interest	15,372	-	15,372
Changes of assumptions	6,293	-	6,293
Differences between expected and actual experience	(12,246)	-	-
Contributions - employer	-	7,947	(7,947)
Net investment income	-	14,757	(14,757)
Benefit payments	(11,356)	(11,356)	-
Other changes	-	(513)	513
Net changes	\$ 4,758	\$ 10,835	\$ (6,077)
Balances at June 30, 2019	\$ 230,213	\$ 241,972	\$ (11,759)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's Net HIC OPEB Liability (Asset)	\$ 16,397	\$ (11,759)	\$ (35,378)

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN: (CONTINUED)

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

For the year ended June 30, 2020, the County recognized Health Insurance Credit Plan OPEB expense of \$1,489. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the County’s Health Insurance Credit Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ 1,023	\$ 3,840
Change in assumptions	-	6,301
Differences between expected and actual experience	5,494	18,059
Employer contributions subsequent to the measurement date	<u>8,432</u>	<u>-</u>
Total	<u>\$ 14,949</u>	<u>\$ 28,200</u>

\$8,432 reported as deferred outflows of resources related to the HIC OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ (4,880)
2022	(4,880)
2023	(3,068)
2024	(2,997)
2025	(3,252)
Thereafter	(2,606)

HIC Plan Data

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

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Plan were \$463,698 and \$450,303 for the years ended June 30, 2020 and June 30, 2019, respectively.

Teacher Employee Health Insurance Credit Plan OPEB Liabilities, Teacher Employee Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Plan OPEB

At June 30, 2020, the school division reported a liability of \$5,856,771 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .44739% as compared to .43160% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$489,392. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 33,174
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	370	-
Change in assumptions	136,314	40,696
Change in proportion	176,293	96,405
Employer contributions subsequent to the measurement date	<u>463,698</u>	<u>-</u>
Total	<u>\$ 776,675</u>	<u>\$ 170,275</u>

\$463,898 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ 12,922
2022	12,916
2023	15,483
2024	14,624
2025	22,310
Thereafter	64,447

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.0% to 6.75%

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Net Teacher Employee HIC OPEB Liability

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

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

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

Long-Term Expected Rate of Return

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

**NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Long-Term Expected Rate of Return (continued)

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

Discount Rate

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 6,554,722	\$ 5,856,771	\$ 5,263,862

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 18—CONTINGENT LIABILITIES:

Federal programs in which the county and its component units participate were audited in accordance with the provisions of the Uniform Guidance. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures, if any, would be immaterial.

While \$380,600 of the General Obligation Bond Series of 1995 and 1997 have been recorded in the Toms Brook-Maurertown Sanitary District, from which repayment is anticipated, the General Fund has a contingent liability for the repayment of this amount should the Sanitary District be unable to do so.

NOTE 19—RISK MANAGEMENT:

The County is a member the Virginia Municipal Group Self Insurance Association for worker's compensation insurances. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The county pays Virginia Municipal Group contributions and assessments based upon classifications and rates. These amounts are deposited into a designated cash reserve fund of the association out of which expenses, claims and awards are to be paid. In the event of a catastrophic loss which creates an equity deficit and for which all available excess insurance is depleted, the Association may assess all members in proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

NOTE 20—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

State and federal laws and regulations require that the County of Shenandoah place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. During fiscal year 2003, the County opened new landfill cells and significantly completed closure of its old landfill. The estimated liability for landfill closure and post-closure care costs has a balance of \$11,069,842 for the old landfill, and landfill cells 1 and 2. However landfill cell #3 has capacity used to date estimated to be 31%. The estimated total current cost of the landfill closure and post-closure care of \$12,426,251 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain both of the landfills were incurred as of June 30, 2020. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 21—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Stoney Creek Sanitary District	Toms Brook Sanitary District	North Fork Wastewater Fund	Landfill Fund	Total Enterprise Funds
Operating revenue	\$ 1,131,294	\$ 698,411	\$ 145,186	\$ 1,358,085	\$ 3,332,976
Depreciation and amortization	125,929	109,311	8,888	499,056	743,184
Operating income (loss)	(186,760)	(36,705)	(23,476)	(1,587,683)	(1,834,624)
Capital contributions	10,000	40,000	-	-	50,000
Property, plant and equipment additions, net of retirements	(148,897)	-	(12,372)	(950,265)	(1,111,534)
Net working capital	2,033,270	642,222	27,943	(362,399)	2,341,036
Total assets	5,508,446	2,904,622	227,941	8,008,619	16,649,628
Long-term liabilities	347,179	365,722	-	13,275,837	13,988,738
Net position	4,939,818	2,486,008	224,069	(5,696,368)	1,953,527

NOTE 22— OTHER ASSETS:

Other assets consist of online textbook subscriptions purchased by the Component Unit School Board that spans several fiscal years. Other assets totaled \$1,039,174 at June 30, 2020.

NOTE 23— CONSTRUCTION COMMITMENTS:

The County of Shenandoah has an active construction project as of June 30, 2020. The project consists of the construction of a Sheriff's office. At year end the County's commitment with the contractor is as follows:

	Original Contract Amount	Amount Spent to Date	Amount of Contract Remaining at Year End
Sheriff's office	\$ <u>8,501,190</u>	\$ <u>8,448,193</u>	\$ <u>52,997</u>

NOTE 24—LITIGATION:

At June 30, 2020, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

NOTE 25—UPCOMING PRONOUNCEMENTS:

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2020 (Continued)

NOTE 25—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2020 (Continued)

NOTE 25—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

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

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

NOTE 26—COVID-19 PANDEMIC SUBSEQUENT EVENT DISCLOSURE:

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

COUNTY OF SHENANDOAH, VIRGINIA

**Notes to the Financial Statements
June 30, 2020 (Continued)**

NOTE 26—COVID-19 PANDEMIC SUBSEQUENT EVENT DISCLOSURE: (CONTINUED)

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

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

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

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

NOTE 27—AGGREGATE OPEB INFORMATION:

The following table summarizes the County and School Board OPEB deferred outflows, inflows, liabilities, and expense for all plans:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability/(Asset)	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 15):				
County	\$ 248,564	\$ 83,199	\$ 1,136,319	\$ 28,045
County Health Insurance Credit Program (Note 16)	14,949	28,200	(11,759)	1,489
County Stand-Alone Plan (Note 14)	110,000	247,000	1,821,000	128,000
Totals	<u>\$ 373,513</u>	<u>\$ 358,399</u>	<u>\$ 2,945,560</u>	<u>\$ 157,534</u>
	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 15):				
School Board Nonprofessional	\$ 59,123	\$ 41,842	\$ 305,275	\$ 1,475
School Board Professional	709,487	245,493	3,114,913	79,949
Teacher Health Insurance Credit Program (Note 17)	776,675	170,275	5,856,771	489,392
School Stand-Alone Plan (Note 14)	874,000	751,000	7,188,000	764,000
Totals	<u>\$ 2,419,285</u>	<u>\$ 1,208,610</u>	<u>\$ 16,464,959</u>	<u>\$ 1,334,816</u>

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 47,983,301	\$ 47,983,301	\$ 48,206,372	\$ 223,071
Other local taxes	7,344,800	7,344,800	7,658,607	313,807
Permits, privilege fees, and regulatory licenses	490,100	490,100	521,730	31,630
Fines and forfeitures	60,500	60,500	52,366	(8,134)
Revenue from the use of money and property	671,800	671,800	667,709	(4,091)
Charges for services	2,202,102	2,207,101	2,122,848	(84,253)
Miscellaneous	532,301	821,915	747,251	(74,664)
Recovered costs	667,587	686,876	484,538	(202,338)
Intergovernmental:				
Commonwealth	10,992,673	11,089,721	11,953,904	864,183
Federal	2,983,299	3,079,007	2,488,636	(590,371)
Total revenues	<u>\$ 73,928,463</u>	<u>\$ 74,435,121</u>	<u>\$ 74,903,961</u>	<u>\$ 468,840</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,716,053	\$ 2,852,632	\$ 2,845,989	\$ 6,643
Judicial administration	2,196,629	2,317,059	2,133,644	183,415
Public safety	17,874,837	18,648,409	17,995,053	653,356
Public works	1,315,065	1,502,200	1,342,442	159,758
Health and welfare	9,404,581	9,443,833	10,732,125	(1,288,292)
Education	31,293,815	32,536,175	29,637,854	2,898,321
Parks, recreation, and cultural	2,250,989	2,600,756	2,386,781	213,975
Community development	1,500,726	1,576,619	1,474,148	102,471
Nondepartmental	242,332	204,332	8,026	196,306
Capital projects	805,000	-	-	-
Total expenditures	<u>\$ 69,600,027</u>	<u>\$ 71,682,015</u>	<u>\$ 68,556,062</u>	<u>\$ 3,125,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,328,436</u>	<u>\$ 2,753,106</u>	<u>\$ 6,347,899</u>	<u>\$ 3,594,793</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 48,211	\$ -	\$ (48,211)
Transfers out	(7,532,659)	(7,849,430)	(12,107,851)	(4,258,421)
Total other financing sources (uses)	<u>\$ (7,532,659)</u>	<u>\$ (7,801,219)</u>	<u>\$ (12,107,851)</u>	<u>\$ (4,306,632)</u>
Net change in fund balances	\$ (3,204,223)	\$ (5,048,113)	\$ (5,759,952)	\$ (711,839)
Fund balances - beginning	3,204,223	5,048,113	20,192,025	15,143,912
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,432,073</u>	<u>\$ 14,432,073</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability						
Service cost	\$ 1,513,031	\$ 1,527,395	\$ 1,552,258	\$ 1,551,145	\$ 2,097,765	\$ 1,508,647
Interest	3,463,665	3,323,028	3,179,653	3,018,636	2,851,117	2,676,488
Changes in benefit terms	-	-	-	535,857	-	-
Changes of assumptions	1,712,494	-	(234,494)	-	-	-
Differences between expected and actual experience	(366,432)	(478,973)	(369,474)	(729,854)	(666,172)	-
Benefit payments	(2,639,468)	(2,085,220)	(2,074,224)	(2,076,885)	(1,702,272)	(1,678,590)
Net change in total pension liability	<u>\$ 3,683,290</u>	<u>\$ 2,286,230</u>	<u>\$ 2,053,719</u>	<u>\$ 2,298,899</u>	<u>\$ 2,580,438</u>	<u>\$ 2,506,545</u>
Total pension liability - beginning	<u>50,800,669</u>	<u>48,514,439</u>	<u>46,460,720</u>	<u>44,161,821</u>	<u>41,581,383</u>	<u>39,074,838</u>
Total pension liability - ending (a)	<u>\$ 54,483,959</u>	<u>\$ 50,800,669</u>	<u>\$ 48,514,439</u>	<u>\$ 46,460,720</u>	<u>\$ 44,161,821</u>	<u>\$ 41,581,383</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,238,866	\$ 1,220,983	\$ 1,191,677	\$ 1,419,174	\$ 1,314,841	\$ 1,629,069
Contributions - employee	665,080	627,075	612,314	617,782	601,964	660,270
Net investment income	3,183,353	3,310,920	4,905,320	697,945	1,739,727	5,094,975
Benefit payments	(2,639,468)	(2,085,220)	(2,074,224)	(2,076,885)	(1,702,272)	(1,678,590)
Administrator charges	(31,516)	(28,169)	(28,037)	(24,366)	(23,243)	(26,677)
Other	(2,006)	(2,969)	(4,378)	(294)	(366)	268
Net change in plan fiduciary net position	<u>\$ 2,414,309</u>	<u>\$ 3,042,620</u>	<u>\$ 4,602,672</u>	<u>\$ 633,356</u>	<u>\$ 1,930,651</u>	<u>\$ 5,679,315</u>
Plan fiduciary net position - beginning	<u>47,839,598</u>	<u>44,796,978</u>	<u>40,194,306</u>	<u>39,560,950</u>	<u>37,630,301</u>	<u>31,950,986</u>
Plan fiduciary net position - ending (b)	<u>\$ 50,253,907</u>	<u>\$ 47,839,598</u>	<u>\$ 44,796,978</u>	<u>\$ 40,194,306</u>	<u>\$ 39,560,952</u>	<u>\$ 37,630,301</u>
County's net pension liability - ending (a) - (b)	<u>\$ 4,230,052</u>	<u>\$ 2,961,071</u>	<u>\$ 3,717,461</u>	<u>\$ 6,266,414</u>	<u>\$ 4,600,869</u>	<u>\$ 3,951,082</u>
Plan fiduciary net position as a percentage of the total pension liability	92.24%	94.17%	92.34%	86.51%	89.58%	90.50%
Covered payroll	<u>\$ 13,221,665</u>	<u>\$ 12,900,731</u>	<u>\$ 12,460,402</u>	<u>\$ 12,364,231</u>	<u>\$ 11,980,248</u>	<u>\$ 13,032,381</u>
County's net pension liability as a percentage of covered payroll	31.99%	22.95%	29.83%	50.68%	38.40%	30.32%

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

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 313,409	\$ 361,956	\$ 359,495	\$ 427,181	\$ 447,419	\$ 457,061
Interest	935,964	924,180	942,619	896,199	850,571	804,295
Changes of assumptions	343,688	-	(187,557)	-	-	-
Differences between expected and actual experience	8,719	(213,776)	(558,069)	33,565	(9,646)	-
Benefit payments	(897,992)	(910,061)	(729,744)	(657,857)	(615,175)	(585,358)
Net change in total pension liability	\$ 703,788	\$ 162,299	\$ (173,256)	\$ 699,088	\$ 673,169	\$ 675,998
Total pension liability - beginning	13,819,904	13,657,605	13,830,861	13,131,773	12,458,604	11,782,606
Total pension liability - ending (a)	<u>\$ 14,523,692</u>	<u>\$ 13,819,904</u>	<u>\$ 13,657,605</u>	<u>\$ 13,830,861</u>	<u>\$ 13,131,773</u>	<u>\$ 12,458,604</u>
Plan fiduciary net position						
Contributions - employer	\$ 208,097	\$ 205,999	\$ 235,452	\$ 328,594	\$ 376,586	\$ 425,500
Contributions - employee	168,578	156,422	175,693	194,128	207,759	201,912
Net investment income	902,461	977,080	1,474,249	211,944	534,599	1,583,539
Benefit payments	(897,992)	(910,061)	(729,744)	(657,857)	(615,175)	(585,358)
Administrative expense	(9,297)	(8,738)	(8,654)	(7,534)	(7,246)	(8,448)
Other	(565)	(855)	(1,306)	(89)	(112)	83
Net change in plan fiduciary net position	\$ 371,282	\$ 419,847	\$ 1,145,690	\$ 69,186	\$ 496,411	\$ 1,617,228
Plan fiduciary net position - beginning	13,778,579	13,358,732	12,213,042	12,143,856	11,647,445	10,030,217
Plan fiduciary net position - ending (b)	<u>\$ 14,149,861</u>	<u>\$ 13,778,579</u>	<u>\$ 13,358,732</u>	<u>\$ 12,213,042</u>	<u>\$ 12,143,856</u>	<u>\$ 11,647,445</u>
School Division's net pension liability - ending (a) - (b)	\$ 373,831	\$ 41,325	\$ 298,873	\$ 1,617,819	\$ 987,917	\$ 811,159
Plan fiduciary net position as a percentage of the total pension liability	97.43%	99.70%	97.81%	88.30%	92.48%	93.49%
Covered payroll	\$ 3,336,274	\$ 3,568,341	\$ 3,668,393	\$ 3,734,178	\$ 4,162,752	\$ 4,045,497
School Division's net pension liability as a percentage of covered payroll	11.21%	1.16%	8.15%	43.32%	23.73%	20.05%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability	0.446710%	0.430540%	0.433720%	0.444314%	0.43849%	0.42994%
Employer's Proportionate Share of the Net Pension Liability	\$ 58,789,575	\$ 50,631,000	\$ 53,339,000	\$ 62,103,000	\$ 55,190,000	\$ 51,957,000
Employer's Covered Payroll	\$ 37,525,255	\$ 34,908,815	\$ 34,345,532	\$ 33,789,530	\$ 32,605,067	\$ 31,484,690
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	157%	145%	155%	184%	169%	165%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions
Pension Plans
Years Ended June 30, 2011 through June 30, 2020

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2020	\$ 1,291,119	\$ 1,291,119	\$ -	\$ 14,459,661	9.37%
2019	1,238,870	1,238,870	-	13,221,665	9.37%
2018	1,220,980	1,220,980	-	12,900,731	9.46%
2017	1,191,675	1,191,675	-	12,460,402	9.56%
2016	1,433,014	1,433,014	-	12,364,231	11.59%
2015	1,321,421	1,321,421	-	11,980,248	11.03%
2014	1,616,015	1,616,015	-	13,032,381	12.40%
2013	1,337,231	1,337,231	-	11,814,373	11.32%
2012	990,583	990,583	-	10,885,524	9.10%
2011	998,629	998,629	-	10,973,944	9.10%
Component Unit School Board (nonprofessional)					
2020	\$ 209,530	\$ 209,530	\$ -	\$ 3,758,974	5.57%
2019	209,518	209,518	-	3,336,274	6.28%
2018	221,810	221,810	-	3,568,341	6.22%
2017	240,836	240,836	-	3,668,393	6.57%
2016	335,329	335,329	-	3,734,178	8.98%
2015	373,815	373,815	-	4,162,752	8.98%
2014	425,991	425,991	-	4,045,497	10.53%
2013	410,155	410,155	-	3,896,702	10.53%
2012	328,286	328,286	-	3,688,609	8.90%
2011	324,788	324,788	-	3,649,301	8.90%
Component Unit School Board (professional)					
2020	\$ 5,840,296	\$ 5,840,296	\$ -	\$ 38,638,034	15.12%
2019	5,792,551	5,792,551	-	37,525,255	15.44%
2018	5,595,934	5,595,934	-	34,908,815	16.32%
2017	4,933,757	4,933,757	-	34,345,532	14.66%
2016	4,715,959	4,715,959	-	33,789,530	14.06%
2015	4,430,421	4,430,421	-	32,605,067	14.50%
2014	3,664,224	3,664,224	-	31,484,690	11.66%
2013	3,663,267	3,663,267	-	31,419,940	11.66%
2012	1,837,320	1,837,320	-	29,815,486	6.33%
2011	1,177,089	1,177,089	-	29,951,374	3.93%

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

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.0% to 6.75%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.0% to 6.75%

Component Unit School Board - Professional Employees

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

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Years Ended June 30, 2018 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 105,000	\$ 111,000	\$ 108,000
Interest	61,000	68,000	64,000
Changes in assumptions	88,000	-	-
Differences between expected and actual experience	(4,000)	(337,000)	-
Other changes	-	(19,000)	-
Benefit payments	(36,000)	(39,000)	(60,000)
Net change in total OPEB liability	<u>\$ 214,000</u>	<u>\$ (216,000)</u>	<u>\$ 112,000</u>
Total OPEB liability - beginning	<u>1,607,000</u>	<u>1,823,000</u>	<u>1,711,000</u>
Total OPEB liability - ending	<u><u>\$ 1,821,000</u></u>	<u><u>\$ 1,607,000</u></u>	<u><u>\$ 1,823,000</u></u>
Covered-employee payroll	\$ 13,001,000	\$ 13,001,000	\$ 11,212,000
County's total OPEB liability (asset) as a percentage of covered-employee payroll	14.01%	12.36%	16.26%

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

Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 518,000	\$ 451,000	\$ 440,000
Interest	259,000	242,000	230,000
Changes in assumptions	288,000	(535,000)	-
Differences between expected and actual experience	(370,000)	442,000	-
Benefit payments	<u>(269,000)</u>	<u>(377,000)</u>	<u>(283,000)</u>
Net change in total OPEB liability	\$ 426,000	\$ 223,000	\$ 387,000
Total OPEB liability - beginning	<u>6,762,000</u>	<u>6,539,000</u>	<u>6,152,000</u>
Total OPEB liability - ending	<u>\$ 7,188,000</u>	<u>\$ 6,762,000</u>	<u>\$ 6,539,000</u>
Covered-employee payroll	\$ 38,776,000	\$ 38,776,000	\$ 33,263,000
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	18.54%	17.44%	19.66%

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

Notes to Required Supplementary Information - OPEB
 For the Year Ended June 30, 2020

PRIMARY GOVERNMENT

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13%
Inflation	2.50%
Healthcare Trend Rate	fiscal year 2019 (to reflect actual experience), then 11.7% for fiscal year 2020 (to reflect actual experience), then an ultimate rate of 5.00%.
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

COMPONENT UNIT SCHOOL BOARD

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at .01% for fiscal year 2020 (to reflect actual experience), then 5% for fiscal year 2021 and thereafter
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates Ended June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2019	0.06983% \$	1,136,319	\$ 13,688,932	8.30%	52.00%
2018	0.06788%	1,030,000	12,907,494	7.98%	51.22%
2017	0.06765%	1,018,000	12,477,922	8.16%	48.86%

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

Schedule of School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates Ended June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Component Unit School Board (nonprofessional)					
2019	0.01876% \$	305,275 \$	3,677,842	8.30%	52.00%
2018	0.01876%	285,000	3,568,341	7.99%	52.21%
2017	0.02000%	300,000	3,668,393	8.18%	48.86%
Component Unit School Board (professional)					
2019	0.19142% \$	3,114,913 \$	37,525,255	8.30%	52.00%
2018	0.18357%	2,787,000	34,908,815	7.98%	52.21%
2017	0.18620%	2,802,000	34,345,532	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2011 through June 30, 2020

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2020	\$ 75,236	\$ 75,236	\$ -	14,468,455	0.52%
2019	71,182	71,182	-	13,688,932	0.52%
2018	67,119	67,119	-	12,907,494	0.52%
2017	64,885	64,885	-	12,477,922	0.52%
2016	59,348	59,348	-	12,364,231	0.48%
2015	57,505	57,505	-	11,980,248	0.48%
2014	62,555	62,555	-	13,032,381	0.48%
2013	56,709	56,709	-	11,814,373	0.48%
2012	30,504	30,504	-	10,894,455	0.28%
2011	30,727	30,727	-	10,973,944	0.28%
Component Unit School Board (nonprofessional)					
2020	\$ 19,547	\$ 19,547	\$ -	3,758,974	0.52%
2019	19,125	19,125	-	3,677,842	0.52%
2018	18,555	18,555	-	3,568,341	0.52%
2017	19,180	19,180	-	3,668,393	0.52%
2016	17,924	17,924	-	3,734,178	0.48%
2015	19,981	19,981	-	4,162,752	0.48%
2014	19,418	19,418	-	4,045,497	0.48%
2013	18,704	18,704	-	3,896,702	0.48%
2012	10,328	10,328	-	3,688,609	0.28%
2011	10,218	10,218	-	3,649,301	0.28%
Component Unit School Board (professional)					
2020	\$ 200,943	\$ 200,943	\$ -	38,642,859	0.52%
2019	195,131	195,131	-	37,525,255	0.52%
2018	181,805	181,805	-	34,908,815	0.52%
2017	178,597	178,597	-	34,345,532	0.52%
2016	162,190	162,190	-	33,789,530	0.48%
2015	156,504	156,504	-	32,605,067	0.48%
2014	151,127	151,127	-	31,484,690	0.48%
2013	150,816	150,816	-	31,419,940	0.48%
2012	83,483	83,483	-	29,815,486	0.28%
2011	83,864	83,864	-	29,951,374	0.28%

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability			
Service cost	\$ 6,695	\$ 7,593	\$ 7,593
Interest	15,372	15,288	15,288
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(12,246)	-	-
Changes of assumptions	6,293	(10,066)	(10,066)
Benefit payments	(11,356)	(15,000)	(7,151)
Net change in total HIC OPEB liability	<u>\$ 4,758</u>	<u>\$ (2,185)</u>	<u>\$ 5,664</u>
Total HIC OPEB Liability - beginning	225,455	227,640	221,976
Total HIC OPEB Liability - ending (a)	<u><u>\$ 230,213</u></u>	<u><u>\$ 225,455</u></u>	<u><u>\$ 227,640</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 7,947	\$ 8,953	\$ 8,841
Net investment income	14,757	15,768	22,932
Benefit payments	(11,356)	(15,000)	(7,151)
Administrator charges	(496)	-	(376)
Other	(17)	(1,000)	1,155
Net change in plan fiduciary net position	<u>\$ 10,835</u>	<u>\$ 8,721</u>	<u>\$ 25,401</u>
Plan fiduciary net position - beginning	231,137	222,416	197,015
Plan fiduciary net position - ending (b)	<u><u>\$ 241,972</u></u>	<u><u>\$ 231,137</u></u>	<u><u>\$ 222,416</u></u>
County's net HIC OPEB (asset) liability - ending (a) - (b)	\$ (11,759)	\$ (5,682)	\$ 5,224
Plan fiduciary net position as a percentage of the total HIC OPEB liability	105.11%	102.52%	97.71%
Covered payroll	\$ 7,223,984	\$ 6,885,719	\$ 6,799,392
County's net HIC OPEB liability as a percentage of covered payroll	-0.16%	-0.08%	0.08%

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

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

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2020	\$ 8,432	\$ 8,432	\$ -	\$ 7,665,307	0.11%
2019	7,946	7,946	-	7,223,984	0.11%
2018	8,951	8,951	-	6,885,719	0.13%
2017	8,839	8,839	-	6,799,392	0.13%
2016	8,891	8,891	-	6,838,899	0.13%
2015	8,567	8,567	-	6,590,251	0.13%
2014	6,364	6,364	-	7,071,347	0.09%
2013	10,631	10,631	-	11,812,527	0.09%
2012	8,708	8,708	-	10,885,524	0.08%
2011	8,775	8,775	-	10,968,738	0.08%

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.44739% \$	5,856,771 \$	37,525,255	15.61%	8.97%
2018	0.43160%	5,480,000	34,904,821	15.70%	8.08%
2017	0.43519%	5,521,000	34,345,532	16.07%	7.04%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 463,698	\$ 463,698	\$ -	\$ 38,642,859	1.20%
2019	450,303	450,303	-	37,525,255	1.20%
2018	429,329	429,329	-	34,904,821	1.23%
2017	381,235	381,235	-	34,345,532	1.11%
2016	358,152	358,152	-	33,787,916	1.06%
2015	345,571	345,571	-	32,601,067	1.06%
2014	349,000	349,000	-	31,441,455	1.11%
2013	348,709	348,709	-	31,415,214	1.11%
2012	178,893	178,893	-	29,815,486	0.60%
2011	179,708	179,708	-	29,951,383	0.60%

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual--

County Debt Service Fund

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 259,000	\$ 259,000	\$ 414,879	\$ 155,879
Total revenues	\$ 259,000	\$ 259,000	\$ 414,879	\$ 155,879
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ 1,055,703	\$ (1,055,703)
Debt service:				
Principal retirement	4,279,019	4,279,019	4,662,414	(383,395)
Interest and other fiscal charges	2,254,686	2,254,686	2,282,173	(27,487)
Total expenditures	\$ 6,533,705	\$ 6,533,705	\$ 8,000,290	\$ (1,466,585)
Excess (deficiency) of revenues over (under) expenditures	\$ (6,274,705)	\$ (6,274,705)	\$ (7,585,411)	\$ (1,310,706)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,274,705	\$ 6,274,705	\$ 6,345,336	\$ 70,631
Issuance of capital leases	-	-	1,055,703	1,055,703
Total other financing sources (uses)	\$ 6,274,705	\$ 6,274,705	\$ 7,401,039	\$ 1,126,334
Net change in fund balances	\$ -	\$ -	\$ (184,372)	\$ (184,372)
Fund balances - beginning	-	-	184,372	184,372
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County Capital Projects Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 219,316	\$ 219,316
Total revenues	\$ -	\$ -	\$ 219,316	\$ 219,316
EXPENDITURES				
Capital projects	\$ -	\$ 15,890,244	\$ 9,008,154	\$ 6,882,090
Total expenditures	\$ -	\$ 15,890,244	\$ 9,008,154	\$ 6,882,090
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (15,890,244)	\$ (8,788,838)	\$ 7,101,406
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 4,080,742	\$ 4,080,742
Total other financing sources (uses)	\$ -	\$ -	\$ 4,080,742	\$ 4,080,742
Net change in fund balances	\$ -	\$ (15,890,244)	\$ (4,708,096)	\$ 11,182,148
Fund balances - beginning	-	15,890,244	22,428,511	6,538,267
Fund balances - ending	\$ -	\$ -	\$ 17,720,415	\$ 17,720,415

COMBINING FUND STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
 Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

Exhibit 32

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 312,170	\$ 100,084	\$ 412,254
Total assets	<u>\$ 312,170</u>	<u>\$ 100,084</u>	<u>\$ 412,254</u>
FUND BALANCES			
Assigned:			
Landfill contingency	\$ 312,170	\$ -	\$ 312,170
Capital projects	-	100,084	100,084
Total fund balances	<u>\$ 312,170</u>	<u>\$ 100,084</u>	<u>\$ 412,254</u>
Total liabilities and fund balances	<u>\$ 312,170</u>	<u>\$ 100,084</u>	<u>\$ 412,254</u>

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

Exhibit 33

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 44,635	\$ -	\$ 44,635
Total other financing sources (uses)	<u>\$ 44,635</u>	<u>\$ -</u>	<u>\$ 44,635</u>
 Net change in fund balances	 \$ 44,635	 \$ -	 \$ 44,635
Fund balances - beginning	267,535	100,084	367,619
Fund balances - ending	<u><u>\$ 312,170</u></u>	<u><u>\$ 100,084</u></u>	<u><u>\$ 412,254</u></u>

COUNTY OF SHENANDOAH, VIRGINIA
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

Exhibit 34

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Ambulance Recovery</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 7,414	\$ 929,681	\$ 937,095
Receivables:			
Accounts receivable	-	325,171	325,171
Total assets	<u>\$ 7,414</u>	<u>\$ 1,254,852</u>	<u>\$ 1,262,266</u>
LIABILITIES			
Amounts held for social services clients	\$ 7,414	\$ -	\$ 7,414
Amounts held for locality rescue agencies	-	1,254,852	1,254,852
Total liabilities	<u>\$ 7,414</u>	<u>\$ 1,254,852</u>	<u>\$ 1,262,266</u>

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

Exhibit 35

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare				
ASSETS				
Cash and cash equivalents	\$ 5,387	\$ 5,069	\$ 3,042	\$ 7,414
Total assets	<u>\$ 5,387</u>	<u>\$ 5,069</u>	<u>\$ 3,042</u>	<u>\$ 7,414</u>
LIABILITIES				
Amounts held for social services clients	\$ 5,387	\$ 5,069	\$ 3,042	\$ 7,414
Total liabilities	<u>\$ 5,387</u>	<u>\$ 5,069</u>	<u>\$ 3,042</u>	<u>\$ 7,414</u>
Ambulance Recovery				
ASSETS				
Cash and cash equivalents	\$ 801,051	\$ 1,335,517	\$ 1,206,887	\$ 929,681
Accounts receivable	308,759	1,351,929	1,335,517	325,171
Total assets	<u>\$ 1,109,810</u>	<u>\$ 2,687,446</u>	<u>\$ 2,542,404</u>	<u>\$ 1,254,852</u>
LIABILITIES				
Amounts held for locality rescue agencies	\$ 1,109,810	\$ 1,335,517	\$ 1,190,475	\$ 1,254,852
Total liabilities	<u>\$ 1,109,810</u>	<u>\$ 1,335,517</u>	<u>\$ 1,190,475</u>	<u>\$ 1,254,852</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 806,438	\$ 1,340,586	\$ 1,209,929	\$ 937,095
Accounts receivable	308,759	1,351,929	1,335,517	325,171
Total assets	<u>\$ 1,115,197</u>	<u>\$ 2,692,515</u>	<u>\$ 2,545,446</u>	<u>\$ 1,262,266</u>
LIABILITIES				
Amounts held for social services clients	\$ 5,387	\$ 5,069	\$ 3,042	\$ 7,414
Amounts held for locality rescue agencies	1,109,810	2,687,446	2,542,404	1,254,852
Total liabilities	<u>\$ 1,115,197</u>	<u>\$ 2,692,515</u>	<u>\$ 2,545,446</u>	<u>\$ 1,262,266</u>

**DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD**

COUNTY OF SHENANDOAH, VIRGINIA
 Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2020

Exhibit 36

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,395,555	\$ 882,195	\$ 4,277,750
Receivables (net of allowance for uncollectibles):			
Accounts receivable	22,726	109	22,835
Due from other funds	110,136	-	110,136
Due from other governmental units	1,628,924	58,869	1,687,793
Inventories	-	132,784	132,784
Prepaid items	690	-	690
Deposits	5,000	-	5,000
Total assets	<u>\$ 5,163,031</u>	<u>\$ 1,073,957</u>	<u>\$ 6,236,988</u>
LIABILITIES			
Accounts payable	\$ 563,956	\$ 19,439	\$ 583,395
Accrued payroll	2,811,086	90,024	2,901,110
Due to other funds	-	110,136	110,136
Due to primary government	1,787,989	-	1,787,989
Total liabilities	<u>\$ 5,163,031</u>	<u>\$ 219,599</u>	<u>\$ 5,382,630</u>
FUND BALANCES			
Nonspendable:			
Inventory	\$ -	\$ 132,784	\$ 132,784
Prepaid items	690	-	690
Assigned:			
Cafeteria	-	721,574	721,574
Unassigned (deficit)	(690)	-	(690)
Designated for other			-
Total fund balances	<u>\$ -</u>	<u>\$ 854,358</u>	<u>\$ 854,358</u>
Total liabilities and fund balances	<u>\$ 5,163,031</u>	<u>\$ 1,073,957</u>	<u>\$ 6,236,988</u>

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

Total fund balances per above \$ 854,358

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

Land	\$ 5,725,275	
Buildings and improvements	43,846,133	
Machinery and equipment	3,629,669	
Construction in progress	<u>20,751</u>	53,221,828

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

Right to use asset-IT subscriptions	\$ 1,039,174	
Pension related items	14,020,854	
OPEB related items	<u>2,419,285</u>	17,479,313

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

Compensated absences	\$ (1,008,084)	
Net pension liability	(59,163,406)	
Net OPEB liabilities	<u>(16,464,959)</u>	(76,636,449)

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

Pension related items	\$ (6,099,569)	
OPEB related items	<u>(1,208,610)</u>	(7,308,179)

Net position of governmental activities \$ (12,389,129)

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

Exhibit 37

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ 21,150	\$ 16,558	\$ 37,708
Charges for services	1,837,643	494,400	2,332,043
Miscellaneous	637,209	54,598	691,807
Recovered costs	67,206	-	67,206
Intergovernmental:			
Local government	30,642,088	-	30,642,088
Commonwealth	37,626,134	51,644	37,677,778
Federal	2,888,665	1,428,293	4,316,958
Total revenues	<u>\$ 73,720,095</u>	<u>\$ 2,045,493</u>	<u>\$ 75,765,588</u>
EXPENDITURES			
Current:			
Education	\$ 74,226,866	\$ 2,279,983	\$ 76,506,849
Total expenditures	<u>\$ 74,226,866</u>	<u>\$ 2,279,983</u>	<u>\$ 76,506,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (506,771)</u>	<u>\$ (234,490)</u>	<u>\$ (741,261)</u>
Net change in fund balances	\$ (506,771)	\$ (234,490)	\$ (741,261)
Fund balances - beginning	506,771	1,088,848	1,595,619
Fund balances - ending	<u>\$ -</u>	<u>\$ 854,358</u>	<u>\$ 854,358</u>

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

Net change in fund balances - total governmental funds \$ (741,261)

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

Capital outlays	\$ 2,826,753	
Depreciation expense	(2,874,399)	
Allocation of debt financed school assets based on current year repayments	<u>1,593,554</u>	1,545,908

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

Change in compensated absences	\$ (81,442)	
Change in subscription based informational technology arrangement	1,039,174	
Pension expense	(640,675)	
OPEB expense	<u>(483,843)</u>	<u>(166,786)</u>

Change in net position of governmental activities \$ 637,861

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 25,000	\$ 25,000	\$ 21,150	\$ (3,850)
Charges for services	2,570,426	2,769,656	1,837,643	(932,013)
Miscellaneous	265,275	265,275	637,209	371,934
Recovered costs	48,900	48,900	67,206	18,306
Intergovernmental:				
Local government	31,242,346	32,484,706	30,642,088	(1,842,618)
Commonwealth	38,137,374	38,741,982	37,626,134	(1,115,848)
Federal	2,914,086	4,349,880	2,888,665	(1,461,215)
Total revenues	<u>\$ 75,203,407</u>	<u>\$ 78,685,399</u>	<u>\$ 73,720,095</u>	<u>\$ (4,965,304)</u>
EXPENDITURES				
Current:				
Education	\$ 75,203,407	\$ 78,685,399	\$ 74,226,866	\$ 4,458,533
Total expenditures	<u>\$ 75,203,407</u>	<u>\$ 78,685,399</u>	<u>\$ 74,226,866</u>	<u>\$ 4,458,533</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (506,771)	\$ (506,771)
Net change in fund balances	\$ -	\$ -	\$ (506,771)	\$ (506,771)
Fund balances - beginning	-	-	506,771	506,771
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 21,600	\$ 21,600	\$ 16,558	\$ (5,042)
649,659	649,659	494,400	(155,259)
88,212	88,212	54,598	(33,614)
-	-	-	-
-	-	-	-
55,000	55,000	51,644	(3,356)
1,273,705	1,273,705	1,428,293	154,588
<u>\$ 2,088,176</u>	<u>\$ 2,088,176</u>	<u>\$ 2,045,493</u>	<u>\$ (42,683)</u>
<u>\$ 2,288,176</u>	<u>\$ 2,288,176</u>	<u>\$ 2,279,983</u>	<u>\$ 8,193</u>
<u>\$ 2,288,176</u>	<u>\$ 2,288,176</u>	<u>\$ 2,279,983</u>	<u>\$ 8,193</u>
<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (234,490)</u>	<u>\$ (34,490)</u>
\$ (200,000)	\$ (200,000)	\$ (234,490)	\$ (34,490)
200,000	200,000	1,088,848	888,848
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 854,358</u>	<u>\$ 854,358</u>

SUPPORTING SCHEDULES

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 29,050,000	\$ 29,050,000	\$ 28,421,063	\$ (628,937)
Real and personal public service corporation taxes	1,700,000	1,700,000	1,844,442	144,442
Personal property taxes	12,931,250	12,931,250	13,731,217	799,967
Mobile home taxes	-	-	30,299	30,299
Machinery and tools taxes	3,252,051	3,252,051	3,191,118	(60,933)
Merchants capital	335,000	335,000	281,655	(53,345)
Penalties	365,000	365,000	347,590	(17,410)
Interest	350,000	350,000	358,988	8,988
Total general property taxes	<u>\$ 47,983,301</u>	<u>\$ 47,983,301</u>	<u>\$ 48,206,372</u>	<u>\$ 223,071</u>
Other local taxes:				
Local sales and use taxes	\$ 3,930,000	\$ 3,930,000	\$ 4,364,517	\$ 434,517
Consumers' utility taxes	1,950,000	1,950,000	1,756,968	(193,032)
Utility license taxes	29,800	29,800	24,710	(5,090)
Motor vehicle licenses	880,000	880,000	916,402	36,402
Taxes on recordation and wills	390,000	390,000	463,305	73,305
Transient occupancy tax	165,000	165,000	132,705	(32,295)
Total other local taxes	<u>\$ 7,344,800</u>	<u>\$ 7,344,800</u>	<u>\$ 7,658,607</u>	<u>\$ 313,807</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 21,000	\$ 21,000	\$ 21,183	\$ 183
Land use application fees	-	-	2,973	2,973
Transfer fees	-	-	2,065	2,065
Permits and other licenses	469,100	469,100	495,509	26,409
Total permits, privilege fees, and regulatory licenses	<u>\$ 490,100</u>	<u>\$ 490,100</u>	<u>\$ 521,730</u>	<u>\$ 31,630</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 60,500	\$ 60,500	\$ 52,366	\$ (8,134)
Revenue from use of money and property:				
Revenue from use of money	\$ 290,000	\$ 290,000	\$ 297,617	\$ 7,617
Revenue from use of property	381,800	381,800	370,092	(11,708)
Total revenue from use of money and property	<u>\$ 671,800</u>	<u>\$ 671,800</u>	<u>\$ 667,709</u>	<u>\$ (4,091)</u>
Charges for services:				
Charges for courthouse security	\$ 96,200	\$ 96,200	\$ 58,615	\$ (37,585)
Law library fees	25,700	25,700	7,287	(18,413)
Charges for Commonwealth's Attorney	4,700	4,700	4,714	14
Charges for animal protection	9,400	9,400	7,330	(2,070)
Charges for courthouse construction	35,000	35,000	21,975	(13,025)
Charges for parks and recreation	460,000	460,000	542,089	82,089
Charges for spay and neuter	5,000	5,000	3,180	(1,820)
KidzRec	458,352	463,351	367,967	(95,384)
Charges for courthouse maintenance	23,000	23,000	14,394	(8,606)
Charges for ambulance recoveries	1,000,000	1,000,000	1,012,468	12,468
Charges for services - other	84,750	84,750	82,829	(1,921)
Total charges for services	<u>\$ 2,202,102</u>	<u>\$ 2,207,101</u>	<u>\$ 2,122,848</u>	<u>\$ (84,253)</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Schedule 1
 Page 2 of 6

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 376,318	\$ 569,016	\$ 176,877	\$ (392,139)
Refunds and recoveries	155,983	252,899	570,374	317,475
Total miscellaneous	<u>\$ 532,301</u>	<u>\$ 821,915</u>	<u>\$ 747,251</u>	<u>\$ (74,664)</u>
Recovered costs:				
Other recovered costs	\$ 667,587	\$ 686,876	\$ 484,538	\$ (202,338)
Total recovered costs	<u>\$ 667,587</u>	<u>\$ 686,876</u>	<u>\$ 484,538</u>	<u>\$ (202,338)</u>
Total revenue from local sources	<u>\$ 59,952,491</u>	<u>\$ 60,266,393</u>	<u>\$ 60,461,421</u>	<u>\$ 195,028</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 42,000	\$ 42,000	\$ 39,524	\$ (2,476)
Mobile home titling tax	10,500	10,500	10,222	(278)
State recordation tax	250,000	250,000	211,700	(38,300)
Personal property tax relief funds	3,647,829	3,647,829	3,647,829	-
Total noncategorical aid	<u>\$ 3,950,329</u>	<u>\$ 3,950,329</u>	<u>\$ 3,909,275</u>	<u>\$ (41,054)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 387,664	\$ 416,484	\$ 388,187	\$ (28,297)
Sheriff	1,888,715	1,888,715	1,873,667	(15,048)
Commissioner of revenue	136,659	136,659	135,786	(873)
Treasurer	134,237	134,237	131,429	(2,808)
Registrar/electoral board	45,325	45,325	74,198	28,873
Clerk of the Circuit Court	307,916	334,101	347,193	13,092
Total shared expenses	<u>\$ 2,900,516</u>	<u>\$ 2,955,521</u>	<u>\$ 2,950,460</u>	<u>\$ (5,061)</u>
Other categorical aid:				
Litter control grant	\$ 18,000	\$ 18,000	\$ 15,823	\$ (2,177)
Welfare administration and assistance	809,792	809,792	1,015,848	206,056
Forfeited drug assets	-	-	12,430	12,430
DMV grant	20,000	20,000	-	(20,000)
Comprehensive services act	2,620,125	2,620,125	3,495,786	875,661
VJCCCA grant	30,904	30,904	31,204	300
Victim-witness grant	26,425	26,425	18,172	(8,253)
Wireless E-911 grant	133,040	133,040	147,338	14,298
Fire programs fund	84,000	84,000	91,269	7,269
Extradition of prisoners	4,500	4,500	5,828	1,328
Rent health department	4,200	4,200	7,200	3,000
Other categorical aid	390,842	432,885	253,271	(179,614)
Total other categorical aid	<u>\$ 4,141,828</u>	<u>\$ 4,183,871</u>	<u>\$ 5,094,169</u>	<u>\$ 910,298</u>
Total categorical aid	<u>\$ 7,042,344</u>	<u>\$ 7,139,392</u>	<u>\$ 8,044,629</u>	<u>\$ 905,237</u>
Total revenue from the Commonwealth	<u>\$ 10,992,673</u>	<u>\$ 11,089,721</u>	<u>\$ 11,953,904</u>	<u>\$ 864,183</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Noncategorical aid				
CARES Act	\$ -	\$ 95,708	\$ 95,708	\$ -
Payments in lieu of taxes	192,500	192,500	215,806	23,306
Total noncategorical aid	<u>\$ 192,500</u>	<u>\$ 288,208</u>	<u>\$ 311,514</u>	<u>\$ 23,306</u>
Categorical aid:				
DMV ground transportation safety grant	\$ 24,903	\$ 24,903	\$ 19,406	\$ (5,497)
U.S. Forest Service Patrol	5,684	5,684	6,274	590
Bullet proof vest grant	17,738	17,738	3,447	(14,291)
Welfare administration and assistance	2,503,597	2,503,597	1,948,620	(554,977)
Forfeited drug assets	129,595	129,595	35,001	(94,594)
Project lifesaver	3,500	3,500	1,247	(2,253)
Homeland security grant	23,509	23,509	75,361	51,852
Triad grant	3,000	3,000	800	(2,200)
Victim witness	79,273	79,273	86,966	7,693
Total categorical aid	<u>\$ 2,790,799</u>	<u>\$ 2,790,799</u>	<u>\$ 2,177,122</u>	<u>\$ (613,677)</u>
Total revenue from the federal government	<u>\$ 2,983,299</u>	<u>\$ 3,079,007</u>	<u>\$ 2,488,636</u>	<u>\$ (590,371)</u>
Total General Fund	<u>\$ 73,928,463</u>	<u>\$ 74,435,121</u>	<u>\$ 74,903,961</u>	<u>\$ 468,840</u>
Debt Service Funds:				
County Debt Service Fund:				
Revenue from local sources:				
Miscellaneous:				
Interest subsidy	\$ 259,000	\$ 259,000	\$ 414,879	\$ 155,879
Total miscellaneous	<u>\$ 259,000</u>	<u>\$ 259,000</u>	<u>\$ 414,879</u>	<u>\$ 155,879</u>
Total Debt Service Fund	<u>\$ 259,000</u>	<u>\$ 259,000</u>	<u>\$ 414,879</u>	<u>\$ 155,879</u>
Capital Projects Funds:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 219,316	\$ 219,316
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,316</u>	<u>\$ 219,316</u>
Total Primary Government	<u>\$ 74,187,463</u>	<u>\$ 74,694,121</u>	<u>\$ 75,538,156</u>	<u>\$ 844,035</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 25,000	\$ 25,000	\$ 21,150	\$ (3,850)
Total revenue from use of money and property	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 21,150</u>	<u>\$ (3,850)</u>
Charges for services:				
Tuition and other payments	\$ 2,390,426	\$ 2,589,656	\$ 1,671,170	\$ (918,486)
Other charges for services	180,000	180,000	166,473	(13,527)
Total charges for services	<u>\$ 2,570,426</u>	<u>\$ 2,769,656</u>	<u>\$ 1,837,643</u>	<u>\$ (932,013)</u>
Miscellaneous:				
Other miscellaneous	\$ 265,275	\$ 265,275	\$ 637,209	\$ 371,934
Total miscellaneous	<u>\$ 265,275</u>	<u>\$ 265,275</u>	<u>\$ 637,209</u>	<u>\$ 371,934</u>
Recovered costs:				
Other recovered costs	\$ 48,900	\$ 48,900	\$ 67,206	\$ 18,306
Total revenue from local sources	<u>\$ 2,909,601</u>	<u>\$ 3,108,831</u>	<u>\$ 2,563,208</u>	<u>\$ (545,623)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Shenandoah, Virginia	\$ 31,242,346	\$ 32,484,706	\$ 30,642,088	\$ (1,842,618)
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax	\$ 7,333,720	\$ 7,333,720	\$ 7,516,569	\$ 182,849
Basic aid	16,991,427	16,991,427	16,687,545	(303,882)
Remedial summer school	59,910	59,910	84,000	24,090
Foster home children	74,154	74,154	32,342	(41,812)
ISAEF	16,710	16,710	16,773	63
Gifted and talented	175,158	175,158	173,544	(1,614)
Remedial education	582,667	582,667	577,299	(5,368)
Special education	1,697,956	1,697,956	1,682,312	(15,644)
Textbook payments	359,931	359,931	356,615	(3,316)
Vocational education	869,145	869,145	874,356	5,211
Fringe benefits	3,331,569	3,331,569	3,300,873	(30,696)
Early reading intervention	134,251	134,251	154,904	20,653
Mentor teacher program	5,572	5,572	4,635	(937)
Homebound	8,357	8,357	9,480	1,123
Special education regional program	1,132,959	1,132,959	1,019,616	(113,343)
At risk program	540,434	540,434	544,335	3,901
Primary class size payments	711,267	711,267	703,951	(7,316)
School technology funds	284,000	284,000	284,000	-
School construction	-	-	13,176	13,176
Special education- foster children	-	-	34,796	34,796
Algebra readiness	64,815	64,815	68,051	3,236
English as a second language	279,349	279,349	276,855	(2,494)
Enrollment loss	-	-	10,220	10,220
Virginia preschool initiative payment	535,510	535,510	535,510	-
Academic year governors school	460,606	460,606	244,973	(215,633)
National board certification bonus	-	-	10,000	10,000
Other categorical aid	2,487,907	3,092,515	2,409,404	(683,111)
Total categorical aid	<u>\$ 38,137,374</u>	<u>\$ 38,741,982</u>	<u>\$ 37,626,134</u>	<u>\$ (1,115,848)</u>
Total revenue from the Commonwealth	<u>\$ 38,137,374</u>	<u>\$ 38,741,982</u>	<u>\$ 37,626,134</u>	<u>\$ (1,115,848)</u>

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
School Operating Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,182,254	\$ 1,529,778	\$ 1,122,496	\$ (407,282)
Forest reserve	15,614	15,614	15,768	154
Title II Part A	188,897	232,396	178,699	(53,697)
Title VI-B	1,267,301	1,267,301	1,274,322	7,021
Title III-Part A	36,686	110,465	-	(110,465)
Vocational education	100,000	103,532	104,953	1,421
Preschool	39,786	42,156	57,048	14,892
CARES Act	-	965,090	18,949	(946,141)
Other	83,548	83,548	116,430	32,882
Total categorical aid	<u>\$ 2,914,086</u>	<u>\$ 4,349,880</u>	<u>\$ 2,888,665</u>	<u>\$ (1,461,215)</u>
Total revenue from the federal government	<u>\$ 2,914,086</u>	<u>\$ 4,349,880</u>	<u>\$ 2,888,665</u>	<u>\$ (1,461,215)</u>
Total School Operating Fund	<u>\$ 75,203,407</u>	<u>\$ 78,685,399</u>	<u>\$ 73,720,095</u>	<u>\$ (4,965,304)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 21,600</u>	<u>\$ 21,600</u>	<u>\$ 16,558</u>	<u>\$ (5,042)</u>
Charges for services:				
School food services	<u>\$ 649,659</u>	<u>\$ 649,659</u>	<u>\$ 494,400</u>	<u>\$ (155,259)</u>
Miscellaneous:				
Miscellaneous	<u>\$ 88,212</u>	<u>\$ 88,212</u>	<u>\$ 54,598</u>	<u>\$ (33,614)</u>
Total revenue from local sources	<u>\$ 759,471</u>	<u>\$ 759,471</u>	<u>\$ 565,556</u>	<u>\$ (193,915)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 51,644</u>	<u>\$ (3,356)</u>
Total revenue from the Commonwealth	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 51,644</u>	<u>\$ (3,356)</u>

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
School Cafeteria Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 1,273,705	\$ 1,273,705	\$ 1,260,564	\$ (13,141)
USDA commodities	-	-	167,729	167,729
Total categorical aid	<u>\$ 1,273,705</u>	<u>\$ 1,273,705</u>	<u>\$ 1,428,293</u>	<u>\$ 154,588</u>
Total revenue from the federal government	<u>\$ 1,273,705</u>	<u>\$ 1,273,705</u>	<u>\$ 1,428,293</u>	<u>\$ 154,588</u>
Total School Cafeteria Fund	<u>\$ 2,088,176</u>	<u>\$ 2,088,176</u>	<u>\$ 2,045,493</u>	<u>\$ (42,683)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 77,291,583</u>	<u>\$ 80,773,575</u>	<u>\$ 75,765,588</u>	<u>\$ (5,007,987)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 229,430	\$ 267,430	\$ 237,433	\$ 29,997
General and financial information:				
County administrator	\$ 461,609	\$ 511,609	\$ 509,152	\$ 2,457
Finance	344,896	344,895	316,454	28,441
Legal services	150,000	164,561	217,298	(52,737)
Commissioner of revenue	483,936	483,936	481,175	2,761
Treasurer	595,518	603,649	607,224	(3,575)
Central accounting	76,000	76,000	84,187	(8,187)
Data processing	-	-	5,650	(5,650)
Geographic information system	110,902	118,902	105,918	12,984
Total general and financial information	\$ 2,222,861	\$ 2,303,552	\$ 2,327,058	\$ (23,506)
Board of elections:				
Electoral board and officials	\$ 124,555	\$ 124,555	\$ 123,390	\$ 1,165
Registrar	139,207	157,095	158,108	(1,013)
Total board of elections	\$ 263,762	\$ 281,650	\$ 281,498	\$ 152
Total general government administration	\$ 2,716,053	\$ 2,852,632	\$ 2,845,989	\$ 6,643
Judicial administration:				
Courts:				
Circuit court	\$ 70,487	\$ 70,487	\$ 67,285	\$ 3,202
General district court	11,025	11,025	9,165	1,860
Special magistrates	3,425	3,925	2,435	1,490
Clerk of the circuit court	608,511	671,026	621,360	49,666
Sheriff	776,725	770,640	785,587	(14,947)
Juvenile domestic	14,450	13,950	11,744	2,206
Law library	25,700	9,700	6,350	3,350
Victim witness	105,698	86,430	85,670	760
Total courts	\$ 1,616,021	\$ 1,637,183	\$ 1,589,596	\$ 47,587
Commonwealth's attorney:				
Commonwealth's attorney	\$ 580,608	\$ 679,876	\$ 544,048	\$ 135,828
Total judicial administration	\$ 2,196,629	\$ 2,317,059	\$ 2,133,644	\$ 183,415
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,503,894	\$ 5,740,689	\$ 5,430,602	\$ 310,087
Total law enforcement and traffic control	\$ 5,503,894	\$ 5,740,689	\$ 5,430,602	\$ 310,087
Fire and rescue services:				
Volunteer fire department	\$ 1,041,593	\$ 1,041,593	\$ 993,478	\$ 48,115
Ambulance and rescue services	-	29,196	39,921	(10,725)
Forest fire extinction	11,095	11,095	11,095	-
Fire and rescue services	4,857,174	5,136,032	5,113,961	22,071
Total fire and rescue services	\$ 5,909,862	\$ 6,217,916	\$ 6,158,455	\$ 59,461

COUNTY OF SHENANDOAH, VIRGINIA
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Correction and detention:				
Jail	\$ 3,239,806	\$ 3,239,806	\$ 3,217,629	\$ 22,177
Juvenile probation and detention	554,201	554,201	557,987	(3,786)
Total correction and detention	<u>\$ 3,794,007</u>	<u>\$ 3,794,007</u>	<u>\$ 3,775,616</u>	<u>\$ 18,391</u>
Inspections:				
Building	\$ 464,487	\$ 491,487	\$ 473,461	\$ 18,026
Other protection:				
Animal control	\$ 190,767	\$ 208,170	\$ 147,024	\$ 61,146
Animal shelter	266,060	425,856	344,495	81,361
Medical examiner	2,500	2,670	2,673	(3)
Emergency services	1,743,260	1,767,614	1,662,727	104,887
Total other protection	<u>\$ 2,202,587</u>	<u>\$ 2,404,310</u>	<u>\$ 2,156,919</u>	<u>\$ 247,391</u>
Total public safety	<u>\$ 17,874,837</u>	<u>\$ 18,648,409</u>	<u>\$ 17,995,053</u>	<u>\$ 653,356</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 1,315,065	\$ 1,502,200	\$ 1,342,442	\$ 159,758
Total public works	<u>\$ 1,315,065</u>	<u>\$ 1,502,200</u>	<u>\$ 1,342,442</u>	<u>\$ 159,758</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 352,599	\$ 352,599	\$ 352,599	\$ -
Mental health and mental retardation:				
Northwestern Community Services Board	\$ 253,662	\$ 253,662	\$ 253,662	\$ -
Total mental health and mental retardation	<u>\$ 253,662</u>	<u>\$ 253,662</u>	<u>\$ 253,662</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 4,657,695	\$ 4,696,947	\$ 4,325,826	\$ 371,121
Comprehensive services act	3,736,125	3,736,125	5,376,110	(1,639,985)
Area Agency on Aging	78,000	78,000	78,000	-
Tax relief for the elderly	267,000	267,000	286,428	(19,428)
Other local health and welfare organizations	59,500	59,500	59,500	-
Total welfare administration	<u>\$ 8,798,320</u>	<u>\$ 8,837,572</u>	<u>\$ 10,125,864</u>	<u>\$ (1,288,292)</u>
Total health and welfare	<u>\$ 9,404,581</u>	<u>\$ 9,443,833</u>	<u>\$ 10,732,125</u>	<u>\$ (1,288,292)</u>

COUNTY OF SHENANDOAH, VIRGINIA
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 51,469	\$ 51,469	\$ 51,469	\$ -
Contribution to County School Board	31,242,346	32,484,706	29,586,385	2,898,321
Total education	<u>\$ 31,293,815</u>	<u>\$ 32,536,175</u>	<u>\$ 29,637,854</u>	<u>\$ 2,898,321</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 946,473	\$ 1,267,386	\$ 1,159,359	\$ 108,027
KidzRec	454,126	473,770	419,013	54,757
Total parks and recreation	<u>\$ 1,400,599</u>	<u>\$ 1,741,156</u>	<u>\$ 1,578,372</u>	<u>\$ 162,784</u>
Cultural enrichment:				
Contributions to community programs	\$ 16,000	\$ 16,000	\$ 16,250	\$ (250)
Total cultural enrichment	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,250</u>	<u>\$ (250)</u>
Library:				
Contribution to County Library	\$ 834,390	\$ 843,600	\$ 792,159	\$ 51,441
Total parks, recreation, and cultural	<u>\$ 2,250,989</u>	<u>\$ 2,600,756</u>	<u>\$ 2,386,781</u>	<u>\$ 213,975</u>
Community development:				
Planning and community development:				
Community development	\$ 295,426	\$ 308,426	\$ 322,720	\$ (14,294)
Economic development	663,959	718,441	617,707	100,734
Litter control	18,000	18,911	16,491	2,420
Total planning and community development	<u>\$ 977,385</u>	<u>\$ 1,045,778</u>	<u>\$ 956,918</u>	<u>\$ 88,860</u>
Environmental management:				
Soil and water conservation district	\$ 374,477	\$ 381,977	\$ 379,130	\$ 2,847
Total environmental management	<u>\$ 374,477</u>	<u>\$ 381,977</u>	<u>\$ 379,130</u>	<u>\$ 2,847</u>
Cooperative extension program:				
Extension office	\$ 148,864	\$ 148,864	\$ 138,100	\$ 10,764
Total community development	<u>\$ 1,500,726</u>	<u>\$ 1,576,619</u>	<u>\$ 1,474,148</u>	<u>\$ 102,471</u>
Nondepartmental:				
Judgments and settlements	\$ 650	\$ 650	\$ (225)	\$ 875
Revenue refunds	8,500	8,500	8,295	205
Contingencies	233,182	195,182	(44)	195,226
Total nondepartmental	<u>\$ 242,332</u>	<u>\$ 204,332</u>	<u>\$ 8,026</u>	<u>\$ 196,306</u>
Capital projects:				
Other capital projects	\$ 805,000	\$ -	\$ -	\$ -
Total capital projects	<u>\$ 805,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total General Fund	<u><u>\$ 69,600,027</u></u>	<u><u>\$ 71,682,015</u></u>	<u><u>\$ 68,556,062</u></u>	<u><u>\$ 3,125,953</u></u>

Governmental Funds
 For the Year Ended June 30, 2020 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds:				
County Debt Service Fund				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ -	\$ -	\$ 1,055,703	\$ (1,055,703)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,055,703</u>	<u>\$ (1,055,703)</u>
Debt service:				
Principal	\$ 4,279,019	\$ 4,279,019	\$ 4,662,414	\$ (383,395)
Interest and other fiscal charges	2,254,686	2,254,686	2,282,173	(27,487)
Total debt service	<u>\$ 6,533,705</u>	<u>\$ 6,533,705</u>	<u>\$ 6,944,587</u>	<u>\$ (410,882)</u>
Total County Debt Service Fund	<u>\$ 6,533,705</u>	<u>\$ 6,533,705</u>	<u>\$ 8,000,290</u>	<u>\$ (1,466,585)</u>
Capital Projects Funds:				
County Capital Projects Fund				
Capital projects expenditures:				
911 Radio	\$ -	\$ 7,886,161	\$ 2,602,554	\$ 5,283,607
Construction of sheriff's office	-	7,974,716	5,631,860	2,342,856
Emergency communications center	-	14,069	696,254	(682,185)
Other	-	15,298	77,486	(62,188)
Total County Capital Projects Expenditures	<u>\$ -</u>	<u>\$ 15,890,244</u>	<u>\$ 9,008,154</u>	<u>\$ 6,882,090</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ 15,890,244</u>	<u>\$ 9,008,154</u>	<u>\$ 6,882,090</u>
Total Primary Government	<u>\$ 76,133,732</u>	<u>\$ 94,105,964</u>	<u>\$ 85,564,506</u>	<u>\$ 8,541,458</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instructional	\$ 57,251,498	\$ 59,340,730	\$ 55,137,176	\$ 4,203,554
Operating costs:				
Attendance and health services	\$ 3,678,508	\$ 3,709,907	\$ 3,667,806	\$ 42,101
Pupil transportation	5,375,606	5,568,843	6,152,757	(583,914)
Operation and maintenance of school plant	5,761,642	6,085,794	5,908,530	177,264
Electronic technology	2,136,153	3,344,019	2,216,952	1,127,067
Facilities	1,000,000	636,106	1,143,645	(507,539)
Total operating costs	<u>\$ 17,951,909</u>	<u>\$ 19,344,669</u>	<u>\$ 19,089,690</u>	<u>\$ 254,979</u>
Total School operating fund	<u>\$ 75,203,407</u>	<u>\$ 78,685,399</u>	<u>\$ 74,226,866</u>	<u>\$ 4,458,533</u>
School Cafeteria Fund:				
Education:				
School food services:				
School cafeteria	\$ 2,288,176	\$ 2,288,176	\$ 2,279,983	\$ 8,193
Total school cafeteria fund	<u>\$ 2,288,176</u>	<u>\$ 2,288,176</u>	<u>\$ 2,279,983</u>	<u>\$ 8,193</u>
Total Discretely Presented Component Unit School Board	<u>\$ 77,491,583</u>	<u>\$ 80,973,575</u>	<u>\$ 76,506,849</u>	<u>\$ 4,466,726</u>

STATISTICAL SECTION

STATISTICAL SECTION

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Sources:

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

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental Activities:					
Net investment in capital assets	\$ 3,331,416	\$ (352,810)	\$ 766,198	\$ 2,474,405	\$ 3,945,296
Restricted	4,372,985	3,896,099	6,120,414	4,442,313	3,577,673
Unrestricted	5,091,476	16,893,494	16,233,023	20,139,058	16,908,410
Total governmental activities net position	<u>\$ 12,795,877</u>	<u>\$ 20,436,783</u>	<u>\$ 23,119,635</u>	<u>\$ 27,055,776</u>	<u>\$ 24,431,379</u>
Business-type Activities:					
Net investment in capital assets	\$ 3,633,593	\$ 6,106,858	\$ 6,744,936	\$ 7,182,189	\$ 7,613,307
Restricted	-	-	-	-	-
Unrestricted	1,436,310	(9,436,571)	(9,790,291)	(7,811,096)	(9,038,825)
Total business-type activities net position	<u>\$ 5,069,903</u>	<u>\$ (3,329,713)</u>	<u>\$ (3,045,355)</u>	<u>\$ (628,907)</u>	<u>\$ (1,425,518)</u>
Primary government:					
Net investment in capital assets	\$ 6,965,009	\$ 5,754,048	\$ 7,511,134	\$ 9,656,594	\$ 11,558,603
Restricted	4,372,985	3,896,099	6,120,414	4,442,313	3,577,673
Unrestricted	6,527,786	7,456,923	6,442,732	12,327,962	7,869,585
Total primary government net position	<u>\$ 17,865,780</u>	<u>\$ 17,107,070</u>	<u>\$ 20,074,280</u>	<u>\$ 26,426,869</u>	<u>\$ 23,005,861</u>

Table 1

		Fiscal Year							
		2016	2017	2018	2019	2020			
\$	4,603,873	\$	5,506,961	\$	7,241,929	\$	11,418,828	\$	20,131,947
	3,625,033		5,648,061		5,939,307		5,130,470		1,067,924
	<u>14,181,432</u>		<u>16,345,010</u>		<u>17,011,415</u>		<u>18,486,326</u>		<u>14,626,816</u>
\$	<u>22,410,338</u>	\$	<u>27,500,032</u>	\$	<u>30,192,651</u>	\$	<u>35,035,624</u>	\$	<u>35,826,687</u>
\$	11,198,699	\$	11,391,963	\$	11,091,949	\$	11,351,123	\$	11,313,348
	-		-		-		-		-
	<u>(11,194,508)</u>		<u>(9,748,424)</u>		<u>(9,588,862)</u>		<u>(9,790,428)</u>		<u>(9,359,821)</u>
\$	<u>4,191</u>	\$	<u>1,643,539</u>	\$	<u>1,503,087</u>	\$	<u>1,560,695</u>	\$	<u>1,953,527</u>
\$	15,802,572	\$	16,898,924	\$	18,333,878	\$	22,769,951	\$	31,445,295
	3,625,033		5,648,061		5,939,307		5,130,470		1,067,924
	<u>2,986,924</u>		<u>6,596,586</u>		<u>7,422,553</u>		<u>8,695,898</u>		<u>5,266,995</u>
\$	<u>22,414,529</u>	\$	<u>29,143,571</u>	\$	<u>31,695,738</u>	\$	<u>36,596,319</u>	\$	<u>37,780,214</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental Activities:				
General government administration	\$ 2,402,794	\$ 2,714,331	\$ 2,463,006	\$ 1,969,430
Judicial administration	1,794,214	1,908,573	1,982,483	2,073,679
Public safety	11,247,826	11,627,376	13,053,085	13,932,695
Public works	4,836,959	1,840,310	1,414,273	1,228,217
Health and welfare	6,728,853	7,462,916	6,971,130	6,420,661
Education	24,476,243	25,310,174	24,661,559	25,808,176
Parks, recreation, and cultural	1,487,353	1,528,660	1,426,020	1,548,584
Community development	1,606,664	745,870	892,852	1,086,801
Interest on long-term debt	2,728,110	2,845,792	2,639,028	2,285,296
Total governmental activities expenses	\$ 57,309,016	\$ 55,984,002	\$ 55,503,436	\$ 56,353,539
Business-type Activities:				
Sanitary Districts	\$ 2,297,808	\$ 2,211,341	\$ 2,249,735	\$ 2,189,967
North Fork Wastewater	-	169,990	209,261	177,751
Landfill	-	2,768,790	2,833,612	409,841
Total business-type activities expenses	\$ 2,297,808	\$ 5,150,121	\$ 5,292,608	\$ 2,777,559
Total primary government expenses	\$ 59,606,824	\$ 61,134,123	\$ 60,796,044	\$ 59,131,098
Program Revenues				
Governmental Activities:				
Charges for services:				
General government administration	\$ 362,673	\$ 363,009	\$ 332,185	\$ 329,430
Judicial administration	292,908	258,918	249,069	196,855
Public safety	78,043	73,224	1,046,987	924,949
Public works	1,070,662	-	-	2,400
Health and welfare	-	-	27,283	-
Education	465,158	388,851	355,435	397,445
Parks, recreation, and cultural	481,901	454,494	262,619	428,031
Operating grants and contributions	8,500,571	8,043,215	7,994,332	8,941,953
Capital grants and contributions	3,996,634	1,411,363	1,102,782	1,190,549
Total governmental activities program revenues	\$ 15,248,550	\$ 10,993,074	\$ 11,370,692	\$ 12,411,612
Business-type Activities:				
Charges for services:				
Sanitary Districts	\$ 1,555,987	\$ 1,534,485	\$ 1,628,981	\$ 1,650,491
North Fork Wastewater	-	132,693	100,784	105,479
Landfill	-	1,081,369	1,095,874	1,036,704
Capital grants and contributions	239,000	329,067	515,666	202,000
Total business-type activities program revenues	\$ 1,794,987	\$ 3,077,614	\$ 3,341,305	\$ 2,994,674
Total primary government program revenues	\$ 17,043,537	\$ 14,070,688	\$ 14,711,997	\$ 15,406,286
Net (expense) / revenue				
Governmental Activities	\$ (42,060,466)	\$ (44,990,928)	\$ (44,132,744)	\$ (43,941,927)
Business-type Activities	(502,821)	(2,072,507)	(1,951,303)	217,115
Total primary government net expense	\$ (42,563,287)	\$ (47,063,435)	\$ (46,084,047)	\$ (43,724,812)

Table 2

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	2,668,706	\$	2,897,841	\$	2,844,200	\$	2,986,698	\$	2,763,462	\$	2,906,778
	2,083,473		2,042,118		2,214,773		2,303,707		2,380,720		2,358,719
	12,701,606		14,947,334		15,601,779		15,269,440		17,046,346		17,671,034
	1,677,832		1,147,692		1,203,056		1,130,117		1,605,648		1,401,848
	6,513,167		7,143,608		8,038,337		8,379,289		9,041,290		10,356,776
	27,252,564		28,333,067		27,662,686		29,061,555		32,187,526		32,287,111
	1,589,374		1,666,378		1,977,186		2,162,708		2,163,070		2,407,958
	732,115		1,491,749		1,099,573		1,114,388		1,092,330		1,072,502
	2,187,944		2,037,564		1,879,970		1,715,549		2,042,052		2,059,559
\$	<u>57,406,781</u>	\$	<u>61,707,351</u>	\$	<u>62,521,560</u>	\$	<u>64,123,451</u>	\$	<u>70,322,444</u>	\$	<u>72,522,285</u>
\$	2,199,988	\$	2,233,317	\$	2,050,702	\$	2,089,228	\$	2,139,489	\$	2,065,750
	256,978		272,530		265,486		276,138		179,363		168,662
	2,726,110		4,063,526		2,802,246		2,737,626		2,830,512		3,009,120
\$	<u>5,183,076</u>	\$	<u>6,569,373</u>	\$	<u>5,118,434</u>	\$	<u>5,102,992</u>	\$	<u>5,149,364</u>	\$	<u>5,243,532</u>
\$	<u>62,589,857</u>	\$	<u>68,276,724</u>	\$	<u>67,639,994</u>	\$	<u>69,226,443</u>	\$	<u>75,471,808</u>	\$	<u>77,765,817</u>
\$	426,174	\$	412,296	\$	426,606	\$	519,425	\$	104,001	\$	77,682
	231,627		206,785		237,787		208,277		177,960		159,351
	622,799		861,624		741,236		952,459		1,161,014		1,549,855
	8,022		473		-		2,400		-		-
	-		-		-		-		-		-
	367,829		390,566		-		-		-		-
	383,428		427,623		844,570		1,060,521		1,029,266		910,056
	7,492,689		8,263,660		11,213,697		8,576,980		9,080,561		10,221,751
	492,667		390,388		79,708		700,000		3,406,369		-
\$	<u>10,025,235</u>	\$	<u>10,953,415</u>	\$	<u>13,543,604</u>	\$	<u>12,020,062</u>	\$	<u>14,959,171</u>	\$	<u>12,918,695</u>
\$	1,662,924	\$	1,823,913	\$	1,783,104	\$	1,832,866	\$	1,821,974	\$	1,829,705
	66,336		65,473		85,581		103,685		139,400		145,186
	1,207,176		1,240,290		1,367,091		1,387,496		1,406,250		1,358,085
	104,333		36,168		117,500		134,000		28,833		50,000
\$	<u>3,040,769</u>	\$	<u>3,165,844</u>	\$	<u>3,353,276</u>	\$	<u>3,458,047</u>	\$	<u>3,396,457</u>	\$	<u>3,382,976</u>
\$	<u>13,066,004</u>	\$	<u>14,119,259</u>	\$	<u>16,896,880</u>	\$	<u>15,478,109</u>	\$	<u>18,355,628</u>	\$	<u>16,301,671</u>
\$	(47,381,546)	\$	(50,753,936)	\$	(48,977,956)	\$	(52,103,389)	\$	(55,363,273)	\$	(59,603,590)
	(2,142,307)		(3,403,529)		(1,765,158)		(1,644,945)		(1,752,907)		(1,860,556)
\$	<u>(49,523,853)</u>	\$	<u>(54,157,465)</u>	\$	<u>(50,743,114)</u>	\$	<u>(53,748,334)</u>	\$	<u>(57,116,180)</u>	\$	<u>(61,464,146)</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property taxes	\$ 31,699,815	\$ 33,793,896	\$ 35,569,694	\$ 37,418,269
Local sales and use taxes	3,048,872	3,168,917	3,224,641	3,207,116
Consumer utility taxes	298,353	1,962,053	1,943,136	1,994,637
Motor vehicle licenses taxes	857,901	826,120	825,623	830,861
Taxes on recordation and wills	1,994,437	258,430	347,126	304,745
Other local taxes	147,423	164,242	154,857	160,650
Unrestricted grants and contributions	3,791,210	3,959,108	3,874,170	4,066,927
Unrestricted revenues from use of money and property	133,941	258,340	130,565	360,343
Miscellaneous	2,816,283	1,237,842	2,705,887	1,106,265
Transfers	(343,777)	7,002,886	(1,632,819)	(1,571,745)
Total governmental activities	<u>\$ 44,444,458</u>	<u>\$ 52,631,834</u>	<u>\$ 47,142,880</u>	<u>\$ 47,878,068</u>
Business-type Activities:				
Property taxes	\$ 561,634	\$ 562,552	\$ 592,586	\$ 572,600
Unrestricted revenues from use of money and property	19,004	23,331	10,256	6,084
Miscellaneous	139,622	89,893	-	48,904
Transfers	343,777	(7,002,886)	1,632,819	1,571,745
Total business-type activities	<u>\$ 1,064,037</u>	<u>\$ (6,327,110)</u>	<u>\$ 2,235,661</u>	<u>\$ 2,199,333</u>
Total primary government	<u>\$ 45,508,495</u>	<u>\$ 46,304,724</u>	<u>\$ 49,378,541</u>	<u>\$ 50,077,401</u>
Change in Net Position				
Governmental Activities	\$ 2,383,992	\$ 7,640,906	\$ 3,010,136	\$ 3,936,141
Business-type Activities	561,216	(8,399,617)	284,358	2,416,448
Total primary government	<u>\$ 2,945,208</u>	<u>\$ (758,711)</u>	<u>\$ 3,294,494</u>	<u>\$ 6,352,589</u>

Table 2

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	39,124,452	\$	41,148,042	\$	42,461,477	\$	44,834,747	\$	47,553,596	\$	48,673,614
	3,262,733		3,246,390		3,536,415		3,651,977		3,756,891		4,364,517
	1,955,209		1,881,288		1,937,678		1,867,094		1,797,031		1,756,968
	864,693		871,892		871,435		891,545		916,167		916,402
	291,431		347,726		410,384		366,337		404,259		463,305
	166,728		176,892		168,394		212,490		192,681		157,415
	4,036,318		4,092,036		4,146,519		4,104,013		4,161,599		4,220,789
	452,848		422,388		569,096		705,696		1,120,228		887,025
	771,242		782,381		1,323,671		1,155,162		1,497,574		591,756
	(1,363,318)		(4,236,140)		(1,357,419)		(1,143,142)		(1,193,780)		(1,637,138)
\$	<u>49,562,336</u>	\$	<u>48,732,895</u>	\$	<u>54,067,650</u>	\$	<u>56,645,919</u>	\$	<u>60,206,246</u>	\$	<u>60,394,653</u>
\$	569,402	\$	580,181	\$	560,226	\$	562,737	\$	566,297	\$	558,942
	2,685		5,783		12,389		23,197		37,537		26,044
	59,139		11,134		8,040		8,727		12,901		31,264
	1,363,318		4,236,140		1,357,419		1,143,142		1,193,780		1,637,138
\$	<u>1,994,544</u>	\$	<u>4,833,238</u>	\$	<u>1,938,074</u>	\$	<u>1,737,803</u>	\$	<u>1,810,515</u>	\$	<u>2,253,388</u>
\$	<u>51,556,880</u>	\$	<u>53,566,133</u>	\$	<u>56,005,724</u>	\$	<u>58,383,722</u>	\$	<u>62,016,761</u>	\$	<u>62,648,041</u>
\$	2,180,790	\$	(2,021,041)	\$	5,089,694	\$	4,542,530	\$	4,842,973	\$	791,063
	(147,763)		1,429,709		172,916		92,858		57,608		392,832
\$	<u>2,033,027</u>	\$	<u>(591,332)</u>	\$	<u>5,262,610</u>	\$	<u>4,635,388</u>	\$	<u>4,900,581</u>	\$	<u>1,183,895</u>

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Total
2011	\$ 31,699,815	\$ 3,048,872	\$ 1,994,437	\$ 857,901	\$ 298,353	\$ 37,899,378
2012	33,793,896	3,168,917	1,962,053	826,120	258,430	40,009,416
2013	35,569,694	3,224,641	1,943,136	825,623	347,126	41,910,220
2014	37,418,269	3,207,116	1,994,637	830,861	304,745	43,755,628
2015	39,124,452	3,262,733	1,955,209	864,693	291,431	45,498,518
2016	41,148,042	3,246,390	1,881,288	871,892	347,726	47,495,338
2017	42,461,477	3,536,415	1,937,678	871,435	410,384	49,217,389
2018	44,834,747	3,651,977	1,867,094	891,545	366,377	51,611,740
2019	47,553,596	3,756,891	1,797,031	916,167	404,259	54,427,944
2020	48,673,614	4,364,517	1,756,968	916,402	463,305	56,174,806

COUNTY OF SHENANDOAH, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ 42,362	\$ 88,905	\$ 16,995	\$ 39,075
Restricted	4,372,985	3,896,099	3,938,418	4,217,739
Committed	-	5,035	-	-
Assigned	1,132,855	1,043,063	1,178,694	1,247,724
Unassigned	<u>9,686,116</u>	<u>9,655,914</u>	<u>10,497,972</u>	<u>12,772,653</u>
Total general fund	\$ <u>15,234,318</u>	\$ <u>14,689,016</u>	\$ <u>15,632,079</u>	\$ <u>18,277,191</u>
All other governmental funds				
Debt service funds	\$ -	\$ -	\$ -	-
Restricted, reported in:				
Capital projects funds	8,653,713	2,505,751	1,788,689	224,574
Committed, reported in:				
Landfill contingency	-	39,303	-	-
Assigned, reported in:				
Debt service funds	-	-	-	-
Capital projects funds	6,918,627	8,046,955	8,780,403	8,192,892
Special revenue funds	<u>576,406</u>	<u>99,893</u>	<u>99,903</u>	<u>164,067</u>
Total all other governmental funds	\$ <u>16,148,746</u>	\$ <u>10,691,902</u>	\$ <u>10,668,995</u>	\$ <u>8,581,533</u>

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 70,758	\$ 45,765	\$ 42,998	\$ 160,559	\$ 336,882	\$ 350,605
3,509,063	3,625,033	5,648,061	5,939,307	5,130,470	1,067,924
-	-	-	-	-	-
1,495,113	1,496,740	961,601	979,660	1,261,466	1,253,627
<u>13,577,568</u>	<u>10,656,213</u>	<u>12,871,656</u>	<u>14,582,450</u>	<u>13,463,207</u>	<u>11,759,917</u>
<u>\$ 18,652,502</u>	<u>\$ 15,823,751</u>	<u>\$ 19,524,316</u>	<u>\$ 21,661,976</u>	<u>\$ 20,192,025</u>	<u>\$ 14,432,073</u>
\$ 182,987	\$ -	\$ -	\$ -	\$ -	\$ -
68,610	-	-	-	-	-
-	-	-	-	-	-
-	-	-	184,372	184,372	-
7,937,178	7,863,564	8,104,694	8,102,474	22,528,595	17,820,499
<u>188,603</u>	<u>188,603</u>	<u>188,603</u>	<u>188,603</u>	<u>267,535</u>	<u>312,170</u>
<u>\$ 8,377,378</u>	<u>\$ 8,052,167</u>	<u>\$ 8,293,297</u>	<u>\$ 8,475,449</u>	<u>\$ 22,980,502</u>	<u>\$ 18,132,669</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
General property taxes	\$ 31,744,361	\$ 33,009,862	\$ 35,693,366	\$ 37,482,790
Other local taxes	6,346,986	6,379,762	6,495,383	6,498,009
Permits, privilege fees and regulatory licenses	330,143	321,647	347,305	349,335
Fines and forfeitures	107,215	77,345	78,423	71,259
Revenue from use of money and property	133,941	258,340	130,565	360,343
Charges for services	2,313,987	1,139,504	1,847,850	1,858,516
Miscellaneous	2,334,514	1,237,842	2,705,887	1,805,065
Recovered costs	482,269	276,297	499,341	550,983
Intergovernmental:				
Commonwealth	10,387,854	9,948,179	10,281,425	10,303,365
Federal	5,900,561	3,465,508	2,689,859	3,896,064
Total revenues	\$ 60,081,831	\$ 56,114,286	\$ 60,769,404	\$ 63,175,729
Expenditures				
General government administration	\$ 2,228,906	\$ 2,435,352	\$ 2,540,618	\$ 2,463,728
Judicial administration	1,579,642	1,685,561	1,764,922	1,822,544
Public safety	10,781,294	11,645,005	13,244,694	14,007,900
Public works	2,983,349	1,100,767	1,062,575	1,172,071
Health and welfare	6,707,951	6,876,762	6,775,287	6,353,432
Education	21,197,950	22,090,351	22,094,286	23,354,643
Parks, recreation and cultural	1,469,314	1,487,219	1,384,394	1,408,573
Community development	930,856	953,673	951,035	1,033,232
Nondepartmental	15,159	133,482	16,891	13,374
Capital projects	10,764,620	6,628,375	6,932,038	3,535,193
Debt service:				
Principal	4,390,177	7,176,059	3,897,642	3,802,563
Interest and other fiscal charges	2,932,961	2,800,854	2,569,834	2,476,051
Bond issuance costs	-	57,604	156,175	-
Total expenditures	\$ 65,982,179	\$ 65,071,064	\$ 63,390,391	\$ 61,443,304
Excess (deficiency) of revenues over (under) expenditures	\$ (5,900,348)	\$ (8,956,778)	\$ (2,620,987)	\$ 1,732,425
Other financing sources (uses)				
Transfers in	\$ 3,874,348	\$ 5,861,710	\$ 5,868,257	\$ 5,833,132
Transfers out	(3,874,348)	(7,192,458)	(7,501,076)	(7,404,877)
Bonds issued	7,435,000	3,255,000	4,495,000	-
Premium on bonds issued	-	499,512	285,655	-
Capital leases	377,850	530,868	393,307	396,970
Total other financing sources (uses)	\$ 7,812,850	\$ 2,954,632	\$ 3,541,143	\$ (1,174,775)
Net change in fund balances	\$ 1,912,502	\$ (6,002,146)	\$ 920,156	\$ 557,650
Debt service as a percentage of noncapital expenditures	13.26%	16.98%	11.84%	10.86%

Table 5

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 39,515,727	\$ 40,894,148	\$ 42,563,588	\$ 45,169,428	\$ 47,363,914	\$ 48,206,372	
6,540,794	6,524,188	6,924,306	6,989,443	7,067,029	7,658,607	
445,277	432,609	372,308	426,374	405,834	521,730	
83,303	66,671	60,697	51,449	41,221	52,366	
452,848	509,396	569,096	705,696	1,120,228	887,025	
1,511,299	1,800,087	1,817,194	2,265,259	2,025,186	2,122,848	
1,092,112	1,267,177	1,206,726	1,855,162	4,903,943	1,162,130	
512,397	492,482	526,766	497,565	579,109	484,538	
9,562,497	10,334,634	10,317,912	10,513,169	10,932,525	11,953,904	
2,459,177	2,332,300	5,122,012	2,167,824	2,309,635	2,488,636	
<u>\$ 62,175,431</u>	<u>\$ 64,653,692</u>	<u>\$ 69,480,605</u>	<u>\$ 70,641,369</u>	<u>\$ 76,748,624</u>	<u>\$ 75,538,156</u>	
\$ 2,735,318	\$ 2,861,575	\$ 2,488,722	\$ 2,618,367	\$ 2,661,475	\$ 2,845,989	
1,890,580	1,949,965	1,971,210	2,132,675	2,297,440	2,133,644	
13,795,977	14,736,082	15,198,189	15,984,765	17,185,771	17,995,053	
1,088,347	1,149,372	1,140,004	1,157,835	1,627,059	1,342,442	
6,836,916	7,474,288	8,037,115	8,556,685	9,240,789	10,732,125	
24,856,868	25,685,320	25,490,023	26,617,409	30,412,369	30,693,557	
1,465,408	1,522,188	1,944,929	2,194,716	2,198,531	2,386,781	
1,058,542	1,629,086	1,377,922	1,460,829	1,480,775	1,474,148	
14,152	13,533	21,829	105,689	212,682	8,026	
672,597	676,488	255,451	933,869	4,152,533	9,008,154	
3,830,034	4,037,566	4,160,835	4,212,946	4,437,300	4,662,414	
2,396,218	2,246,551	2,095,262	1,932,353	2,094,365	2,282,173	
-	-	-	-	118,057	-	
<u>\$ 60,640,957</u>	<u>\$ 63,982,014</u>	<u>\$ 64,181,491</u>	<u>\$ 67,908,138</u>	<u>\$ 78,119,146</u>	<u>\$ 85,564,506</u>	
<u>\$ 1,534,474</u>	<u>\$ 671,678</u>	<u>\$ 5,299,114</u>	<u>\$ 2,733,231</u>	<u>\$ (1,370,522)</u>	<u>\$ (10,026,350)</u>	
\$ 5,565,693	\$ 5,235,600	\$ 5,408,275	\$ 6,038,539	\$ 6,427,200	\$ 10,470,713	
(6,929,011)	(9,471,740)	(6,765,694)	(7,181,681)	(7,620,980)	(12,107,851)	
-	-	-	-	13,970,000	-	
-	-	-	-	1,530,581	-	
-	410,500	-	729,723	98,823	1,055,703	
<u>\$ (1,363,318)</u>	<u>\$ (3,825,640)</u>	<u>\$ (1,357,419)</u>	<u>\$ (413,419)</u>	<u>\$ 14,405,624</u>	<u>\$ (581,435)</u>	
<u>\$ 171,156</u>	<u>\$ (3,153,962)</u>	<u>\$ 3,941,695</u>	<u>\$ 2,319,812</u>	<u>\$ 13,035,102</u>	<u>\$ (10,607,785)</u>	
10.55%	9.98%	9.83%	9.32%	8.90%	9.16%	

General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2011 \$	31,744,361 \$	3,048,872 \$	1,994,437 \$	857,901 \$	298,353 \$	37,943,924
2012	33,009,862	3,168,917	1,962,053	826,120	258,430	39,225,382
2013	35,693,366	3,224,641	1,943,136	825,623	347,126	42,033,892
2014	37,482,790	3,207,116	1,994,637	830,861	304,745	43,820,149
2015	39,515,727	3,262,733	1,955,209	864,693	291,431	45,889,793
2016	40,894,148	3,246,390	1,881,288	871,892	347,726	47,241,444
2017	42,563,588	3,536,415	1,937,678	871,435	410,384	49,319,500
2018	45,169,428	3,651,977	1,867,094	891,545	366,337	51,946,381
2019	47,363,914	3,756,891	1,797,031	916,167	404,259	54,238,262
2020	48,206,372	4,364,517	1,781,678	916,402	463,305	55,732,274

COUNTY OF SHENANDOAH, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service (2)
2011	\$ 4,403,310,900	\$ 357,328,471	\$ 4,360,059	\$ 78,202,016	\$ 44,439,756	\$ 200,723,875
2012	4,413,197,300	363,099,193	4,271,041	74,030,957	45,520,162	194,503,654
2013	4,441,341,600	367,548,462	4,141,738	75,260,772	46,502,386	194,991,068
2014	4,465,692,800	381,440,803	4,202,476	74,590,349	48,541,466	209,304,337
2015	4,479,926,100	393,610,302	4,298,296	70,749,206	47,243,710	222,281,742
2016	4,364,147,300	420,770,509	4,870,181	80,349,258	46,311,933	241,371,336
2017	4,383,540,000	431,716,486	4,964,567	96,057,176	53,095,887	254,718,911
2018	4,406,982,871	389,568,841	4,883,411	96,239,068	56,513,020	267,575,579
2019	4,429,431,900	461,818,927	4,937,071	94,669,186	54,758,072	289,945,878
2020	4,471,055,200	473,024,856	4,898,211	97,670,952	51,791,848	289,209,579

Source: Commissioner of Revenue

- (1) Real estate assessed at 100% of fair market value.
- (2) Assessed values are established by the State Corporation Commission.
- (3) Source: Virginia Department of Taxation.

Table 7

	Total Taxable Assessed Value	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$	5,088,365,077	\$ 5,202,827,277	97.80%	\$ 7.84
	5,094,622,307	4,702,872,987	108.33%	7.92
	5,129,786,026	4,735,332,803	108.33%	8.33
	5,183,772,231	4,785,167,757	108.33%	8.39
	5,218,109,356	4,910,237,467	106.27%	8.39
	5,157,820,517	4,999,826,015	103.16%	8.55
	5,224,093,027	5,195,001,021	100.56%	8.55
	5,221,762,790	5,192,683,761	100.56%	8.63
	5,335,561,034	5,305,848,284	100.56%	8.93
	5,387,650,646	5,357,647,818	100.56%	8.93

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Direct Rates											
Fiscal Year		Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Merchants' Capital	Total Direct Rate
2011	\$	0.47	\$	3.15	\$	0.47	\$	3.15	\$	0.60	\$ 7.84
2012		0.51		3.15		0.51		3.15		0.60	7.92
2013		0.54		3.50		0.54		3.15		0.60	8.33
2014		0.57		3.50		0.57		3.15		0.60	8.39
2015		0.57		3.50		0.57		3.15		0.60	8.39
2016		0.60		3.60		0.60		3.15		0.60	8.55
2017		0.60		3.60		0.60		3.15		0.60	8.55
2018		0.64		3.60		0.64		3.15		0.60	8.63
2019		0.64		3.90		0.64		3.15		0.60	8.93
2020		0.64		3.90		0.64		3.15		0.60	8.93

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2020		Fiscal Year 2011	
		2020 Assessed Valuation	% of Total Assessed Valuation	2011 Assessed Valuation	% of Total Assessed Valuation
EIP 495 Radio Station Road LLC	Mfg	\$ 20,428,900	18.47%	\$ -	0.00%
North Shenandoah Investors LLC	Investments	-	0.00%	20,596,500	18.14%
Art Mortgage Borrower	Distribution	12,357,400	11.17%	13,368,800	11.77%
Howell Metal	Mfg	11,342,000	10.25%	10,628,100	9.36%
Bowman Andros Products	Mfg	9,756,400	8.82%	8,230,100	7.25%
Lowes Home Centers	Retail	9,308,000	8.41%	9,499,400	8.37%
Wal-Mart Real Estate	Retail	8,673,100	7.84%	9,269,000	8.16%
294 Front Royal LLC	Mfg	8,522,300	7.70%	10,718,600	9.44%
Valley Fertilizer and Chemical Co	Retail	8,409,800	7.60%	-	0.00%
Telesat Network Services	Communications	8,094,300	7.32%	-	0.00%
Masco Cabinetry	Mfg	7,068,600	6.39%	7,889,100	6.95%
Shenandoah Investors LLC	Investments	6,673,100	6.03%	-	0.00%
Loral Cyberstar Data Services	Communications	-	0.00%	9,013,000	7.94%
Mt Airy Properties LLC	Distribution	-	0.00%	7,532,000	6.63%
Spectrum I Woodstock	Retail	-	0.00%	6,804,000	5.99%
		<u>\$ 110,633,900</u>	<u>100.00%</u>	<u>\$ 113,548,600</u>	<u>100.00%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,3) Levy for Fiscal Year	Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 32,838,732	\$ 29,867,700	90.95%	\$ 2,908,117	\$ 32,775,817	99.81%
2012	35,018,934	33,281,231	95.04%	1,653,402	34,934,633	99.76%
2013	36,226,476	33,721,380	93.08%	2,408,746	36,130,126	99.73%
2014	39,644,404	37,448,266	94.46%	2,086,693	39,534,959	99.72%
2015	39,858,420	37,876,812	95.03%	1,677,884	39,554,696	99.24%
2016	41,321,753	39,421,018	95.40%	1,518,190	40,939,208	99.07%
2017	43,635,676	41,757,773	95.70%	1,414,222	43,171,995	98.94%
2018	47,552,508	45,380,283	95.43%	1,476,470	46,856,753	98.54%
2019	48,210,765	46,001,197	95.42%	789,233	46,790,430	97.05%
2020	48,971,502	46,508,828	94.97%	-	46,508,828	94.97%

Source: Commissioner of Revenue, County Treasurer's office

- (1) Exclusive of penalties and interest.
- (2) Does not include land redemptions.
- (3) Does not include PPTRA reimbursements from the Commonwealth of Virginia.

COUNTY OF SHENANDOAH, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		
	<u>Direct Borrowings and Placements</u>				<u>Direct Borrowings and Placements</u>		
	General Obligation Bonds	Literary Fund Loans	Lease Revenue Bonds	Capital Leases	General Obligation Bonds	Notes Payable	
2011	\$ 50,367,176	\$ 3,145,000	\$ 3,972,674	\$ 1,060,237	\$ 2,284,811	\$ 1,379	
2012	48,306,971	2,830,500	3,255,000	1,145,505	3,072,421	-	
2013	45,442,086	2,516,000	7,595,000	1,131,300	2,802,329	-	
2014	42,362,464	2,201,500	7,435,000	1,196,369	2,266,352	-	
2015	39,210,472	1,887,000	7,265,000	863,395	1,906,076	-	
2016	35,949,790	1,572,500	7,000,000	937,079	1,570,934	-	
2017	32,565,081	1,258,000	6,720,000	616,021	1,341,214	-	
2018	29,045,994	943,500	6,435,000	1,111,953	1,254,010	-	
2019	26,927,746	629,000	20,105,000	897,373	1,168,777	-	
2020	23,138,794	314,500	19,790,000	1,569,682	1,080,637	626,720	

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 14

Table 11

	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	46,585	\$ 60,877,862	4.54%	\$ 1,450
	4,301	58,614,698	4.24%	1,386
	-	59,486,715	3.99%	1,397
	-	55,461,685	3.58%	1,299
	247,294	51,379,237	3.15%	1,194
	187,007	47,217,310	2.85%	1,118
	456,030	42,956,346	2.49%	995
	731,182	39,521,639	2.13%	914
	536,176	50,264,072	2.55%	1,156
	714,536	47,234,869	2.32%	1,083

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2011	\$ 53,512,176	\$ -	\$ 53,512,176	1.05%	\$ 1,274
2012	51,137,471	-	51,137,471	1.00%	1,209
2013	47,958,086	-	47,958,086	0.93%	1,126
2014	44,563,964	-	44,563,964	0.86%	1,044
2015	41,097,472	-	41,097,472	0.79%	955
2016	37,522,290	-	37,522,290	0.73%	889
2017	33,823,081	-	33,823,081	0.65%	783
2018	29,989,494	-	29,989,494	0.57%	694
2019	27,556,746	-	27,556,746	0.52%	634
2020	23,453,294	-	23,453,294	0.44%	538

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

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

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

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Enterprise Fund Revenue Bonds						Coverage
	Water/Sewer/Refuse and Septage Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2011	\$ 2,276,247	\$ 1,863,237	\$ 413,010	\$ 264,005	\$ 102,950	112.55%	
2012	3,424,323	4,594,573	(1,170,250)	249,378	85,698	-349.25%	
2013	3,428,481	4,581,746	(1,153,265)	274,393	142,435	-276.68%	
2014	3,420,262	2,680,364	739,898	535,977	97,195	116.86%	
2015	3,567,662	5,103,920	(1,536,258)	360,276	78,771	-349.91%	
2016	3,726,774	6,505,367	(2,778,593)	335,145	63,841	-696.41%	
2017	3,235,776	5,065,643	(1,829,867)	290,957	52,791	-532.33%	
2018	3,324,047	5,053,336	(1,729,289)	205,199	50,253	-676.95%	
2019	3,367,624	5,088,964	(1,721,340)	280,239	60,400	-505.33%	
2020	3,332,976	5,167,600	(1,834,624)	288,378	63,969	-520.69%	

Note: Water/Sewer, refuse disposal charges and other include property taxes and investment earnings but not capital contributions. FY 2012 was the first year the landfill fund was included in the business-type activities.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2011	41,993	1,340,290,581	31,917	42.2	6,094	7.00%
2012	42,289	1,380,820,428	32,652	43.5	6,076	6.60%
2013	42,583	1,491,086,328	35,016	43.7	6,069	6.20%
2014	42,684	1,550,624,352	36,328	43.8	6,115	5.60%
2015	43,021	1,630,323,816	37,896	44.0	5,969	4.70%
2016	42,228	1,659,180,348	39,291	44.1	5,913	4.30%
2017	43,175	1,724,409,500	39,940	44.5	5,991	3.70%
2018	43,225	1,859,323,375	43,015	44.4	6,082	3.20%
2019	43,497	1,974,198,339	45,387	44.5	6,058	2.60%
2020	43,616	2,035,994,880	46,680	44.7	5,993	6.90%

Sources: Weldon Cooper Center, Virginia Employment Commission, and Bureau of Economic Analysis

Principal Employers
 Current Year and Nine Years Prior

<u>Employer</u>	<u>Fiscal Year 2020</u>		<u>Fiscal Year 2011</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Shenandoah County School Board	1000+	1	1000+	1
George's Chicken	500 to 999	2	500 to 999	2
Shentel Management Company	500 to 999	3	250 to 499	9
Bowman Andros Products	500 to 999	4	-	-
LSC Communications US, LLC	250 to 499	5	-	-
County of Shenandoah	250 to 499	6	250 to 499	5
Valley Health System	250 to 499	7	250 to 499	6
Iac Strasburg LLC	250 to 499	8	250 to 499	4
Masco Builder Cabinet Group	250 to 499	9	250 to 499	-
Mercury Paper	100 to 249	10	-	-
R.R. Donnelly and Sons Company	-	-	500 to 999	3
Howell Metal Company	-	-	250 to 499	7
Bowman Apple Products	-	-	100 to 249	8
Wal Mart	-	-	250 to 499	10

Source: Virginia Employment Commission-LMI

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government administration	22	22	21	24	24	24	23	23	29	29
Judicial administration	21	19	15	19	19	19	20	26	23	24
Public safety:										
Sheriff's department	70	71	84	69	57	57	57	59	58	59
Fire and rescue	33	34	42	44	48	48	50	50	56	56
Building inspections	7	5	5	6	6	6	6	6	7	6
Animal control	2	2	2	2	2	2	2	2	2	2
Emergency communications	*	*	*	18	18	18	18	18	21	21
Public works:										
General maintenance	7	6	6	6	6	6	6	6	6	7
Landfill	20	22	19	17	17	17	17	17	17	16
Health and welfare:										
Department of social services	35	35	35	35	41	41	40	44	46	45
Culture and recreation:										
Parks and recreation	4	5	5	5	5	5	5	5	7	6
Library	6	6	6	6	6	7	8	8	8	8
Tourism	1	1	1	1	1	1	1	1	2	2
Community development:										
Planning	4	5	5	5	5	5	5	5	3	3
Totals	<u>232</u>	<u>233</u>	<u>246</u>	<u>257</u>	<u>255</u>	<u>256</u>	<u>258</u>	<u>270</u>	<u>285</u>	<u>284</u>

Source: Individual County departments

* Information unavailable

Operating Indicators by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/arrests	2200	2110	2070	2195	2138	2269	2017	2275	2075	2147
Civil papers	9163	12308	10500	12428	13141	11912	14055	14303	13921	15608
Fire and rescue:										
Number of calls answered	10303	13124	11150	5933	7232	7426	7469	7677	7562	9834
Building inspections:										
Permits issued	88	90	78	82	99	89	115	161	130	146
Animal control:										
Number of calls answered	1544	1729	1643	1847	1656	1548	1576	1717	2233	2485
Public works										
Landfill:										
Refuse collected (tons/day)	133	116	117.02	132	138.5	148.3	162.2	179	154	166
Recycling (tons/day)	9.0	7.8	6.8	7.2	7.0	7.3	18.4	7.4	7	6
Health and welfare										
Department of Social Services:										
Caseload	5998	5854	5753	10905	*	10935	11000	10219	10953	11138
Culture and recreation										
Parks and recreation:										
Recreation facility permits	1298	1291	1137	1853	1833	1743	1762	1680	2270	919
Youth sports participants	1449	1209	1156	1013	1403	1512	1644	1732	2216	520
Community development										
Planning:										
Zoning permits issued	374	438	375	331	260	318	293	330	364	351
Component Unit - School Board										
Education:										
School age population	6094	6076	6069	6115	5696	5913	5991	6082	6058	5993
Number of teachers	496	523	520	521	522	529	530	538	541	502
Local expenditures per pupil	3440	3557	3711	3832	4116	4414	4347	4484	4873	5084

Source: Individual County departments

* Information unavailable

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	3	3	5	4	3	3
Public safety										
Sheriffs department:										
Patrol units	47	46	51	56	56	56	56	58	60	60
Building inspections:										
Vehicles	5	4	4	4	4	4	4	4	5	5
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	6	6	6	6	6	7	7	5	8	10
Landfill:										
Vehicles	22	22	23	23	23	19	22	22	24	24
Equipment	16	18	21	21	21	18	20	20	19	21
Sites	15	15	15	16	16	16	15	15	15	14
Health and welfare										
Department of Social Services:										
Vehicles	10	10	12	12	12	12	13	13	13	13
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	5	5	4	4	4	4	4	5	6	6
Parks acreage	345	345	645	645	645	645	645	645	645	645
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community development										
Planning:										
Vehicles	2	2	2	2	2	2	4	4	3	3
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	109	108	108	110	110	112	112	112	112	114

Source: Individual County departments

COMPLIANCE



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF SHENANDOAH, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Shenandoah, Virginia's basic financial statements, and have issued our report thereon dated December 7, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 7, 2020



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

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF SHENANDOAH, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited County of Shenandoah, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Shenandoah, Virginia's major federal programs for the year ended June 30, 2020. County of Shenandoah, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 7, 2020

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	\$ <u>515,595</u>
Total Department of Agriculture			\$ <u>515,595</u>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Temporary Assistance for Needy Families	93.558	Unavailable	\$ 229,321
Refugee and Entrant Assistance - State Administered Programs	93.566	Unavailable	1,527
Mary Lee Allen Promoting Safe and Stable Families	93.556	Unavailable	23,200
Low-Income Home Energy Assistance/Replacement Designee	93.568	Unavailable	40,836
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Unavailable	<u>43,960</u>
John H. Chafee Education and Training Vouchers Program	93.599	Unavailable	1,790
Foster Care - Title IV-E	93.658	Unavailable	217,440
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	Unavailable	373
Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Unavailable	2,051
Social Services Block Grant	93.667	Unavailable	176,007
Children's Health Insurance Program	93.767	Unavailable	9,006
Adoption Assistance	93.659	Unavailable	145,379
Medicaid Cluster:			
Medical Assistance Program	93.778	Unavailable	<u>542,135</u>
Total Department of Health and Human Services			\$ <u>1,433,025</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Unavailable	\$ <u>75,361</u>
Total Department of Homeland Security			\$ <u>75,361</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
ATF Overtime	16.000	Unavailable	\$ 6,274
Local Law Enforcement Block Grant	16.000	Unavailable	<u>2,047</u>
Subtotal CFDA 16.000			\$ 8,321
Crime Victim Assistance	16.575	Unavailable	86,966
Equitable Sharing Program	16.922	Unavailable	4,167,295
Bulletproof Vest Partnership Program	16.607	Unavailable	<u>3,447</u>
Total Department of Justice			\$ <u>4,266,029</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Highway Safety Cluster:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607		\$ 19,406
Total Department of Transportation			<u>\$ 19,406</u>
Department of Treasury:			
Pass Through Payments:			
Department of Accounts			
COVID-19 Coronavirus Relief Fund	21.019	Unavailable	\$ 95,708
Total Expenditures of Federal Awards - Primary Government			<u>\$ 6,405,124</u>
COMPONENT UNIT SCHOOL BOARD:			
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	APE402530000	\$ 275,644
National School Lunch Program	10.555	APE402540000	691,781
COVID 19 Act National School Lunch Program (NSLP)	10.555	APE402640000	<u>74,928</u>
Department of Agriculture:			
Food Distribution-School Lunch	10.555	Unavailable	<u>167,279</u>
Subtotal CFDA 10.555			\$ 859,060
Summer Food Service Program for Children	10.559	Unavailable	208,615
COVID 19 Act Summer Food Service Program for Children (SFSPC)	10.559	APE601750000	<u>10,046</u>
Subtotal CFDA 10.559			\$ 218,661
Total Child Nutrition Cluster			\$ 1,428,293
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to States	10.665	APE438410000	<u>15,768</u>
Total Department of Agriculture			<u>\$ 1,444,061</u>
Department of Education:			
Pass Through Payments:			
Title I Grants to Local Educational Agencies	84.010	APE429010000	\$ 1,122,496
Student Support and Academic Enrichment Program	84.424	APE602810000	61,893
Supporting Effective Instruction State Grants	84.367	APE614800000	178,699
Special Education Cluster:			
Special Education - Grant to States	84.027	APE430710000	\$ 1,274,322
Special Education - Preschool Grants	84.173	APE625210000	<u>57,048</u>
Total Special Education Cluster:			\$ 1,331,370
Elementary and Secondary School Emergency Relief Fund	84.425D	Unavailable	18,949
Career and Technical Education - Basic Grants to States	84.048	APE610950000	104,953
English Language Acquisition State Grants	84.365	APE605120000	<u>54,537</u>
Total Department of Education			<u>\$ 2,872,897</u>
Total Expenditures of Federal Awards Component Unit School Board			<u>\$ 4,316,958</u>
Total Expenditures of Federal Awards			<u>\$ 10,722,082</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Shenandoah, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Shenandoah, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Shenandoah, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) County of Shenandoah, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the County had food commodities totaling \$132,784 in inventory.

NOTE D - Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

NOTE E - Loans

County of Shenandoah had no federal loans required to be presented in the Schedule.

NOTE F - Subrecipients

No awards were passed through to subrecipients.

NOTE G-RELATIONSHIP TO FINANCIAL STATEMENTS

Federal expenditures, revenues, and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	\$ 2,488,636
Reconciling items:	
Expenditures with forfeited drug asset proceeds less than current year revenues	4,132,294
Payment in lieu of taxes not included above	(215,806)
Total primary government	\$ <u>6,405,124</u>
Discretely presented component unit - School Board	\$ 4,316,958
Total discretely presented component unit - School Board	\$ <u>4,316,958</u>
Total expenditures of federal awards per basic financial statements	\$ <u>10,722,082</u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ <u>10,722,082</u>

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no

- Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes x no

- Significant deficiency(ies) identified? ___ yes x none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ___ yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010 Title I Grants to Local Educational Agencies
	Child Nutrition Cluster
10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 COVID 19 Act National School Lunch Program (NSLP)
10.555 Food Distribution
10.559 Summer Food Service Program for Children
10.559 COVID 19 Summer Food Service Program for Children (SFSPC)
	SNAP Cluster
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

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

Auditee qualified as low-risk auditee? x yes ___ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Findings

None