

COUNTY OF WARREN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

COUNTY OF WARREN, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

PREPARED BY:
FINANCE DEPARTMENT

COUNTY OF WARREN, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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COUNTY OF WARREN



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Dr. Edwin C. Daley
County Administrator

BOARD OF SUPERVISORS

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South River District

VICE CHAIR
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Jerome K. Butler
Happy Creek District

Vicky L. Cook
Fork District

Walter J. Mabe
Shenandoah District

Dr. Edwin C. Daley
County Administrator

April 22, 2022

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

We are pleased to present the Comprehensive Annual Financial Report for the County of Warren, Virginia (the "County") for the fiscal year ended June 30, 2021. This report was prepared by the County's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls, which 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 a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls: In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general, major special revenue, and capital projects funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to guarantee and document compliance with applicable laws and regulations.

Front Royal-Warren County
Rivers of Opportunity-Mountains of Success

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with §15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The County report includes all funds of the “primary government”. In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations, and therefore are included as part of the primary government. 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 and results of operations from those of the primary government. Therefore, the County School Board and the Industrial Development Authority (dba Economic Development Authority [EDA]) are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The EDA is a legally separate organization providing economic development services to the County whose board is appointed by the Board of Supervisors and is fiscally independent.

COUNTY DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION

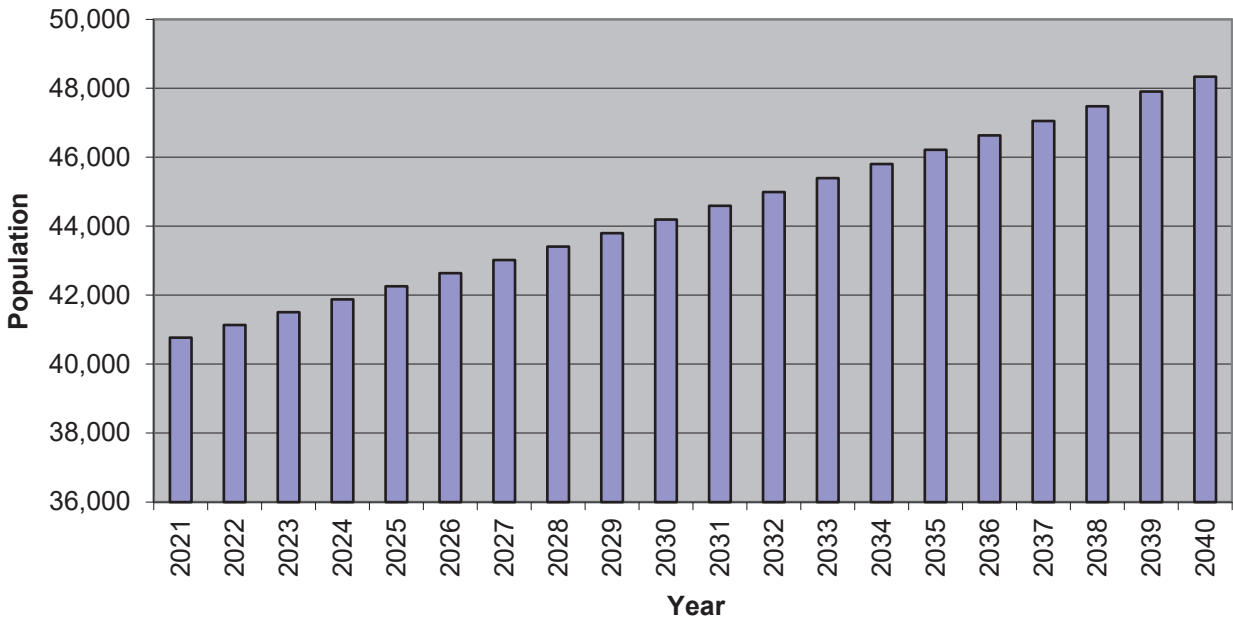
Warren County’s existing industrial sectors include, but are not limited to, agricultural, automotive, banking/finance, call centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, technology, textile, higher education, and trucking.

The County’s unemployment rate in December 2021 was 2.9%, a decrease over the 5.3% of December 2020. The rate of 2.9% was slightly higher than the unemployment rate of 2.7% for Virginia but lower than the national average of 3.7%.

The total reported value of new construction for permits issued decreased from \$89,437,254.41 in FY 2020 to \$76,025,788.00 in FY 2021. The 2020 increase is attributable to the ongoing construction of the new Warren Memorial Hospital. There has been a substantial increase in new home construction as well as a slight increase in new commercial/industrial permit activity. The FY 2021 figure is still slightly lower than the 10-year average of \$78,539,199. The total number of building permits was up in FY 2021 over FY 2020 from 2,296 to 2,656, an increase of 15.7%.

Since the 2020 Census, Warren County’s population has increased slightly from 40,727 to the most recent 2021 population estimate of 41,057, an increase of 330 persons (0.8%). Warren County’s estimated population of 41,057 is an increase of 3,482 persons (9.3%) from the 2010 Census count of 37,575. The County Planning Department projections show a steady conservative annual population growth of approximately 1% per year over the next 20 years.

Warren County Population Projections



As the Washington Metropolitan area continues to expand, Warren County and the surrounding area will continue to see additional residential growth pressures and an influx of new homeowners. This will be somewhat offset by fuel costs and traffic congestion, which make commuting to work in the Northern Virginia area less attractive to County residents.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. Several projects have recently been completed or are in the review process of completion that will enhance the County's tax base.

Equus - Virginia Inland Port Logistics Center

- Equus is constructing a 324,000 SF warehouse facility on a 20-acre site off Route 340/522 just north of the RSW Regional Jail.
- Upon completion, the facility will provide an estimated 50-100 new jobs.



Proposed Architectural Rendering - Virginia Inland Port Logistics

InterChange/Nature’s Touch

- In November 2021, it was announced that Nature’s Touch Frozen Foods, a supplier of frozen fruits and vegetables for the United States, Canada, and Australia, would invest \$40.3 million to expand in the County after establishing its Virginia production facility in the County’s Stephens Industrial Park in 2014.
- Construction of the new, 126,000-square-foot facility is underway.
- Upon completion, the facility will provide an estimated 60-70 new jobs.

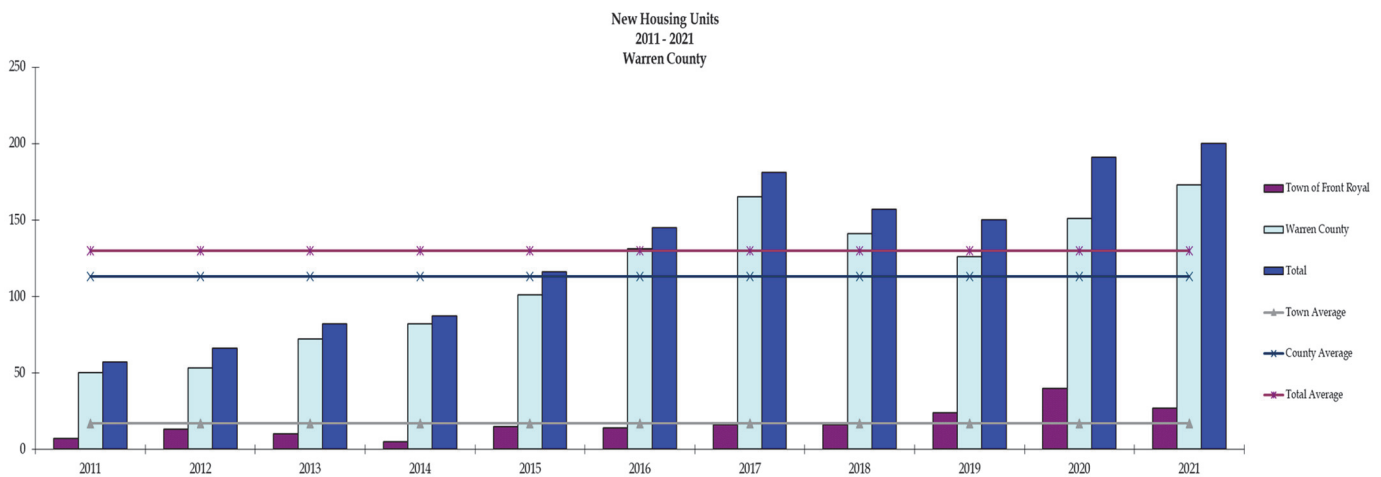
Commercial development has grown significantly over the past fifteen years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) shopping centers have been developed along the Route 340/522 Corridor. These two shopping centers are providing significant sales, meals, and real estate taxes to the community.



Riverton Commons and Crooked Run Shopping Centers

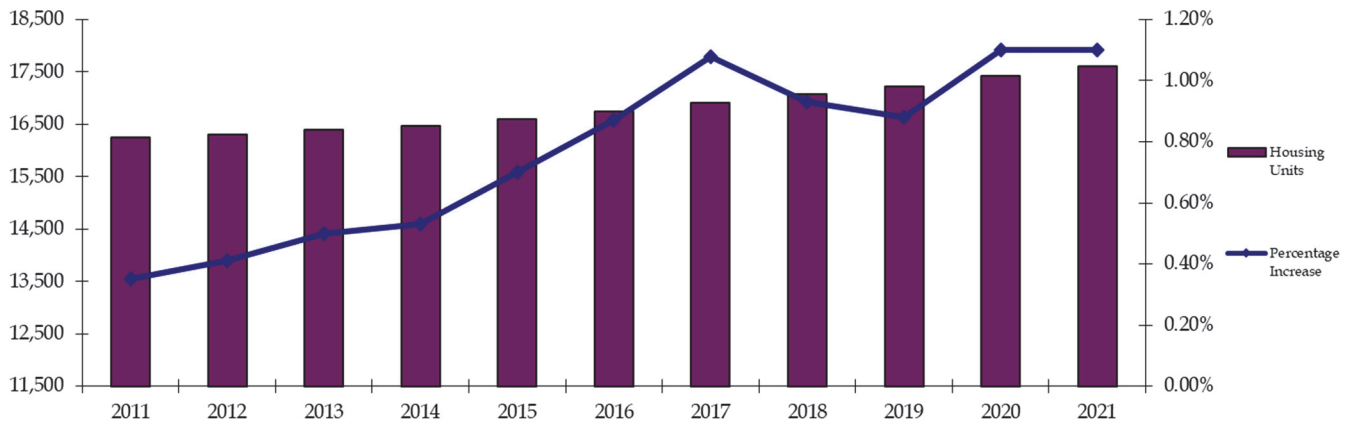
Residential growth in Warren County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in calendar year 2004 with 425 permits issued, the average since 2005 has been 167 permits per year. In 2021, the County had a total of 200 new home starts. Of that number, 27 were inside Town limits and the remaining 173 outside Town limits. As a comparison, in 2020 there were a total of 191 new home starts. The annual growth rate in housing stock is currently at 1.1%.

The following charts show the increase in the number of units and the percentage growth in the County since 2011.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Avg.
Front Royal	7	13	10	5	15	14	16	16	24	40	27	17
Warren County	50	53	72	82	101	131	165	141	126	151	173	113
Total	57	66	82	87	116	145	181	157	150	191	200	130

Approved Housing Units
2011-2021



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Approved Housing Units	16,241	16,307	16,389	16,476	16,592	16,737	16,918	17,075	17,225	17,416	17,616
Annual % Increase	0.35%	0.41%	0.50%	0.53%	0.70%	0.87%	1.08%	0.93%	0.88%	1.10%	1.10%

FY 2021 OTHER ECONOMIC DEVELOPMENT ACCOMPLISHMENTS

Financial Management-

The Front Royal/Warren County Economic Development Authority (EDA) has completed its FY18 and FY19 audits. Warren County continues to serve as Fiscal Agent for the EDA, and the FY20 audit is underway.

EDA Owned Properties-

In 2020 and 2021, the EDA sold 404 Fairground Road, 506 East Main Street (Stokes Market), 514 East Main Street (the Apartments), and 2 East Main Street (the Afton Inn), eliminating approximately \$950,000 in taxpayer debt and future interest expense.

Regional Economic Development Efforts-

Since 2019, the EDA has been working with Frederick, Page, Shenandoah, and Clarke Counties on a regional workforce initiative to attract highly skilled workers to the region. They are working on a framework and budget for implementation of a marketing strategy to attract top talent to the region. Establishing working relationships with regional groups and resources will be a key component to future success. The EDA and Warren County continues to work with the Lord Fairfax Small Business Development Center (SBDC) and GO Virginia to provide much needed assistance to small businesses.

VEDP’s Site Characterization Project-

The EDA continues to work with the VEDP on their effort to study 466 sites across Virginia that have at least 25 contiguous acres or more to determine their level of development and “shovel readiness” for new economic development projects. The VEDP developed a Tier ranking system to rate each site, and Warren County has four sites in the program. The EDA plans to invest in increasing the Tier ranking of its sites so they will be more competitive with others in the state and the nation, including completing due diligence items for Stephens Industrial Park.

Prospects-

Throughout 2021, the EDA has seen more interest in Warren County from outside investors. It is a good sign that people see the economic opportunity Warren County and Front Royal have to offer. The EDA will continue to market Warren County to investors in the region and across the country to bring in more jobs and economic opportunity for the citizens in this community.

In 2020 Silent Falcon announced its new operations located at Stokes Airport, and since have been building operations and personnel at the new location. The company is currently taking part in VEDP's Commonwealth's Development Opportunity Fund (COF) and is continuing to bring quality career opportunities to Warren County.

The EDA has recently entertained several prospects for its properties and buildings. They have had multiple prospects for all EDA properties, and we are very optimistic about business attraction in 2022. The EDA works very closely with the Virginia Economic Development Partnership (VEDP) on business attraction prospects and business retention issues with existing companies, many of whom are considering expansions. The EDA has also established working relationships with the Virginia Inland Port and Lord Fairfax Community College and will continue working with them in the coming year to offer resources to new prospects and existing businesses.

COUNTY VISION STATEMENT

Planning helps us make decisions today with an eye towards our desired future. Warren County citizens, elected officials, business leaders, and many others came together in 2018 to craft a Strategic Vision that was incorporated into the County's Comprehensive Plan to help the Board of Supervisors confidently make decisions with the community's desired future in mind.

The Strategic Vision sets the direction for an update to the County's Comprehensive Plan. The Comprehensive Plan is the County's official policy guide for future development related decisions. It is long range in nature and provides a picture of how the community wishes to develop over the next 15 to 20 years.

Our Vision

Warren County will be a thriving community that retains its safe, scenic, friendly and inviting character with leadership that puts community first and works cooperatively to:

- Preserve the quality of our clean water, air, natural resources and scenic landscape;
- Grow gradually at a rate that supports the local economy but does not place stress on County services or natural resources. This has historically meant a 2% to 3% annual growth rate.
- Maintain our small-town character and rural lifestyle while providing quality amenities for shopping, recreation and entertainment;
- Enhance opportunities for quality wage jobs that allow residents to live, work and raise families in the County;
- Support an excellent school environment that retains quality teachers and graduates the next generation of leaders;
- Provide a variety of housing choices to allow our citizens and workforce to live prosperously and age with dignity within their community;
- Deliver quality services such as fire, safety, and law enforcement, and provide safe and modern roads and other infrastructure within a framework of balanced taxes and sound fiscal management; and
- Make Warren County a place of choice in Virginia, where people choose to live, prosper, raise families, grow businesses, and stay a lifetime.

CAPITAL IMPROVEMENTS

Public Safety

The Department of Fire and Rescue Services (WCFR) continues work in the development and implementation of a long-term capital needs replacement plan. This plan will assist the policy makers in the allocation of funds to ensure safe and reliable apparatus and equipment. In 2021, WCFR committed to purchase (ordered) and/or placed in service the following apparatus and equipment:

- Three Ambulance Transport Units
- One Stryker Performance PRO Cot/Upgrade
- Thirteen (13) FLIR Thermal Imaging Camera Kits
- One Pierce Enforcer Pumper

Additionally, WCFR began the process of replacing all systemwide personal protective equipment. This has historically been a responsibility of the individual volunteer station. This process will ensure adequate and NFPA compliant PPE across the countywide response system.

WCFR began a renovation of the Shenandoah Farms Community Fire Station #6. This process was due to the discovery of multiple building and fire code violations that presented unsafe working conditions to the career and volunteer responders assigned to that station. As a result, a feasibility study was initiated and determined that renovation cost would far exceed replacement cost. As such, the staffing was moved to an adjoining building which formerly served as a fundraising building. A staff area to support 27/7 staff was created and the living quarters of the fire station was demolished. Staff and County representatives continue to evaluate this situation and determine the best process moving forward.

WCFR sustained two fire incidents at the ESA Lane Training and Continuing Education Facility which involved two separate classroom facilities at the former 104-acre Environmental Study Area. As a result of the fire incident, multiple training aids and ancillary equipment was destroyed. The Department continues to work to replace equipment as needs arise. The Department continues its goal of including a burn building and a training facility on this property to meet the needs of the community. Public Safety is regarded by the Board of Supervisors as one of the primary functions of local government. The County of Warren is committed to providing staff with quality facilities and adequate resources to carry out their jobs.

The department moved to certify 7 paramedic students in effort to provide advanced life support level in each staff fire station on a 24/7 basis. This will greatly enhance the emergency medical response services to the citizens we serve. This process is slated to be complete in July 2022.

Solid Waste

The County has been working for the past fifteen years to upgrade the County's four compactor sites and Transfer Station to better meet the needs of its citizens by increasing recycling opportunities and improving traffic flow. Over the past decade, the County has been able to:

- Expand, repave, and stripe the Rockledge Site - (2016)
- Repave and stripe the Cooley site (Route 340/522 North) - (2016)
- Replace the tipping room floor at the Transfer Station - (2018)
- Repave and stripe the Transfer Station - (2019)

The Shenandoah Farms compactor site is currently located on a rented site at the Shenandoah Farms Grocery Store. Due to the relatively small size of the site, there is not room to provide for adequate traffic flow, parking, and recycling bins. With the projected future growth of the area due to the undeveloped lots, the County has identified the need to replace and upgrade the site. In addition, the County, through a formal agreement with Clarke County, accepts waste from Clarke County residents at this location.

The Cooley compactor site is currently located in the Crooked Run area within the Winchester Road Park-n-Ride. The current site is the busiest of all the County's satellite facilities and has become functionally obsolete. During the next year, the County will install a new double compactor site at the Cooley site to improve the recycle area, container storage, parking area, and traffic flow.

The County is planning for significant improvements to the Transfer Station located in Bentonville at the old County landfill site. It was opened in 1994 and is in need of significant improvements. In 2019, the County was able to complete repaving of the transfer station at a cost of \$198,212. The project was completed during shut down days without impact to operations.

The Solid Waste projects that will be implemented over the next several years include:

- Cooley Compactor Site - \$500,000
- Shenandoah Farms Compactor Site - \$750,000 - \$1,000,000
- Construction of maintenance building (warming area with office and employee break area with shower) - \$250,000

Improvements will be made as funding allows on a pay-as-you-go method.

Parks and Recreation

Over the past several years, the Parks and Recreation Department has completed several significant projects including a new restroom/concession building at Lions Park, Eastham Trail Phases I, II, and III, practice fields and parking area at Rockland Park, and the addition of four fields, a walking trail, a large skate park, a large shelter, a small playground, a concession/restroom facility, large and small parking lots, and an access road at the Skyline Soccerplex.

In 2016, the County began work on several major projects for the development of Rockland Park as a regional park facility. The County plans to begin work on the next phase of Rockland Park's development including the renovation of the bathhouse, and construction of associated parking to serve the proposed baseball/softball field facility in the next several years. Parks and Recreation senior staff is also planning the addition of a new large amphitheater for outdoor concerts and other special events, as well as a concession stand. County staff is currently working on securing grant opportunities for the park to begin implementation of these and future phases of the development plan. This project is part of the County's Capital Improvement Plan and will move forward as funding and grant awards allow.

In fall/winter 2021, Parks and Recreation staff, in cooperation with Warren County Public Works staff, began construction of a 48' x 32' shelter adjacent to Dr. Saul Seide Memorial Park, thanks to a donation from the Avtex Retirees Club. The shelter is slated to be completed in spring 2022, in time for the community to enjoy additional shaded space next to the Splash Pad.

County officials, staff, and the community will continue to work together to promote and enhance the County and the quality of life for its residents. It is a continuing goal that Warren County remains a productive and promising community as well as maintains fiscal stability for many years to come.

Information Technology

The Department of Information Technology is a new department to Warren County as of August 2021. Since its establishment, the IT Department has completed a basic assessment of the County network, computer systems, and server systems. Additionally, the Department has extensively reviewed the County cybersecurity position and continues to make appropriate changes necessary to protect the network and data systems it employs.

IT Department staff has replaced several servers, enhanced the County network systems, and deployed several new workstations. They have established a trouble-ticket system to track work being done and have worked extensively with various County offices and departments to update systems and enhance security. The IT Department prides itself on finding "out of the box" solutions to technology that provide the best systems while maintaining the lowest possible costs.

PROPERTY TAX RATES

The County maintained a real estate tax rate of \$0.655 for the 2021 tax year. All other local tax rates and fees for services impacting FY 2020-2021 revenue also remained the same as 2020. At \$0.655, Warren County continues to have a comparatively low real estate tax rate among its neighbors including Fauquier (\$0.994), Rappahannock (\$0.73), Page (\$0.73), Shenandoah (\$0.69), Clarke (\$0.615), and Frederick (\$0.61) Counties.

GOVERNMENT'S FINANCIAL POLICIES

The County has adhered to its adopted financial policies and has maintained its undesignated fund balance at or near the required 15% of the total operating budget.

OTHER INFORMATION

Management's Discussion and Analysis

Generally accepted accounting principles require management and 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 Warren's MD&A can be found immediately following the report of the independent auditors.

Independent Audit

The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. The audit complied with these requirements, and the auditor's opinion is included in this report.

Certificate of Achievement

The County is a proud recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its FY 2021-2022 budget, which requires that a government prepare and present a budget document that exceeds guidelines established by the National Advisory Council on State and Local Budgeting and GFOA's best practices on budgeting. The County has received this award for eleven consecutive years.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the Finance Department. We would also like to thank the Board of Supervisors for its interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner. In addition, we would like to thank the staff of the Finance Department, Deputy Clerk Emily Ciarrocchi, and other contributors for their assistance in the preparation of this report.

Respectfully submitted,



Dr. Edwin C. Daley, ICMA-CM
County Administrator



Matt Robertson, MPA
Director of Finance

COUNTY OF WARREN, VIRGINIA

Board of Supervisors

Cheryl L. Cullers, Chair
Archie A. Fox, Vice-Chair
Tony F. Carter
Walter J. Mabe
Delores R. Oates

County School Board

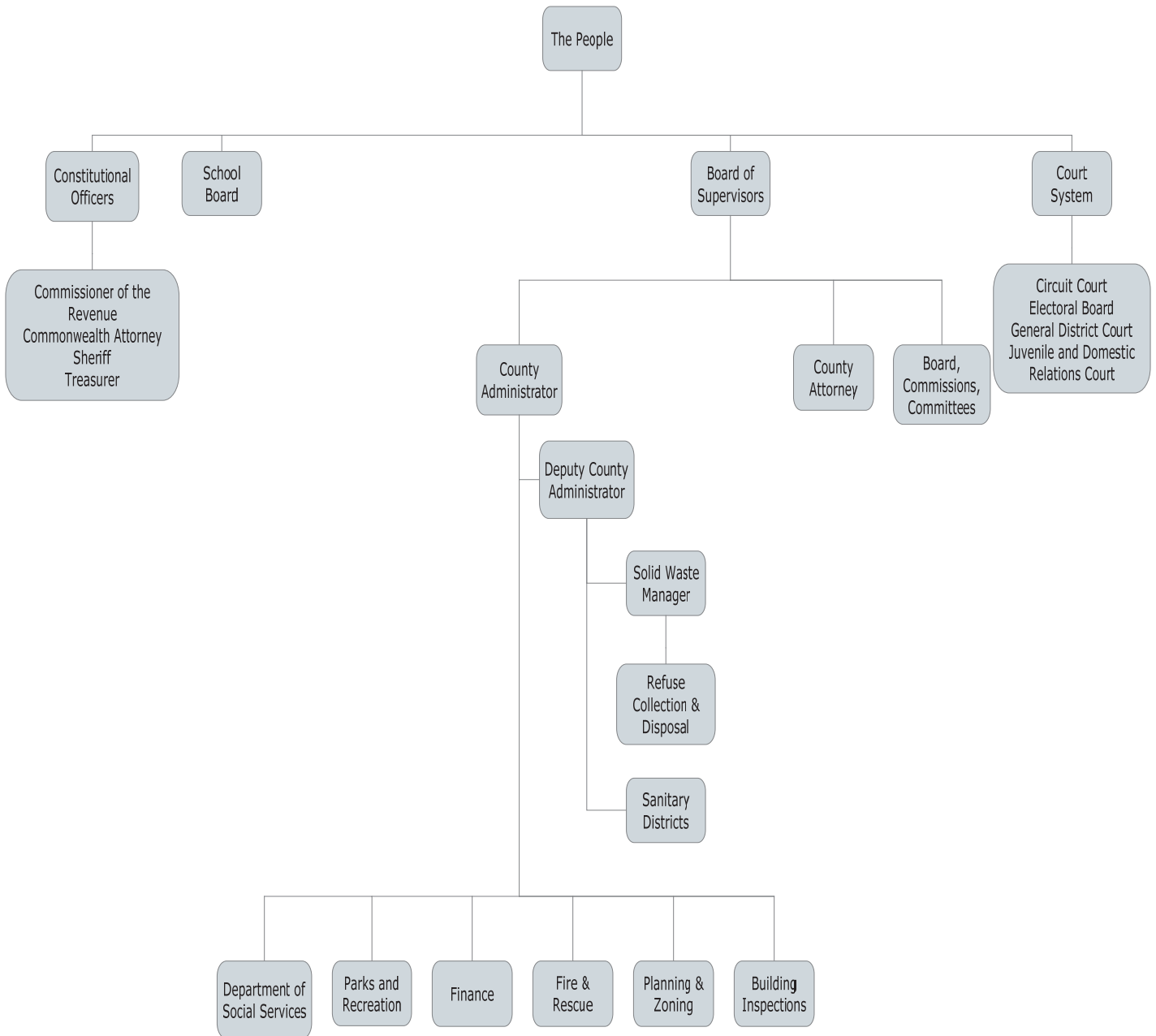
Arnold M. Williams, Jr., Chair
Catherine R. Bower, Vice Chair
Ralph A. Rinaldi
Kristen J. Pence
James S. Wells

Advisory Board for Warren County Social Services

Lorraine Brandon, Chair
Stephen Jerome
Robert Cullers
Brenda Wells

Other Officials

Judge of Circuit Court..... William W. Sharp
Chief Judge of Circuit Court Clark Andrew Ritchie
Judge of Circuit Court..... Bruce D. Albertson
Clerk of Circuit Court Angela m. Moore
Chief Judge of General District Court W. Dale Houff
Judge of Juvenile and Domestic..... Daryl L. Funk
Commonwealth's Attorney John Bell
Commissioner of Revenue Sherry T. Sours
Treasurer Jamie L. Spiker
Sheriff Mark A. Butler
Superintendent of Schools..... Dr. Chris L. Ballenger
Director of Social Services..... Jon Martz
County Attorney..... Jason J. Ham
County Administrator Dr. Edwin Daley
Director of Finance Keith McLiverty





Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Warren, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit school-board, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of and for the year ended June 30, 2021, 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.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - EDA" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - EDA

The financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (EDA) have been omitted. The amounts by which this omission would affect the assets, deferred outflow of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of this discretely presented component unit have not been determined.

Disclaimer of Opinion

Because of the significance of the matter described in the “Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - EDA” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit EDA of the Town of Front Royal and the County of Warren, Virginia. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit - School Board, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 16-23, 108-110, and 111-124 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 Warren, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described in the basis for disclaimer of opinion paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2022, on our consideration of the County of Warren, 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 Warren, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Warren, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
April 22, 2022

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Management's Discussion and Analysis

As the financial management team of the County of Warren, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Warren for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

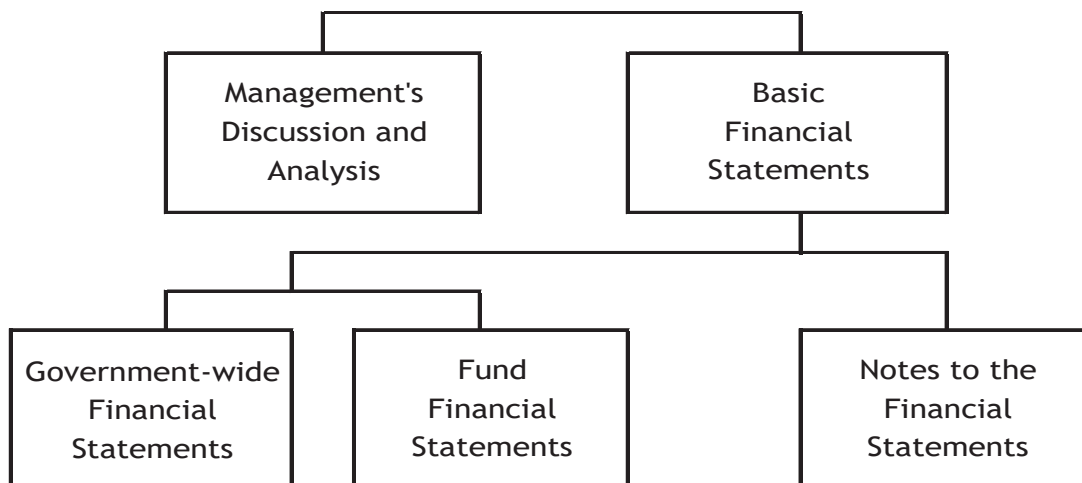
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$92,999,808 (net position), an increase of \$9,609,715.
- As of the close of the current fiscal year, the County of Warren's governmental funds reported a combined ending fund balance of \$40,043,284, an increase of \$3,158,118 from the prior year. The majority of the balance (\$37,767,976) is available for spending at the government's discretion (unassigned, assigned or committed).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$16,928,533.
- The County's total long-term obligations (Note 7) decreased by \$1,304,778 during the current fiscal year after recording increases in general obligation bonds that were issued to refund a portion of the Series 2014 general obligation bonds, and an increase in the net pension and Other Post-Employment Benefits (OPEB) liabilities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other information that will enhance the reader's understanding of the financial condition of the County of Warren.

Required Components of the Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2 on pages 29 through 31) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 11 on pages 32 through 40) are fund financial statements. These statements focus on the activities of the individual parts of the County's government and provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the fiduciary fund statements.

The next section of the basic financial statements is the Notes to Financial Statements. The notes explain in detail some of the data contained in these statements. After the notes, supplementary information is provided to show details about the County's individual funds.

Government-Wide Financial Statements

The government-wide financial statements, namely the Statement of Net Position and the Statement of Activities, are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and the County's total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The second category is the component unit. Although legally separate from the County, the Economic Development Authority is important to the County because the County exercises control over its Board of Directors by appointing the members. The Economic Development Authority issues separate financial statements.

Although the School Board is a component unit, approximately 33% of the budget for the County of Warren is designated for the public schools. The members of the School Board are elected.

The government-wide financial statements are on pages 29 through 31 of this report.

Fund Financial Statements

The fund financial statements (pages 32 through 40) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been designated for specific activities or objectives. The County of Warren, like all other governmental entities in Virginia, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements. All of the funds of County of Warren are categorized as governmental funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give readers a detailed short-term view that helps them determine if there are more or fewer financial resources available to finance the County's programs. The relationship between government-wide activities (reported in the Statement of Net Position and the Statement of Activities) and the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances of the governmental funds is described in Exhibits 4 and 6 which is a reconciliation that is a part of the fund financial statements.

The County of Warren adopts an annual budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the appropriation resolution and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 41 through 103 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County of Warren's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 104 through 119 of this report.

Government-Wide Financial Analysis

The County of Warren's Net Position
Figure 2

	Governmental Activities	
	2021	2020
Current and other assets	\$ 67,540,613	\$ 69,498,587
Capital assets	194,999,611	191,939,012
Total assets	<u>\$ 262,540,224</u>	<u>\$ 261,437,599</u>
Deferred outflows of resources	\$ 7,083,107	\$ 5,422,610
Long-term liabilities outstanding	\$ 153,114,664	\$ 155,018,494
Other liabilities	3,648,583	8,971,334
Total liabilities	<u>\$ 156,763,247</u>	<u>\$ 163,989,828</u>
Deferred inflows of resources	\$ 19,860,276	\$ 19,480,288
Net position:		
Net investment in capital assets	\$ 61,784,432	\$ 56,236,417
Restricted	1,371,537	572,153
Unrestricted	29,843,839	26,581,523
Total net position	<u>\$ 92,999,808</u>	<u>\$ 83,390,093</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County of Warren exceeded liabilities and deferred inflows of resources by \$92,999,808 as of June 30, 2021, compared to \$83,390,093 as of June 30, 2020. 66% of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, vehicles, and equipment) less any related debt still outstanding that was issued to acquire those items. The County of Warren uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County of Warren's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position (\$29,843,839) may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the County's financial operations influenced the total unrestricted governmental net position including:

MD7

- Collection of real estate property taxes exceeded budgeted amounts by approximately \$208,000.
- Collection of real and personal PSC taxes exceeded budgeted amounts by approximately \$1.4 million.
- Collection of other local taxes exceeded budgeted amounts by approximately \$1.8 million.

Government-Wide Financial Analysis: (Continued)

County of Warren Changes in Net Position
Figure 3

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 3,372,523	\$ 3,660,726
Operating grants and contributions	15,327,732	7,230,236
Capital grants and contributions	10,060	1,042,054
General revenues:		
Property taxes	57,742,174	53,463,608
Other taxes	10,811,276	9,138,178
Grants and contributions not restricted to specific programs	6,360,509	5,528,557
Other	2,791,439	1,528,488
Total revenues	<u>\$ 96,415,713</u>	<u>\$ 81,591,847</u>
Expenses:		
General government administration	\$ 3,960,439	\$ 5,705,438
Judicial administration	2,955,192	2,774,389
Public safety	23,026,059	16,156,532
Public works	7,983,645	8,730,730
Health and welfare	7,869,894	7,255,801
Parks, recreation and cultural	3,482,591	3,955,750
Community development	5,157,656	1,661,861
Education	26,247,774	29,429,249
Interest and other fiscal charges	6,122,748	4,897,997
Total expenses	<u>\$ 86,805,998</u>	<u>\$ 80,567,747</u>
Increase in net position	\$ 9,609,715	\$ 1,024,100
Net position, July 1, as restated	<u>83,390,093</u>	<u>82,365,993</u>
Net position, June 30	<u>\$ 92,999,808</u>	<u>\$ 83,390,093</u>

Financial Analysis of the County's Funds

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

Governmental Funds

The focus of the County of Warren's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County of Warren's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Funds: (Continued)

The general fund is the chief operating fund of the County of Warren. At the end of FY 2020-2021, unassigned fund balance of the General Fund was \$16,928,533, an increase of \$4,216,107 from FY 2019-2020. The general fund portion of the governmental fund balances totaled \$18,494,595, or 46%. Just about one half, or 48%, consisted of \$19,387,150 in funds committed by the Board of Supervisors to fund capital and other special projects.

The nonmajor funds reported a collective increase of \$734,308. The majority of the increase is reported in the Sanitary Districts fund (\$597,215).

As of June 30, 2021, the governmental funds of County of Warren reported a combined fund balance of \$40,043,284 (Exhibit 5), an increase of \$2,814,561 from last year. This change mainly resulted from the decrease in expenditures incurred for larger capital projects.

General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original appropriation resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Included in the budget for FY 2020-2021, there were miscellaneous capital items to be funded from this unreserved fund balance which would reduce the fund balance by \$2,135,682. During the course of the year, there were several supplemental appropriations made to the budget. The total of these approved uses of fund balance totaled \$5,639,836. Fund balance for the general fund was increased by \$2,586,350, which was \$8,226,186 greater than projected. This increase was due mainly to tax collections and federal revenues exceeding budgeted amounts, as well as budgeted amounts for expenditures exceeding the actual amount spent.

Capital Asset and Debt Administration

Capital Assets

The County of Warren's investment in capital assets for its governmental activities as of June 30, 2021 totaled \$194,999,611 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

County of Warren's Capital Assets
Figure 4
Capital Assets
(net of depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 14,193,099	\$ 14,193,099
Buildings and improvements	168,876,775	167,227,825
Machinery and equipment	5,109,003	2,506,761
Non-depreciable capital assets	387,070	387,070
Construction in progress	6,433,664	7,624,257
Total	\$ 194,999,611	\$ 191,939,012

Additional information on the County's capital assets can be found in Note 6 - Capital Assets of the Basic Financial Statements.

Long-term Debt

As of June 30, 2021, the County of Warren had total bonds outstanding of \$131,421,752. General obligation bond debt is backed by the full faith and credit of the County. The table below includes both lease revenue and general obligation bonds.

**County of Warren's Outstanding Debt
General Obligation and Revenue Bonds
Figure 5**

	Governmental Activities	
	2021	2020
General obligation, revenue and lease revenue bonds	\$ 131,421,752	\$ 136,817,632
Total	\$ 131,421,752	\$ 136,817,632

As part of its multi-year Capital Funding Plan, in November 2014 the County conducted credit rating calls with each of the three national municipal bond rating agencies: Moody's Investors Service, Standard & Poor's, and Fitch Ratings. Discussions with each of the agencies covered financial, economic, debt-related, and management-related issues among others. Without exception, all three agencies were favorably impressed with the fiscal health of the County, the diligence and stability of staff and elected officials and the overall vibrancy of the County economy as evidenced by the strong investment grade General Obligation bond ratings secured from the agencies: Moody's: Aa2, S&P: AA, FITCH: AA+. With these assigned ratings, the County continued its steady progression of rating upgrades that began back in the early 2000's. November 2016 Fitch Ratings increased the County GO Bond rating from a AA to a AA+ rating. This rating along with the others will help to ensure that the County is able to maximize its borrowing ability in the future.

Additional information regarding the County of Warren's long-term debt can be found in Note 7 - Debt of this report.

Economic Factors and Next Year's Budgets and Rates

As the Washington Metropolitan area has continued to expand, the County and the surrounding areas have continued to experience residential growth pressures and an influx of new homeowners, somewhat offset by fuel costs which make commuting to work in the Northern Virginia area less attractive to County residents.

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. Over the past twenty years, a number of large industrial projects have opened in the Route 340/522 Corridor of the County, and the County continues to work with industries to expand the tax base.

Commercial development has grown significantly over the past four years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) shopping centers have been developed. These two shopping centers are providing significant sales, meals, and real estate taxes to the community. In 2020, the Virginia Inland Port Logistics Center announced construction of a 324,000 SF warehouse facility on a 20-acre site off Route 340/522. Additionally, in November 2021, Nature's Touch Frozen Foods announced an expansion of its production facility in the County's Stephens Industrial Park to a total of 126,000 SF. Finally, in 2020, Silent Falcon UAS announced its new operations located at the Front Royal-Warren County Airport, and since have been building operations and hiring personnel at the new location.

Residential growth in Warren County has maintained a steady and healthy pace over the past ten years. While new home starts reached an all-time high in calendar year 2004 with 425 permits issued, the average since 2005 has been 167 permits per year. In 2021, the County had a total of 200 new home starts. Of that number, 27 were inside Town limits and the remaining 173 outside Town limits. As a comparison, in 2020 there were a total of 191 new home starts. The annual growth rate in housing stock is currently at 1.1%.

Unemployment

* The County's unemployment rate in December 2021 was 2.9%, a decrease over the 5.3% of December 2020. The rate of 2.9% was slightly higher than the unemployment rate of 2.7% for Virginia but lower than the national average of 3.7%.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities

The FY 2021-2022 budget process again proved to be a difficult one given the slow growth in new construction in the area and continued flat revenue picture. Projected revenues for the General Fund and School Operating Fund (excluding use of Fund Balance) are slightly more than those of FY 2020-2021. The FY 2021-2022 budget was adopted with a real estate tax rate for calendar year 2021 of \$0.655 per \$100 of assessed value. All other tax rates and fees for services impacting FY 2021-2022 revenue remained the same as the previous year.

Budgeted expenditures in the General Fund (excluding the local appropriation to the school fund) totaled \$61,670,000.

The General Fund budget also includes \$200,000 for tourism initiatives. The County continues to partner with the Town of Front Royal and local businesses to enhance tourism to the area. Growth in the tourism industry is already felt, with increased revenues from Meals and Beverage, Sales, and Lodging Taxes.

Coming out of the COVID-19 pandemic quarantine, the County is seeing increases in revenue in these areas as travel and casual dining increase. As these revenues continue to grow, it will assist local taxpayers in funding necessary Warren County initiatives.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Edwin Daley, Interim County Administrator, County of Warren, 220 N. Commerce Avenue, Front Royal, VA 22630.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position
June 30, 2021

	Primary Government		Component Unit	
	Governmental Activities		School Board	
ASSETS				
Cash and cash equivalents	\$	31,158,508	\$	5,149,711
Receivables (net of allowance for uncollectibles):				
Taxes receivable		28,984,453		-
Accounts receivable		655,386		185,122
External parties		5,000		-
Due from component unit		1,025,250		-
Due from other governmental units		2,246,117		2,053,280
Prepaid items		272,657		-
Restricted assets:				
Cash and cash equivalents		3,193,242		-
Net pension asset		-		211,467
Capital assets (net of accumulated depreciation):				
Land		14,193,099		1,656,064
Non-depreciable assets		387,070		-
Buildings and improvements		165,933,520		12,394,217
Improvements other than buildings		2,943,255		-
Machinery and equipment		5,109,003		2,266,939
Construction in progress		6,433,664		-
Total assets	\$	<u>262,540,224</u>	\$	<u>23,916,800</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charged on refunding	\$	2,046,419	\$	-
Pension related items		3,586,027		13,062,967
OPEB related items		1,450,661		1,550,791
Total deferred outflows of resources	\$	<u>7,083,107</u>	\$	<u>14,613,758</u>
LIABILITIES				
Accounts payable	\$	2,321,129	\$	533,157
Accrued liabilities		-		2,208,556
Due to primary government		-		1,025,250
Customers' deposits		7,714		-
Accrued interest payable		1,316,114		-
Unearned revenue		3,626		-
Long-term liabilities:				
Due within one year		9,359,224		169,637
Due in more than one year		143,755,440		63,423,769
Total liabilities	\$	<u>156,763,247</u>	\$	<u>67,360,369</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$	19,008,793	\$	-
Pension related items		359,668		3,880,137
OPEB related items		491,815		1,645,167
Total deferred inflows of resources	\$	<u>19,860,276</u>	\$	<u>5,525,304</u>
NET POSITION				
Net investment in capital assets	\$	61,784,432	\$	16,317,220
Restricted:				
Public safety		38,441		-
Proffers		670,805		-
Landfill assurance		662,291		-
Unrestricted (deficit)		29,843,839		(50,672,335)
Total net position	\$	<u>92,999,808</u>	\$	<u>(34,355,115)</u>

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

COUNTY OF WARREN, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,960,439	\$ 212,663	\$ 1,053,025	\$ -
Judicial administration	2,955,192	245,043	831,421	-
Public safety	23,026,059	1,405,422	5,612,613	-
Public works	7,983,645	1,165,181	131,340	-
Health and welfare	7,869,894	-	4,304,844	-
Education	26,247,774	-	300,000	-
Parks, recreation, and cultural	3,482,591	109,694	13,951	5,810
Community development	5,157,656	234,520	3,080,538	4,250
Interest and other fiscal charges on long-term debt	6,122,748	-	-	-
Total governmental activities	<u>\$ 86,805,998</u>	<u>\$ 3,372,523</u>	<u>\$ 15,327,732</u>	<u>\$ 10,060</u>
Total primary government	<u>\$ 86,805,998</u>	<u>\$ 3,372,523</u>	<u>\$ 15,327,732</u>	<u>\$ 10,060</u>
COMPONENT UNIT:				
School Board	\$ 68,082,870	\$ 563,473	\$ 37,417,281	\$ 247,924
	<u>\$ 68,082,870</u>	<u>\$ 563,473</u>	<u>\$ 37,417,281</u>	<u>\$ 247,924</u>

General revenues:
 General property taxes
 Local sales and use taxes
 Consumers' utility taxes
 Business licenses
 Motor vehicle licenses
 Meals tax
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Payments from Warren County
 Grants and contributions not restricted to specific programs
 Total general revenues
 Change in net position
 Net position - beginning, as restated
 Net position - ending

Exhibit 2

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	School Board
\$ (2,694,751)	
(1,878,728)	
(16,008,024)	
(6,687,124)	
(3,565,050)	
(25,947,774)	
(3,353,136)	
(1,838,348)	
(6,122,748)	
<u>\$ (68,095,683)</u>	

\$ (29,854,192)
\$ (29,854,192)

\$ 57,742,174	\$
5,248,373	
750,564	
1,151,487	
932,782	
1,088,125	
1,639,945	
439,925	485
2,351,514	872,379
-	24,645,124
6,360,509	3,335,413
<u>\$ 77,705,398</u>	<u>\$ 28,853,401</u>
\$ 9,609,715	\$ (1,000,791)
83,390,093	(33,354,324)
<u>\$ 92,999,808</u>	<u>\$ (34,355,115)</u>

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Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2021

	General	Special Projects	Total Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 11,705,504	\$ 19,387,150	-	\$ 31,092,654
Receivables (net of allowance for uncollectibles):				
Taxes receivable	27,005,826	-	1,978,627	28,984,453
Accounts receivable	655,386	-	-	655,386
External parties	5,000	-	-	5,000
Due from other funds	8,123	-	-	8,123
Due from component unit	1,025,250	-	-	1,025,250
Due from other governmental units	2,246,059	-	58	2,246,117
Prepaid items	272,657	-	-	272,657
Restricted assets:				
Cash and cash equivalents	1,293,405	-	1,899,837	3,193,242
Total assets	<u>\$ 44,217,210</u>	<u>\$ 19,387,150</u>	<u>\$ 3,878,522</u>	<u>\$ 67,482,882</u>
LIABILITIES				
Accounts payable	\$ 2,202,008	-	\$ 119,121	\$ 2,321,129
Customers' deposits	7,714	-	-	7,714
Due to other funds	-	-	8,123	8,123
Unearned revenue	3,626	-	-	3,626
Total liabilities	<u>\$ 2,213,348</u>	<u>\$ -</u>	<u>\$ 127,244</u>	<u>\$ 2,340,592</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 23,509,267	-	\$ 1,589,739	\$ 25,099,006
Total deferred inflows of resources	<u>\$ 23,509,267</u>	<u>\$ -</u>	<u>\$ 1,589,739</u>	<u>\$ 25,099,006</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 272,657	-	-	\$ 272,657
Restricted:				
Construction	631,114	-	670,805	1,301,919
Landfill assurance	662,291	-	-	662,291
Public safety	-	-	38,441	38,441
Committed:				
Capital improvements (Note 14)	-	19,387,150	-	19,387,150
Sanitary districts - roads, etc.	-	-	1,452,293	1,452,293
Unassigned	16,928,533	-	-	16,928,533
Total fund balances	<u>\$ 18,494,595</u>	<u>\$ 19,387,150</u>	<u>\$ 2,161,539</u>	<u>\$ 40,043,284</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 44,217,210</u>	<u>\$ 19,387,150</u>	<u>\$ 3,878,522</u>	<u>\$ 67,482,882</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 40,043,284

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

Capital assets, cost	\$ 248,607,069	
Accumulated depreciation	(53,607,458)	194,999,611

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

Unavailable property taxes		6,090,213
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Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Deferred charge on refunding	\$ 2,046,419	
Pension related items	3,586,027	
OPEB related items	1,450,661	7,083,107

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

Pension related items	\$ (359,668)	
OPEB related items	(491,815)	(851,483)

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

65,854

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

Bonds payable	\$ (131,421,752)	
Issuance premium	(2,089,898)	
Accrued interest payable	(1,316,114)	
Line of credit	(541,071)	
Note payable	(384,928)	
Capital lease obligations	(1,635,063)	
Compensated absences	(1,542,388)	
Landfill closure & postclosure liability	(670,239)	
Net pension liability	(5,979,566)	
Net OPEB liabilities	(8,849,759)	(154,430,778)

Net position of governmental activities		\$ 92,999,808
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The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2021

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 55,038,650	\$ -	\$ -	\$ 2,348,826	\$ 57,387,476
Other local taxes	10,810,488	-	-	-	10,810,488
Permits, privilege fees, and regulatory licenses	670,204	-	-	-	670,204
Fines and forfeitures	114,556	-	-	-	114,556
Revenue from the use of money and property	439,925	-	-	-	439,925
Charges for services	2,588,549	-	-	-	2,588,549
Miscellaneous	2,024,254	-	-	327,260	2,351,514
Recovered costs	217,100	-	-	-	217,100
Intergovernmental:					
Local government	-	-	871,801	-	871,801
Commonwealth	10,652,016	-	-	4,789	10,656,805
Federal	10,167,790	-	-	1,905	10,169,695
Total revenues	<u>\$ 92,723,532</u>	<u>\$ -</u>	<u>\$ 871,801</u>	<u>\$ 2,682,780</u>	<u>\$ 96,278,113</u>
EXPENDITURES					
Current:					
General government administration	\$ 4,905,335	\$ -	\$ -	\$ -	\$ 4,905,335
Judicial administration	2,802,965	-	-	-	2,802,965
Public safety	21,620,974	-	-	26,001	21,646,975
Public works	5,845,699	-	-	1,817,472	7,663,171
Health and welfare	7,396,595	-	-	-	7,396,595
Education	25,348,866	-	-	-	25,348,866
Parks, recreation, and cultural	3,134,523	-	-	-	3,134,523
Community development	4,085,250	-	-	-	4,085,250
Nondepartmental	1,394,320	-	-	-	1,394,320
Capital projects	3,852,743	-	1,215,358	-	5,068,101
Debt service:					
Principal retirement	7,448,027	-	-	30,695	7,478,722
Interest and other fiscal charges	3,655,573	-	-	2,151	3,657,724
Total expenditures	<u>\$ 91,490,870</u>	<u>\$ -</u>	<u>\$ 1,215,358</u>	<u>\$ 1,876,319</u>	<u>\$ 94,582,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,232,662</u>	<u>\$ -</u>	<u>\$ (343,557)</u>	<u>\$ 806,461</u>	<u>\$ 1,695,566</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 234,693	\$ -	\$ -	\$ -	\$ 234,693
Transfers out	-	(162,540)	-	(72,153)	(234,693)
Insurance proceeds	115,607	-	-	-	115,607
Issuance of capital leases	993,697	-	-	-	993,697
Proceeds from bond issuance	26,170,000	-	-	-	26,170,000
Premium on issuance of bonds	736,733	-	-	-	736,733
Discount on issuance of bonds	(172,303)	-	-	-	(172,303)
Payment to refunding bond escrow agent	(26,724,739)	-	-	-	(26,724,739)
Total other financing sources (uses)	<u>\$ 1,353,688</u>	<u>\$ (162,540)</u>	<u>\$ -</u>	<u>\$ (72,153)</u>	<u>\$ 1,118,995</u>
Net change in fund balances	\$ 2,586,350	\$ (162,540)	\$ (343,557)	\$ 734,308	\$ 2,814,561
Fund balances - beginning	15,908,245	19,549,690	343,557	1,427,231	37,228,723
Fund balances - ending	<u>\$ 18,494,595</u>	<u>\$ 19,387,150</u>	<u>\$ -</u>	<u>\$ 2,161,539</u>	<u>\$ 40,043,284</u>

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds \$ 2,814,561

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. The following are adjustments related to capital assets reported in the current period.

Capital asset additions	\$ 8,340,807	
Depreciation expense	<u>(5,280,208)</u>	3,060,599

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

Property taxes		354,698
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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.

(Increase) decrease in landfill closure and postclosure liability	\$ (7,948)	
Proceeds from issuance of debt	(27,163,697)	
Increase (decrease) in deferred amount on refunding	(125,698)	
Principal payments	<u>31,802,721</u>	4,505,378

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. The following are the details of these adjustments:

(Increase) decrease accrued interest payable	\$ (467,982)	
Change in pension related items	(703,160)	
Change in OPEB related items	(303,211)	
Bond premium amortization	599,052	
(Increase) decrease in compensated absences	<u>(244,670)</u>	(1,119,971)

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Insurance claims, internal service fund - reported as expense in the respective function on Exhibit 2		<u>(5,550)</u>
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Change in net position of governmental activities		<u>\$ 9,609,715</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Internal Service Fund
 June 30, 2021

	<u>Health Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 65,854
Total assets	<u>\$ 65,854</u>
NET POSITION	
Unrestricted	\$ 65,854
Total net position	<u><u>\$ 65,854</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Internal Service Fund
 For the Year Ended June 30, 2021

	<u>Health Insurance Fund</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 5,550
Total operating expenses	<u>\$ 5,550</u>
Operating income (loss)	<u>\$ (5,550)</u>
Income before transfers	<u>\$ (5,550)</u>
Change in net position	<u>\$ (5,550)</u>
Total net position - beginning	<u>71,404</u>
Total net position - ending	<u><u>\$ 65,854</u></u>

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

Statement of Cash Flows
 Internal Service Fund
 For the Year Ended June 30, 2021

	<u>Health Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for claims	\$ (5,550)
Net cash provided by (used for) operating activities	<u>\$ (5,550)</u>
 Net increase (decrease) in cash and cash equivalents	 \$ (5,550)
 Cash and cash equivalents - beginning	 71,404
Cash and cash equivalents - ending	<u><u>\$ 65,854</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (5,550)
Net cash provided by (used for) operating activities	<u><u>\$ (5,550)</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	Private- Purpose Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 259,538	\$ 1,144,991
Due from other governmental units	-	1,158,676
Total assets	<u>\$ 259,538</u>	<u>\$ 2,303,667</u>
LIABILITIES		
Accounts payable	\$ -	\$ 59,329
Reconciled overdraft	11,469	53,525
Due to general fund	-	943,528
Due to other governmental units	-	220,148
Total liabilities	<u>\$ 11,469</u>	<u>\$ 1,276,530</u>
NET POSITION		
Restricted for:		
Scholarships	\$ 248,069	\$ -
Special welfare	-	53,008
Employee benefits	-	12,238
North Warren Fire Department	-	217,957
Shenandoah Farms Volunteer Fire Department	-	275,155
South Warren Volunteer Fire Department	-	53,416
Shenandoah Shores Volunteer Fire Department	-	32,942
Linden Volunteer Fire Department	-	(53,525)
Fourtsmouth Volunteer Fire Department	-	16,376
Skyline Regional Criminal Justice Training Academy	-	408,568
Celebrate Shenandoah	-	11,002
Total net position	<u>\$ 248,069</u>	<u>\$ 1,027,137</u>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2021

	Private- Purpose Trust Funds	Custodial Funds
ADDITIONS		
Revenue from the use of money	\$ 6	\$ -
Miscellaneous	4,813	-
Special welfare collections	-	50,617
Local sales tax collections	-	6,479,472
Collections for agencies	-	959,410
Total additions	<u>\$ 4,819</u>	<u>\$ 7,489,499</u>
DEDUCTIONS		
Scholarships	\$ 26,750	\$ -
Welfare costs	-	27,603
Local sales tax disbursements	-	6,479,472
Flexible spending	-	519
Disbursements for agencies	-	755,114
Total deductions	<u>\$ 26,750</u>	<u>\$ 7,262,708</u>
Change in net position	\$ (21,931)	\$ 226,791
Net position - beginning, as restated	270,000	800,346
Net position - ending	<u><u>\$ 248,069</u></u>	<u><u>\$ 1,027,137</u></u>

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Warren, Virginia operates under a traditional form of government with a Board of Supervisors, county administrator, and elected constitutional officers. It provides its citizens with services relating to public safety, public works, health and welfare services, education, community and economic development, and judicial and general administrative services.

The financial statements of the County of Warren, Virginia have been prepared in conformity with accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

These financial statements present the County (primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Warren County Public Schools:

Warren County Public Schools (the "Schools") are responsible for elementary and secondary education within the County providing a benefit only to the Primary Government. The Schools are fiscally dependent on the County because the Schools' operational and capital budgets are approved by the County Board of Supervisors. In addition, the Schools are prohibited from issuing bonded debt without the approval of the County Board of Supervisors. The primary funding sources of the Schools are state and federal grants and significant appropriations from the primary government (County). The Schools do not have separate taxing authority.

The Schools report an operating fund and three special revenue funds (cafeteria, textbook, and vocational building funds), one capital projects fund (school capital improvements fund), all of which are accounted for as governmental funds. The Schools report one internal service fund (self-insurance fund) as a proprietary fund. Warren County Public Schools does not issue separate financial statements.

Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia:

The Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Town Council of the Town of Front Royal and the Board of Supervisors of the County to be effective on December 21, 1967 pursuant to the provisions of the Economic Development and Revenue Bond Act. The Authority is governed by seven directors appointed by the Town of Front Royal and the County. The Authority is fiscally dependent on the County. The Authority's fiscal year June 30, 2021 financial statements have been omitted. Reference the Independent Auditors' Report for more information.

Complete financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia may be obtained at the Authority's administrative offices.

A. Government-wide and Fund Financial Statements

Management's Discussion and Analysis - The financial statements are required to be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

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

A. Government-wide and Fund Financial Statements: (Continued)

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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.

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

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Governments provide budgetary comparison information in their annual report including the government's original budget to the current comparison of final budget and actual results.

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

B. Other Related Organizations

Included in the County's Financial Report

None

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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 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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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

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

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Fiduciary funds have no measurement focus and use the accrual basis of accounting for purposes of asset and liability recognition.

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Proprietary funds (internal service 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 internal service funds are insurance premiums. Operating expenses include insurance claims and other expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the general fund as a major governmental fund.

The general fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the component unit school board. The General Fund is considered a major fund for government-wide reporting purposes.

Capital Projects Funds - The Capital Projects Funds account for and report 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 reports the Special Projects and School Bond Construction as major capital projects funds.

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

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

1. Governmental Funds: (Continued)

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the following funds: Drug Forfeiture, Proffers, and Sanitary Districts. All of the above funds are reported as nonmajor funds.

2. Fiduciary Funds - (Trust and Custodial Funds) - account for assets held by the County unit in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include private purpose trust and custodial funds. Private purpose trust and custodial funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Custodial funds utilize the accrual basis of accounting described in the governmental fund presentation. Custodial funds are not included in the government-wide financial statements. The following private-purpose trust funds are reported: Woodward Cook Scholarship Fund, the Elizabeth P. Denny Scholarship Fund, the Warren County Education Foundation Fund, the Louise Bolling Scholarship Fund, the Winnie Nicholls Scholarship Fund, and the Thompson Scholarship Fund. The following custodial funds are reported: Special Welfare Fund, Undistributed Local Sales Tax Fund, Flexible Spending Fund, Northern Warren Fire Department Building Fund, Northern Warren Fire Department Fund, Shenandoah Farms Volunteer Fire Department Fund, South Warren Volunteer Fire Department Fund, Shenandoah Shores Volunteer Fire Department Fund, Linden Volunteer Fire Department Fund, Fortsmouth Volunteer Fire Department Fund, Skyline Regional Criminal Justice Training Academy and Celebrate Shenandoah.

3. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds of the County consist of the Internal Service Funds.

Internal Service Funds - account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Internal Service Funds consist of Health Insurance Fund reported by the Primary Government and the Component Unit-School Board.

D. 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. The budget is legally enacted through passage of appropriation resolutions.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

D. Budgets and Budgetary Accounting: (Continued)

4. The appropriations resolutions place legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County Departments.
7. Both the original and amended budget are presented in the accompanying financial statements.
8. The following General Fund departments reported actual expenditures in excess of appropriations:
 - Board of Supervisors
 - Law Enforcement and Emergency Services
 - Inspections
 - Public Works
 - Health and Welfare
 - Debt Service

Additionally, the following major funds reported actual expenditures in excess of appropriations:

- School bond construction
- Special projects

E. 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.

F. 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.

G. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using the historical collection data and, in certain cases, specific account analysis. The allowance attributed to property taxes amounted to \$1,108,758 at June 30, 2021.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

H. Capital Assets

Capital assets, which include property, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least \$5,000 and an estimated useful life of multiple years. Such assets are recorded at historical cost or estimated historical cost using the consumer price inflationary index. Donated capital assets are recorded at acquisition value as of the date of donation.

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

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

Buildings and improvements	50 years
Vehicles	5 years
School buses	12 years
Equipment	5 to 7 years
Land improvements	20 years

I. Bond Issue Costs

Bond issue costs are expensed as incurred.

J. Compensated Absences

County and school employees earn vacation and sick leave at various rates up to a specified amount of days. Accumulated vacation and a calculated portion of sick leave is paid upon termination. All vacation and sick pay is accrued when incurred in the government-wide financial statements. At June 30, 2021, leave liabilities of the County amounted to \$976,290 of outstanding vacation accruals, \$410,396 of outstanding compensatory time and \$155,702 of outstanding sick accruals, representing a net increase of \$244,670. At June 30, 2021, leave liabilities of the Schools amounted to \$924,706 of outstanding vacation accruals, \$313,732 of personal leave time and \$457,935 of outstanding sick accruals, representing a net decrease of \$415,903.

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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 and premiums on 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)

L. Fund Balance

The County reports fund balance in accordance with GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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 constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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 a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

M. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

M. Net Position: (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

N. 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 multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability (asset) and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability (asset) and net OPEB liabilities 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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability (asset) and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and Teacher HIC 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.

Health Insurance (Single-employer Defined Benefit Plan)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense have been determined on the same basis as they were reported by the plan actuary. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms.

Q. Property Taxes Receivable

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in one installment on December 5th. The County bills and collects its own property taxes.

R. Restricted Assets

The County reports restricted assets (cash) in the amount of \$3,193,242 (Exhibit 1). The cash is restricted for specific capital projects as a result of proffers received, unspent bond proceeds for construction, public safety, and for an irrevocable trust held for purposes of satisfying landfill financial assurance requirements.

S. Adoption of Accounting Principles

In 2021, the County adopted Statement No. 84, *Fiduciary Activities*, which established criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 2—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 local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

The County does not have an investment policy that addresses the various types of risks related to investments.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and the ratings are presented below using Standard and Poor’s rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings				
	AAAm	AAA	AA+	AA	AA-
U.S. Government Money Market Fund	\$ 4,027,972	\$ -	\$ -	\$ -	\$ -
State Non-Arbitrage Program	1,036,077	-	-	-	-
Fixed Income - Municipal/Public Bonds	-	122,378	1,653,809	-	105,460
Fixed Income - U.S. Agency Securities	-	-	5,063,314	-	-
Fixed Income - U.S. Treasury Notes	-	-	123,336	-	-
Total	\$ 5,064,049	\$ 122,378	\$ 6,840,459	\$ -	\$ 105,460

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

Investment Type	Investment Maturity*			
	Fair Value	Less than 1	1 -5 Years	5 - 10 Years
U.S. Government Money Market Fund	\$ 4,027,972	\$ 4,027,972	\$ -	\$ -
State Non-Arbitrage Program	1,036,077	1,036,077	-	-
Fixed Income - U.S. Treasury Notes	123,336	25,175	98,161	-
Fixed Income - Municipal/Public Bonds	1,881,648	506,671	1,374,977	-
Fixed Income - U.S. Agency Securities	5,063,313	415,012	4,648,301	-
Total investments	\$ 12,132,346	\$ 6,010,907	\$ 6,121,439	\$ -

* Weighted average maturity in years.

External Investment Pools

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

Fair Value Measurements

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Significant observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

The County reports the following information related to its investments:

	Total June 30, 2021	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Money Market Fund	\$ 4,027,972	\$ 4,027,972	\$ -	\$ -
Fixed Income - Municipal/Public Bonds	1,881,648	1,881,648	-	-
Fixed Income - U.S. Agency Securities	5,063,313	5,063,313	-	-
Fixed Income - U.S. Treasury Notes	123,336	123,336	-	-
Total	\$ 11,096,269	\$ 11,096,269	\$ -	\$ -

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2021 were as follows:

Fund	Interfund receivable	Interfund payable
Major funds:		
General	\$ 8,123	\$ -
School operating fund	-	83,015
School cafeteria fund	83,015	-
Nonmajor governmental funds:		
Sanitary districts	-	8,123
Total	\$ 91,138	\$ 91,138

Interfund receivables and payables represent obligations between funds.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS: (CONTINUED)

Interfund transfers for the year ended June 30, 2021 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major governmental funds:		
General	\$ 234,693	\$ -
Special projects	-	162,540
School operating fund	-	3,990,325
School cafeteria fund	3,990,325	-
Nonmajor governmental funds:		
Sanitary districts	-	72,153
Total	<u>\$ 4,225,018</u>	<u>\$ 4,225,018</u>

Transfers between major funds and other nonmajor governmental funds were primarily to support operations of the funds.

NOTE 4—DUE FROM/TO AND TRANSFERS FROM/TO PRIMARY GOVERNMENT AND COMPONENT UNITS:

Due from/to balances between the County and its component units at June 30, 2021, were as follows:

	<u>Due From</u>	<u>Due To</u>
Primary government:		
General	\$ <u>1,025,250</u>	\$ <u>-</u>
Component units:		
Warren County School Board	\$ <u>-</u>	\$ <u>1,025,250</u>

The School Board reports a payable to the Primary Government resulting from appropriated local funds in excess of net school expenditures.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 4—DUE FROM/TO AND TRANSFERS FROM/TO PRIMARY GOVERNMENT AND COMPONENT UNITS:
(CONTINUED)

Contributions from the Primary Government to the School Board Component Unit for school operations for the year ended June 30, 2021 were as follows:

	<u>Contributions To</u>	<u>Contributions From</u>
Primary government:		
General	\$ -	\$ 24,979,210
COVID-19	-	300,000
County capital projects fund	871,801	-
School Board component unit:		
School operating fund	25,279,210	-
School capital improvements fund	-	871,801
	<u>\$ 26,151,011</u>	<u>\$ 26,151,011</u>

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from/to other governmental units are as follows at June 30, 2021:

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 6—CAPITAL ASSETS:

Primary Government

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 14,193,099	-	-	\$ 14,193,099
Construction in progress	7,624,257	4,904,000	6,094,593	6,433,664
Other non-depreciable assets	387,070	-	-	387,070
	<u>22,204,426</u>	<u>4,904,000</u>	<u>6,094,593</u>	<u>21,013,833</u>
Total capital assets not being depreciated	\$ <u>22,204,426</u>	\$ <u>4,904,000</u>	\$ <u>6,094,593</u>	\$ <u>21,013,833</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 202,075,668	\$ 6,255,554	-	\$ 208,331,222
Improvements other than buildings	4,747,458	-	-	4,747,458
Machinery, equipment and vehicles	11,238,710	3,275,846	-	14,514,556
	<u>218,061,836</u>	<u>9,531,400</u>	<u>-</u>	<u>227,593,236</u>
Total capital assets being depreciated	\$ <u>218,061,836</u>	\$ <u>9,531,400</u>	\$ <u>-</u>	\$ <u>227,593,236</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 38,006,451	\$ 4,391,251	-	\$ 42,397,702
Improvements other than buildings	1,588,850	215,353	-	1,804,203
Machinery, equipment and vehicles	8,731,949	673,604	-	9,405,553
Total accumulated depreciation	\$ <u>48,327,250</u>	\$ <u>5,280,208</u>	\$ <u>-</u>	\$ <u>53,607,458</u>
Net capital assets governmental activities	\$ <u>191,939,012</u>	\$ <u>9,155,192</u>	\$ <u>6,094,593</u>	\$ <u>194,999,611</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit—School Board

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 1,656,064	\$ -	\$ -	\$ 1,656,064
Total capital assets not being depreciated	<u>\$ 1,656,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,656,064</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 25,022,119	\$ 227,764	\$ -	\$ 25,249,883
Machinery, equipment and vehicles	<u>9,302,436</u>	<u>1,169,774</u>	<u>75,944</u>	<u>10,396,266</u>
Total capital assets being depreciated	<u>\$ 34,324,555</u>	<u>\$ 1,397,538</u>	<u>\$ 75,944</u>	<u>\$ 35,646,149</u>
Less: accumulated depreciation:				
Buildings and improvements	\$ 12,386,879	\$ 468,787	\$ -	\$ 12,855,666
Machinery, equipment and vehicles	<u>7,831,143</u>	<u>374,128</u>	<u>75,944</u>	<u>8,129,327</u>
Total accumulated depreciation	<u>\$ 20,218,022</u>	<u>\$ 842,915</u>	<u>\$ 75,944</u>	<u>\$ 20,984,993</u>
Net capital assets component unit school board	<u>\$ 15,762,597</u>	<u>\$ 554,623</u>	<u>\$ -</u>	<u>\$ 16,317,220</u>

- 1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The net effect on the County of Warren, Virginia for the year ended June 30, 2021, is that school financed assets in the net amount of \$130,087,696 are reported in the Primary Government for financial reporting purposes.

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government administration	\$ 271,830
Judicial administration	98,531
Public safety	794,290
Public works	206,462
Health and welfare	341,950
Education	3,105,400
Parks, recreation and cultural	265,904
Community Development	<u>195,841</u>
Total Governmental activities	<u>\$ 5,280,208</u>
Component Unit School Board	<u>\$ 842,915</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government and Component Unit—School Board

The following is a summary of changes in long-term obligations for the primary government and school board for the year ended June 30, 2021.

	<u>Balance July 1, 2020</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Governmental Activities Obligations:					
Primary Government:					
Direct borrowings and placements:					
General obligation bonds	\$ 43,875,632	\$ 26,170,000	\$ 21,773,880	\$ 48,271,752	\$ 2,764,748
Lease revenue bonds	84,799,000	-	9,473,000	75,326,000	4,798,000
Revenue bonds	8,143,000	-	319,000	7,824,000	335,000
Note payable	392,017	-	7,089	384,928	7,397
Line of credit	541,071	-	-	541,071	-
Compensated absences	1,297,718	648,859	404,189	1,542,388	154,239
Net OPEB liabilities	7,441,959	1,884,318	476,518	8,849,759	-
Net pension liability	4,305,738	4,549,438	2,875,610	5,979,566	-
Landfill postclosure costs	662,291	7,948	-	670,239	-
Capital leases	871,118	993,697	229,752	1,635,063	732,494
Totals	<u>\$ 152,329,544</u>	<u>\$ 34,254,260</u>	<u>\$ 35,559,038</u>	<u>\$ 151,024,766</u>	<u>\$ 8,791,878</u>
Premium on bonds	<u>\$ 2,688,950</u>	<u>\$ 736,732</u>	<u>\$ 1,335,784</u>	<u>\$ 2,089,898</u>	<u>\$ 567,346</u>
Total for financial statement presentation - Primary Government	<u>\$ 155,018,494</u>	<u>\$ 34,990,992</u>	<u>\$ 36,894,822</u>	<u>\$ 153,114,664</u>	<u>\$ 9,359,224</u>
Component Unit - School Board:					
Compensated absences	\$ 1,991,726	\$ 995,863	\$ 1,291,216	\$ 1,696,373	\$ 169,637
Net pension liability	47,333,300	18,336,523	13,428,805	52,241,018	-
Net OPEB liabilities	10,490,942	1,909,158	2,744,085	9,656,015	-
Total School Board	<u>\$ 59,815,968</u>	<u>\$ 21,241,544</u>	<u>\$ 17,464,106</u>	<u>\$ 63,593,406</u>	<u>\$ 169,637</u>

Advance Refunding of Debt

On November 10, 2020 the County issued \$3,725,000 general obligation refunding bonds, Series 2020A to advance refund Series 2013B lease revenue refunding bonds. As a result, the Series 2013B lease revenue refunding bonds are considered to be defeased in substance and the liability for these bonds has been removed from these financial statements. This advance refunding was undertaken to reduce the total debt service payments over the next eight years by \$412,825 and resulted in an economic gain of \$402,305.

On November 10, 2020 the County issued \$11,910,000 general obligation refunding bonds, Series 2020B to advance refund a portion of Series 2014 general obligation bonds. As a result, that portion of Series 2014 general obligation bonds is considered to be defeased in substance and the liability for these bonds has been removed from these financial statements. This advance refunding was undertaken to reduce the total debt service payments over the next seventeen years by \$609,635 and resulted in an economic gain of \$519,929.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit—School Board (Continued)

On May 11, 2021 the County issued \$10,535,000 general obligation refunding bonds, Series 2021B to advance refund a portion of Series 2014 general obligation bonds. As a result, that portion of Series 2014 general obligation bonds is considered to be defeased in substance and the liability for these bonds has been removed from these financial statements. This advance refunding was undertaken to reduce the total debt service payments over the next eighteen years by \$931,799 and resulted in an economic gain of \$763,027.

The general fund and school operating and cafeteria funds are used to fund the liability for compensated absences, net pension liability and OPEB liabilities, for the County and School Board, respectively.

Details of the primary government’s debt at June 30, 2021 are as follows:

	<u>Amount Outstanding</u>
<u>Direct Borrowings and Placements</u>	
<u>General obligation bonds:</u>	
\$13,416,124 (including premium of \$686,698) general obligation school bonds issued November 8, 2007, payable in variable amounts; interest rate of 5.1% through July 15, 2028.	\$ 4,913,852
\$3,692,300 general obligation refunding bonds issued December 16, 2009 to completely defease the outstanding balance of the \$3.5 million general obligation bonds issued on December 15, 1998 and provide financing for courthouse improvements. The refunding general obligation bonds are payable in variable amounts; interest rate of 3.09% through December 2023.	642,900
\$42,440,000 general obligation bonds issued December 9, 2014 with a premium of \$2,601,367, payable in semi-annual installments in variable amounts, with variable interest rates of 3.0% to 5.0% through December 30, 2039. The bonds were issued to finance various school projects including the design and construction of a second middle school.	16,545,000
\$3,725,000 general obligation refunding bonds Series 2020A, issued November 10, 2020, payable in variable amounts; interest rate 5.05%, through July 15, 2028. The bonds were issued to advance refund Series 2013B lease revenue refunding bonds for an economic gain of \$402,305.	3,725,000
\$11,910,000 general obligation refunding bonds Series 2020B, issued November 10, 2020, payable in variable amounts; with a variable interest rate, through July 15, 2036. The bonds were issued to advance refund a portion of Series 2014 general obligation bonds for an economic gain of \$519,929.	11,910,000

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit—School Board (Continued)

Details of the primary government’s debt at June 30, 2021 are as follows: (Continued)

	<u>Amount Outstanding</u>
<u>Direct Borrowings and Placements (Continued)</u>	
<u>General obligation bonds: (Continued)</u>	
\$10,535,000 general obligation refunding bonds Series 2021B, issued May 11, 2021, payable in variable amounts; with a variable interest rate, through July 15, 2039. The bonds were issued to advance refund a portion of Series 2014 general obligation bonds for an economic gain of \$763,027.	\$ 10,535,000
Total general obligation bonds	<u>\$ 48,271,752</u>
<u>Lease Revenue Bonds:</u>	
\$45,700,000 lease revenue refunding bonds Series 2011B, issued November 16, 2011, payable in variable amounts; with variable interest rates of 2.125% to 5.125%, through October 1, 2028. The bonds were issued to partially refund Series 2004B lease revenue bonds and refund the outstanding balance of the Series 2009 lease revenue refunding bonds for an economic gain of \$3,013,688.	\$ 3,495,000
\$5,885,000 lease revenue bonds Series 2014B issued August 13, 2014 with a premium of \$696,727, payable in variable amounts; with variable interest rates of 1.895% to 5.125%, through October 1, 2034. The bonds were issued to finance the Leach Run Parkway, jointly with the Town of Front Royal, VA.	4,660,000
\$7,635,000 lease revenue refunding bonds Series 2013B, issued June 12, 2013, payable in variable amounts; with a fixed interest rate of 2.58%, through September 1, 2028. The bonds were issued to current refund the Series 2010 general obligation bonds that were due and payable in full in March 2014.	-
\$11,248,000 lease revenue bonds Series 2019, issued April 24, 2019, payable in variable amounts; with a fixed interest rate of 3.58%, through April 1, 2044. The bonds were issued to current refund the lines of credit issued to finance Ressie Jeffries Elementary School, Health & Human Services Complex and Rivermont Fire Station.	10,646,000
\$57,270,000 lease revenue refunding bonds Series 2019C, issued November 20, 2019, payable in variable amounts; with a variable interest rate, through April 1, 2035. The bonds were issued to advance refund a portion of Series 2011B and 2012A lease revenue refunding bonds for an economic gain of \$4,392,109.	<u>56,525,000</u>
Total lease revenue bonds	<u>\$ 75,326,000</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit—School Board (Continued)

Details of the primary government’s debt at June 30, 2021 are as follows: (Continued)

	<u>Amount Outstanding</u>
<u>Direct Borrowings and Placements (Continued)</u>	
<u>Revenue Bonds:</u>	
\$8,691,000 taxable qualified energy conservation revenue bond issued February 24, 2016, payable annually in variable amounts; with a fixed interest rate of 4.1%, through August 15, 2036. The bonds were issued to finance energy efficient improvements in Warren County Schools.	\$ 7,644,000
\$600,000 Variable rate demand revenue bonds Series 2005A, issued May 24, 2007, payable in annual fixed principal amount of \$30,000, with interest at a variable rate through June 2027.	<u>180,000</u>
Total revenue bonds	\$ <u><u>7,824,000</u></u>
<u>Note payable:</u>	
\$400,000 note payable to partially finance the purchase of land in April 2019. The note bears interest at a rate of 4.25% and is payable in monthly installments through April 1, 2024.	\$ <u><u>384,928</u></u>
<u>Line of Credit:</u>	
The County obtained a line of credit financing with the Industrial Development Authority of The Town of Front Royal and The County of Warren, Virginia ("EDA") to finance various projects. The County will pay the EDA interest accrued on the outstanding debt annually. The line of credit will be paid in full upon completion of the receipt and sale of tax credits or upon obtaining other permanent financing.	\$ <u><u>541,071</u></u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit—School Board (Continued)

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

Year Ending June 30,	County Obligations					
	Direct Borrowings and Placements				Capital Leases	
	Bonds Payable		Notes Payable		Principal	Interest
	Principal	Interest	Principal	Interest		
2022	\$ 7,897,748	\$ 3,950,327	\$ 7,397	\$ 16,216	\$ 732,494	\$ 52,214
2023	8,208,802	3,635,928	7,717	15,896	755,209	27,499
2024	8,454,838	3,372,491	369,814	12,992	55,232	4,250
2025	8,478,588	3,096,525	-	-	45,367	2,828
2026	8,759,112	2,807,415	-	-	46,761	1,436
2027-2031	40,642,664	10,154,200	-	-	-	-
2032-2036	33,651,000	4,626,594	-	-	-	-
2037-2041	13,397,000	1,133,392	-	-	-	-
2042-2045	1,932,000	105,431	-	-	-	-
Total	\$ <u>131,421,752</u>	\$ <u>32,882,303</u>	\$ <u>384,928</u>	\$ <u>45,104</u>	\$ <u>1,635,063</u>	\$ <u>88,227</u>

NOTE 8—CAPITAL LEASES:

Primary Government

Capital leases

The County has entered into various lease agreements as the lessee for financing the acquisition of fire trucks, public works equipment and lease purchase of a building. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—CAPITAL LEASES: (CONTINUED)

Primary Government: (Continued)

Capital leases: (Continued)

The future minimum lease obligations and the net present value of minimum lease payments at June 30, 2021 were as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2022	\$ 784,708
2023	782,708
2024	59,482
2025	48,195
2026	<u>48,197</u>
Total minimum lease payments	\$ 1,723,290
Less: amount representing interest	<u>88,227</u>
Present value of minimum lease payments	<u><u>\$ 1,635,063</u></u>

The capital lease agreements outstanding at June 30, 2021 represented capital assets as follows:

<u>Asset(s) Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Equipment	\$ <u>3,453,088</u>	\$ <u>985,828</u>	\$ <u>2,467,260</u>
Total	\$ <u><u>3,453,088</u></u>	\$ <u><u>985,828</u></u>	\$ <u><u>2,467,260</u></u>

NOTE 9—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.

NOTE 9—PENSION PLAN: (CONTINUED)

Benefit Structures

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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	137	96
Inactive members:		
Vested inactive members	52	48
Non-vested inactive members	61	119
Inactive members active elsewhere in VRS	129	35
Total inactive members	<u>242</u>	<u>202</u>
Active members	<u>245</u>	<u>63</u>
Total covered employees	<u><u>624</u></u>	<u><u>361</u></u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 10.28% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,255,178 and \$1,010,738 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 2.71% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$28,325 and \$56,208 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability (Asset)

The net pension liability (NPLA) 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 (asset) were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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, 2019 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, 2020.

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

* Administrative expenses as a percent of the fair 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 WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

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

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

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

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, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair 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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
	100.00%		4.64%
Total			4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

June 30, 2020, 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, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 47,975,903	\$ 43,670,165	\$ 4,305,738
Changes for the year:			
Service cost	\$ 1,364,429	\$ -	\$ 1,364,429
Interest	3,155,677	-	3,155,677
Differences between expected and actual experience	(458,784)	-	(458,784)
Changes of assumptions	-	-	-
Contributions - employer	-	1,008,393	(1,008,393)
Contributions - employee	-	579,295	(579,295)
Net investment income	-	829,138	(829,138)
Benefit payments, including refunds	(2,450,253)	(2,450,253)	-
Administrative expenses	-	(28,349)	28,349
Other changes	-	(983)	983
Net changes	\$ 1,611,069	\$ (62,759)	\$ 1,673,828
Balances at June 30, 2020	\$ 49,586,972	\$ 43,607,406	\$ 5,979,566

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 9,349,190	\$ 10,148,942	\$ (799,752)
Changes for the year:			
Service cost	\$ 149,578	\$ -	\$ 149,578
Interest	609,272	-	609,272
Differences between expected and actual experience	136,407	-	136,407
Changes of assumptions	-	-	-
Contributions - employer	-	54,118	(54,118)
Contributions - employee	-	68,734	(68,734)
Net investment income	-	191,229	(191,229)
Benefit payments, including refunds	(645,886)	(645,886)	-
Administrative expenses	-	(6,831)	6,831
Other changes	-	(278)	278
Net changes	\$ 249,371	\$ (338,914)	\$ 588,285
Balances at June 30, 2019	\$ 9,598,561	\$ 9,810,028	\$ (211,467)

Sensitivity of the Net Pension Liability (Asset) 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 (Asset)	\$ 12,629,641	\$ 5,979,566	\$ 508,180
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	720,858	(211,467)	(1,004,771)

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,955,993 and \$175,925, respectively. At June 30, 2021, 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	\$ 405,443	\$ 359,668	\$ 5,246	-
Change in assumptions	612,742	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,312,664	-	291,097	-
Employer contributions subsequent to the measurement date	<u>1,255,178</u>	<u>-</u>	<u>28,325</u>	<u>-</u>
Total	<u>\$ 3,586,027</u>	<u>\$ 359,668</u>	<u>\$ 324,668</u>	<u>\$ -</u>

\$1,255,178 and \$28,325 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, 2022. 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:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 552,879	\$ 6,329
2023	602,011	93,008
2024	398,591	101,821
2025	417,700	95,185
2026	-	-
Thereafter	-	-

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (CAFR). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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 school divisions 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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$5,130,430 and \$4,770,146 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$52,241,018 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.35900% as compared to 0.35966% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$5,417,626. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—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)

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,062,130
Change in assumptions	3,566,105	-
Net difference between projected and actual earnings on pension plan investments	3,973,508	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	68,256	818,007
Employer contributions subsequent to the measurement date	<u>5,130,430</u>	<u>-</u>
Total	<u>\$ 12,738,299</u>	<u>\$ 3,880,137</u>

\$5,130,430 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 fiscal year ending June 30, 2022. 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>	
2022	\$ (208,437)
2023	1,190,289
2024	1,559,289
2025	1,251,577
2026	(64,994)

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2019 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%

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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	36,449,229
Employers' Net Pension Liability (Asset)	<u>\$ 14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

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 WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 9—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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division’s proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	76,649,306 \$	52,241,018 \$	32,052,278

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government	\$ 3,586,027	\$ 359,668	\$ 5,979,566	\$ 1,955,993
Component Unit School Board				
School Board Nonprofessional	\$ 324,668	\$ -	\$ (211,467)	\$ 175,925
School Board Professional	12,738,299	3,880,137	52,241,018	5,417,626
	<u>\$ 13,062,967</u>	<u>\$ 3,880,137</u>	<u>\$ 52,029,551</u>	<u>\$ 5,593,551</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 10—UNAVAILABLE/UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES:

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

Primary Government - Deferred Inflows of Resources

General fund:

Delinquent taxes not collected within 60 days	\$	5,694,459
Prepaid property taxes - property taxes paid in advance		2,525,777
2nd half property tax assessments		15,289,031

Sanitary districts fund:

Delinquent taxes not collected within 60 days		395,754
Prepaid property taxes - property taxes paid in advance		69,123
2nd half property tax assessments		1,124,862
Total deferred inflows of resources - governmental funds (Exhibit 3)	\$	<u><u>25,099,006</u></u>

Primary Government - Unearned Revenue

Unearned grant revenue:

General fund	\$	<u>3,626</u>
Total unearned revenue - governmental funds (Exhibit 3)	\$	<u><u>3,626</u></u>

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 12—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County has closed a previously operated solid waste landfill and transfer station in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for after closure. The \$670,239 reported as landfill closure care, postclosure care and corrective action liability at June 30, 2021, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. Closure, postclosure and corrective action liabilities represented \$9,300, \$383,021 and \$277,918, respectively. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has demonstrated financial assurance requirements for postclosure care, and corrective action costs by establishing a trust fund that conforms to the requirements stipulated in Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund. The liability the County provides financial assurance is different than the actual liability reported in the financial statements due to actual costs expended.

NOTE 13—SURETY BONDS:

	<u>Amount</u>
VA Department of General Services:	
Angela M. Moore, Clerk of the Circuit Court	\$ 400,000
Jamie Spiker, Treasurer	400,000
Sherry T. Sours, Commissioner of the Revenue	3,000
Mark A. Butler, Sheriff	30,000
All Social Service Employees - Blanket Bond	100,000
Virginia School Board Association Pool:	
All School Board Employees - Blanket Bond	50,000
Fidelity and Deposit Company of Maryland:	
Chris Ballenger, Superintendent, Deputy Clerk of the School Board	10,000
Robert H. Ballentine, Finance Director, Clerk of the School Board	10,000

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 14—COMMITTED FUND BALANCE—SPECIAL PROJECTS FUND:

	<u>Amount</u>
Permanent Reserves (Twice-a-year billing)	\$ 4,678,439
School Capital Improvements	1,640,481
Enterprise Zone Set Aside (School Capital Improvements)	538,281
RSW Regional Jail	548,921
Ressie Jeffries Renovation Project	631,137
Sanitary Districts	2,236,881
VDOT (Revenue Sharing)	649,091
Dominion Reserve (Water Payment)	930,000
Landfill	108,279
Miscellaneous	2,275,905
Parks & Recreation	498,438
Fire and Rescue	1,237,473
Sheriff	28,451
Solid Waste	1,749,611
Elections	155,123
Social Services	65,333
Buildings & Grounds - Improvements	352,340
Reassessment	179
Vehicles	416,202
Gypsy Moth Program	94,538
Circuit Court	77,996
Planning	58,448
Septage Receiving Facility	170,913
Tourism	214,681
Juvenile Detention Facility	30,009
	<hr/>
Total Special Projects Fund	\$ <u><u>19,387,150</u></u>

NOTE 15—RISK MANAGEMENT:

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverage, which management considers prudent for the protection of the County's assets and operations. Coverage currently includes \$5,000,000 commercial general liability, \$5,000,000 automobile liability, and \$3,000,000 public officials liability. The property policy provides insurance coverage for all of the County's real and personal property up to the replacement cost value of the asset.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 15—RISK MANAGEMENT: (CONTINUED)

Primary Government: (Continued)

The Schools are exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries a broad range of insurance coverage, which management considers prudent for the protection of the Schools assets and operations. Coverage currently includes \$2,000,000 commercial general liability, \$2,000,000 automobile liability, and \$2,000,000 public official liability. The property policy provides insurance coverage for all of the Schools' real and personal property up to the replacement cost value of the asset.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS:

Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

Benefits Provided

County:

Employees hired before July 1, 2013 and who retire from County with service eligible for VRS benefits (i.e. 50 years of age and 30 years of continuous service) and 10 years of service with the County, will receive a subsidy contribution from 50% - 100% based on years of service, for their health insurance premium until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees not yet eligible for Medicare coverage have one coverage choice, just as active employees have. Retirees eligible for Medicare coverage have access to plans that supplement Medicare, however, the retiree is responsible for the full cost of the plan. The County establishes employer contribution rates for plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. For participating retirees the County pays 50%, 75%, or 100% of the health insurance premium for retirees with 10-14, 15-19, or 20 plus years of service, respectively. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

School Board:

Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) including 5 years of service with the School Board are eligible for health insurance benefits under the School Board's plan for active employees. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. The School Board establishes employer contribution rates for plan participants as part of the budgetary process each year. The School Board also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

Plan Membership

At July 1, 2020 (measurement date), the following employees were covered by the benefit terms:

	<u>County</u>	<u>School Board</u>
Total active employees with coverage	130	594
Total inactive employees or retirees with coverage	16	15
Total	<u>146</u>	<u>609</u>

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 and School Board. The County and School Board paid \$216,800 and \$194,400, respectively, in fiscal year 2021.

Total OPEB Liability

The County and School Board’s total OPEB liabilities were measured as of July 1, 2020. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>County and School Board</u>	
Salary Increases	Increases of 2.50%
Discount Rate	2.45%
Healthcare Cost Trend Rates	5.50% for fiscal year end 2021, decreasing 0.50% per year to an ultimate rate of 5.00%

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-2020.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

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 (4.50%) or one percentage point higher (6.50%) than the current healthcare cost trend rate used of 5.50%:

County Rates			School Board Rates		
1% Decrease (4.50%)	Healthcare Cost Trend (5.50%)	1% Increase (6.50%)	1% Decrease (4.50%)	Healthcare Cost Trend (5.50%)	1% Increase (6.50%)
\$ 6,927,000	\$ 7,881,500	\$ 9,011,000	\$ 1,855,500	\$ 2,090,100	\$ 2,366,800

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

For the year ended June 30, 2021, the County and School Board recognized OPEB expense in the amount of \$545,900 and \$150,000, respectively. At June 30, 2021, the County and School Board had the following deferred outflows and inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
County:		
Differences between expected and actual experience	\$ 532,700	\$ 457,100
Change of assumptions	677,300	2,100
Total	<u>\$ 1,210,000</u>	<u>\$ 459,200</u>
School Board:		
Differences between expected and actual experience	\$ 248,700	\$ 1,212,000
Change of assumptions	185,100	126,200
Total	<u>\$ 433,800</u>	<u>\$ 1,338,200</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

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

Amounts reported as deferred inflows of resources related to the Health Insurance (single-employer defined benefit plan) will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>
2022	\$ 122,600	\$ (149,400)
2023	122,600	(149,400)
2024	122,600	(149,400)
2025	165,600	(149,400)
2026	194,500	(123,300)
Thereafter	22,900	(183,500)

Group Life Insurance:

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.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$68,939 and \$62,091 for the years ended June 30, 2021 and June 30, 2020, respectively and \$182,710 (\$174,710 professional and \$8,000 nonprofessional) and \$172,980 (\$165,055 professional and \$7,925 nonprofessional) from the School Board.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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

At June 30, 2021, the County reported a liability of \$968,259, School Board-Professional employees \$2,573,846 and the School Board Nonprofessional employees \$123,493 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion for the County was .05802% as compared to .05831% at June 30, 2019. At June 30, 2020, the participating employer's proportion for the School Board-Professional was .15423% as compared to .15476% at June 30, 2019. The employer's proportion for the School-Nonprofessional employees was .00740% as compared to .01001% at June 30, 2019.

For the year ended June 30, 2021, the County, School Board-Professional employees and School Board-Nonprofessional employees recognized GLI OPEB expense of \$46,986, \$97,811 and \$(3,607). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 62,105	\$ 8,697
Net difference between projected and actual earnings on GLI OPEB program investments	29,086.00	-
Change in assumptions	48,424	20,218
Changes in proportion	32,107	3,700
Employer contributions subsequent to the measurement date	<u>68,939</u>	<u>-</u>
Total	<u>\$ 240,661</u>	<u>\$ 32,615</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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)

School Board - Professional:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 165,089	\$ 23,118
Net difference between projected and actual earnings on GLI OPEB program investments	77,316	-
Change in assumptions	128,722	53,743
Changes in proportion	8,808	29,848
Employer contributions subsequent to the measurement date	<u>174,710</u>	<u>-</u>
Total	<u>\$ 554,645</u>	<u>\$ 106,709</u>

School Board - Nonprofessional:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,921	\$ 1,109
Net difference between projected and actual earnings on GLI OPEB program investments	3,710	-
Change in assumptions	6,176	2,579
Changes in proportion	-	41,060
Employer contributions subsequent to the measurement date	<u>8,000</u>	<u>-</u>
Total	<u>\$ 25,807</u>	<u>\$ 44,748</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

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

\$68,939, \$174,710 and \$8,000 (County, School Board-Professional and School Board-Nonprofessional) 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, 2022. 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:

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>	
		<u>Professional</u>	<u>Nonprofessional</u>
2022	\$ 24,646	\$ 38,427	\$ (6,456)
2023	32,860	60,261	(5,408)
2024	38,627	78,209	(4,452)
2025	34,778	77,479	(3,604)
2026	7,806	17,682	(5,629)
Thereafter	390	1,168	(1,392)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

*Administrative expenses as a percent of the fair 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 WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 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%

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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers’ Net GLI OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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>Long-term Target Asset 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (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 ended June 30, 2020, 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,272,851	\$ 968,259	\$ 720,902
School Board - Professional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 3,383,518	\$ 2,573,846	\$ 1,916,316
School Board - Nonprofessional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 162,342	\$ 123,493	\$ 91,945

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Plan’s Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2019 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	-
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	<u>63</u>
Total covered employees	<u><u>63</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 School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 0.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 Board to the HIC Plan were \$12,297 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair 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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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, 2020, 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, 2020 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.

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, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	\$ -	\$ -	\$ -
Interest	-	-	-
Benefit changes	148,183	-	148,183
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	\$ 148,183	\$ -	\$ 148,183
Balances at June 30, 2020	\$ 148,183	\$ -	\$ 148,183

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the School Board’s HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board’s HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board’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%)
School Board Nonprofessional Net HIC OPEB Liability	\$ 162,405	\$ 148,183	\$ 135,890

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$148,183. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board Nonprofessional’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	-
Change in assumptions	-	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	12,297	-
Total	\$ 12,297	\$ -

\$12,297 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’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, 2022. There were no other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB at June 30, 2021.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan)

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Plan were \$391,220 and \$380,674 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the school division reported a liability of \$4,720,393 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee Health Insurance Credit Plan OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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 Health Insurance Credit Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Plan was .36185% as compared to .36160% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$381,243. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

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 (Continued)

At June 30, 2021, 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	\$ -	\$ 63,039
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	20,919	-
Change in assumptions	93,316	25,791
Change in proportion	18,787	66,680
Employer contributions subsequent to the measurement date	<u>391,220</u>	<u>-</u>
Total	<u>\$ 524,242</u>	<u>\$ 155,510</u>

\$391,220 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, 2022. 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>	
2022	\$ (5,327)
2023	(3,254)
2024	(3,948)
2025	(1,696)
2026	(2,030)
Thereafter	(6,233)

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair 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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2019 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%

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee Health Insurance Credit Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%
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The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset 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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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%. On October 10, 2019, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan) (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 5,283,988	\$ 4,720,393	\$ 4,241,378

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate OPEB Information

VRS OPEB Plans:	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
Group Life Insurance Program (Note 16):				
County	\$ 240,661	\$ 32,615	\$ 968,259	\$ 46,986
County Stand-Alone Plan (Note 16)	1,210,000	459,200	7,881,500	545,900
Totals	<u>\$ 1,450,661</u>	<u>\$ 491,815</u>	<u>\$ 8,849,759</u>	<u>\$ 592,886</u>
Component Unit School Board				
Group Life Insurance Program (Note 16):				
School Board Nonprofessional	\$ 25,807	\$ 44,748	\$ 123,493	\$ (3,607)
School Board Professional	554,645	106,709	2,573,846	97,811
Nonprofessional Health Insurance Credit Program (Note 16)	12,297	-	148,183	148,183
Teacher Health Insurance Credit Program (Note 16)	524,242	155,510	4,720,393	381,243
School Stand-Alone Plan (Note 16)	433,800	1,338,200	2,090,100	150,000
Totals	<u>\$ 1,550,791</u>	<u>\$ 1,645,167</u>	<u>\$ 9,656,015</u>	<u>\$ 773,630</u>

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 17—UPCOMING PRONOUNCEMENTS:

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

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

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

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

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

Statement No. 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.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 17—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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 18—COMMITMENTS AND CONTINGENCIES:

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

NOTE 19—COVID-19 PANDEMIC:

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 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 Warren, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2022 and beyond.

ARPA Funding

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

As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government.

COUNTY OF WARREN, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 19—COVID-19 PANDEMIC: (CONTINUED)

ESF Funding

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

NOTE 20— RESTATEMENT OF BEGINNING NET POSITION:

The County restated beginning fund balance and net position as follows:

		Component-Unit School Board School Activity Fund
		<u> </u>
Fund Balance at June 30, 2020, as previously reported	\$	-
Adoption of GASB 84		<u>620,471</u>
Fund Balance at June 30, 2020, as restated	\$	<u><u>620,471</u></u>

	<u>Fiduciary Funds</u>	<u>Component-Unit School Board</u>
Net Position at June 30, 2020, as previously reported	\$ -	\$ (33,974,795)
Adoption of GASB 84	<u>800,346</u>	<u>620,471</u>
Net Position at June 30, 2020, as restated	\$ <u><u>800,346</u></u>	\$ <u><u>(33,354,324)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

General Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 53,323,712	\$ 53,323,712	\$ 55,038,650	\$ 1,714,938
Other local taxes	8,970,000	8,970,000	10,810,488	1,840,488
Permits, privilege fees, and regulatory licenses	546,500	546,500	670,204	123,704
Fines and forfeitures	90,000	90,000	114,556	24,556
Revenue from the use of money and property	844,480	868,480	439,925	(428,555)
Charges for services	2,491,704	2,493,712	2,588,549	94,837
Miscellaneous	1,795,000	1,804,799	2,024,254	219,455
Recovered costs	258,000	258,000	217,100	(40,900)
Intergovernmental:				
Commonwealth	10,923,988	10,959,027	10,652,016	(307,011)
Federal	1,888,485	8,320,414	10,167,790	1,847,376
Total revenues	\$ 81,131,869	\$ 87,634,644	\$ 92,723,532	\$ 5,088,888
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	\$ 1,549,632	\$ 1,549,632	\$ 2,160,448	\$ (610,816)
County administrator	642,321	647,321	645,694	1,627
County attorney	303,066	305,066	154,390	150,676
Commissioner of revenue	711,665	724,455	696,470	27,985
Reassessment	138,600	138,600	1,296	137,304
Treasurer	532,016	539,016	535,950	3,066
Finance and purchasing	390,448	392,948	372,293	20,655
Electoral board and officials	323,258	352,508	338,794	13,714
Total general government administration	\$ 4,591,006	\$ 4,649,546	\$ 4,905,335	\$ (255,789)
Judicial administration				
Circuit court	\$ 44,097	\$ 54,795	\$ 17,955	\$ 36,840
General district court	25,740	25,740	24,706	1,034
Special magistrates	5,839	5,839	4,536	1,303
Clerk of the circuit court	564,125	705,014	695,171	9,843
Juvenile and domestic relations court	17,065	17,065	15,494	1,571
Sheriff - courts	978,287	968,287	929,591	38,696
Law library	52,690	52,690	57,570	(4,880)
Commonwealth's attorney	1,061,847	1,072,847	1,057,942	14,905
Total judicial administration	\$ 2,749,690	\$ 2,902,277	\$ 2,802,965	\$ 99,312
Public safety				
Sheriff - law enforcement	\$ 4,413,371	\$ 4,647,589	\$ 4,731,164	\$ (83,575)
Work release program	703,920	703,920	820,991	(117,071)
E - 911 system	620,357	630,357	709,678	(79,321)
Cost recovery fees	50,239	50,239	50,174	65
Other fire and rescue costs	421,100	421,100	570,214	(149,114)
Contributions to fire and rescue squads	986,777	1,857,656	1,854,221	3,435
Emergency services	3,197,318	8,324,132	7,288,037	1,036,095
Regional jail	4,100,000	4,100,000	3,986,424	113,576
Probation office	67,369	67,369	10,316	57,053
Juvenile detention center	344,769	344,769	322,717	22,052
Building	617,829	682,538	702,021	(19,483)
Animal control	603,148	603,148	573,852	29,296
Medical examiner	500	500	680	(180)
Total public safety	\$ 16,126,697	\$ 22,433,317	\$ 21,620,974	\$ 812,343

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

Expenditures (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public works				
Management of sanitary districts	\$ 435,301	\$ 465,657	\$ 513,219	\$ (47,562)
Streets and highways	20,601	20,601	9,499	11,102
Refuse collection	970,402	979,902	1,006,763	(26,861)
Refuse disposal	2,624,041	2,628,041	2,546,563	81,478
General properties	1,384,135	1,396,137	1,769,655	(373,518)
Total public works	\$ 5,434,480	\$ 5,490,338	\$ 5,845,699	\$ (355,361)
Health and welfare				
Local health department	\$ 392,676	\$ 392,676	\$ 392,676	\$ -
Northwestern community services	364,386	364,386	364,386	-
Warren association for retarded citizens	2,500	2,500	2,500	-
Public assistance and welfare administration	4,400,883	4,400,883	4,015,573	385,310
Shenandoah area agency on aging	54,000	54,000	54,000	-
Warren county council on domestic violence	15,000	15,000	15,000	-
Other social services	52,489	52,489	54,189	(1,700)
Rental of property - Health and Human Services Complex	161,680	161,680	-	161,680
Property tax relief for the elderly and handicapped	-	-	476,154	(476,154)
Children's Services Act	1,798,351	1,799,351	2,022,117	(222,766)
Total health and welfare	\$ 7,241,965	\$ 7,242,965	\$ 7,396,595	\$ (153,630)
Education				
Contribution to local school board	\$ 26,956,323	\$ 27,256,323	\$ 25,279,210	\$ 1,977,113
Contributions to community college	39,656	69,656	69,656	-
Total education	\$ 26,995,979	\$ 27,325,979	\$ 25,348,866	\$ 1,977,113
Parks, recreation, and cultural				
Programs and operations	\$ 2,569,208	\$ 2,619,630	\$ 2,084,583	\$ 535,047
Golf club operations	-	26,008	31,853	(5,845)
Browntown community center	2,500	2,500	2,500	-
Blue ridge arts council	9,500	9,500	9,500	-
4-H center	3,000	3,000	3,000	-
Contribution to Samuels Public Library	1,003,087	1,003,087	1,003,087	-
Total parks, recreation and cultural	\$ 3,587,295	\$ 3,663,725	\$ 3,134,523	\$ 529,202
Community development				
Planning and zoning administration	\$ 462,526	\$ 496,526	\$ 388,235	\$ 108,291
Enterprise zone grant - IDA	1,878,389	1,878,389	-	1,878,389
Industrial development authority	258,583	258,583	302,194	(43,611)
Route 340/522 trolley	25,000	25,000	58,906	(33,906)
Other community development	200,000	3,271,253	3,109,562	161,691
Contribution to soil and water conservation district	12,500	12,500	12,500	-
Other environmental management	28,000	28,000	8,000	20,000
Airport Commission operations	189,465	189,465	93,855	95,610
VPI extension service	120,919	121,919	111,998	9,921
Total community development	\$ 3,177,882	\$ 6,284,135	\$ 4,085,250	\$ 2,198,885
Nondepartmental				
Retiree medical insurance and unemployment insurance	\$ 244,800	\$ 244,800	\$ 192,949	\$ 51,851
Route 340/522 Revenue Sharing Agreement Payment	250,000	250,000	230,914	19,086
Central equipment and maintenance	175,725	775,725	970,457	(194,732)
Other nondepartmental	1,304,817	1,304,817	-	1,304,817
Total nondepartmental	\$ 1,975,342	\$ 2,575,342	\$ 1,394,320	\$ 1,181,022

General Fund

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

For the Year Ended June 30, 2021

Expenditures (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Capital projects				
Economic development	\$ 316,489	\$ 316,489	\$ 652,673	\$ (336,184)
Fishnet property	150,000	150,000	2,891	147,109
Bing crosby stadium renovations	15,000	15,000	1,275	13,725
Airport capital projects	200	25,200	14,754	10,446
Building improvement fund	100,000	100,000	20,781	79,219
Purchase of second street property	75,000	75,000	25,581	49,419
Revenue sharing projects	250,000	250,000	-	250,000
Simpsons Landing	25,000	25,000	12,386	12,614
Health and Human Services building	110,000	111,250	1,489	109,761
Voter registration facility renovations	25,000	25,000	-	25,000
School renovations	100,000	100,000	125,063	(25,063)
Other capital projects	2,765,900	3,046,844	2,995,850	50,994
Total capital projects	\$ 3,932,589	\$ 4,239,783	\$ 3,852,743	\$ 387,040
Debt service				
Principal retirement	\$ 5,405,301	\$ 5,405,301	\$ 7,448,027	\$ (2,042,726)
Interest	2,102,062	2,102,062	3,191,094	(1,089,032)
Costs of issuance	-	-	464,479	(464,479)
Total debt service	\$ 7,507,363	\$ 7,507,363	\$ 11,103,600	\$ (3,596,237)
Total expenditures	\$ 83,320,288	\$ 94,314,770	\$ 91,490,870	\$ 2,823,900
Excess (deficiency) of revenues over (under) expenditures	\$ (2,188,419)	\$ (6,680,126)	\$ 1,232,662	\$ 7,912,788
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 52,737	\$ 1,014,683	\$ 234,693	\$ (779,990)
Insurance proceeds	-	25,607	115,607	90,000
Issuance of capital leases	-	-	993,697	993,697
Proceeds from bond issuance	-	-	26,170,000	26,170,000
Premium on issuance of bonds	-	-	736,733	736,733
Discount on issuance of bonds	-	-	(172,303)	(172,303)
Payments to refunding bond escrow agent	-	-	(26,724,739)	(26,724,739)
Total other financing sources (uses)	\$ 52,737	\$ 1,040,290	\$ 1,353,688	\$ 313,398
Net change in fund balances	\$ (2,135,682)	\$ (5,639,836)	\$ 2,586,350	\$ 8,226,186
Fund balances - beginning	2,135,682	5,639,836	15,908,245	10,268,409
Fund balances - ending	\$ -	\$ -	\$ 18,494,595	\$ 18,494,595

Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,364,429	\$ 1,280,172	\$ 1,211,705	\$ 1,198,533	\$ 1,176,281	\$ 1,258,260	\$ 1,300,026
Interest	3,155,677	2,972,645	2,854,513	2,710,955	2,598,660	2,491,805	2,333,930
Differences between expected and actual experience	(458,784)	953,339	(248,388)	264,255	(332,064)	(626,648)	-
Changes in assumptions	-	1,440,774	-	(158,008)	-	-	-
Benefit payments, including refunds of employee contributions	(2,450,253)	(2,274,766)	(1,985,707)	(1,944,095)	(1,733,230)	(1,460,618)	(1,296,578)
Net change in total pension liability	\$ 1,611,069	\$ 4,372,164	\$ 1,832,123	\$ 2,071,640	\$ 1,709,647	\$ 1,662,799	\$ 2,337,378
Total pension liability - beginning	47,975,903	43,603,739	41,771,616	39,699,976	37,990,329	36,327,530	33,990,152
Total pension liability - ending (a)	\$ 49,586,972	\$ 47,975,903	\$ 43,603,739	\$ 41,771,616	\$ 39,699,976	\$ 37,990,329	\$ 36,327,530
Plan fiduciary net position							
Contributions - employer	\$ 1,008,393	\$ 976,942	\$ 957,477	\$ 911,215	\$ 1,156,426	\$ 1,111,161	\$ 1,212,641
Contributions - employee	579,295	553,276	553,248	528,537	482,585	485,091	486,779
Net investment income	829,138	2,764,899	2,896,521	4,306,187	618,544	1,536,746	4,527,083
Benefit payments, including refunds of employee contributions	(2,450,253)	(2,274,766)	(1,985,707)	(1,944,095)	(1,733,230)	(1,460,618)	(1,296,578)
Administrative expense	(28,349)	(27,486)	(24,860)	(24,834)	(21,587)	(20,580)	(23,831)
Other	(983)	(1,743)	(2,587)	(3,839)	(260)	(327)	239
Net change in plan fiduciary net position	\$ (62,759)	\$ 1,991,122	\$ 2,394,092	\$ 3,773,171	\$ 502,478	\$ 1,651,473	\$ 4,906,333
Plan fiduciary net position - beginning	43,670,165	41,679,043	39,284,951	35,511,780	35,009,302	33,357,829	28,451,496
Plan fiduciary net position - ending (b)	\$ 43,607,406	\$ 43,670,165	\$ 41,679,043	\$ 39,284,951	\$ 35,511,780	\$ 35,009,302	\$ 33,357,829
County's net pension liability - ending (a) - (b)	\$ 5,979,566	\$ 4,305,738	\$ 1,924,696	\$ 2,486,665	\$ 4,188,196	\$ 2,981,027	\$ 2,969,701
Plan fiduciary net position as a percentage of the total pension liability	87.94%	91.03%	95.59%	94.05%	89.45%	92.15%	91.83%
Covered payroll	\$ 11,927,497	\$ 11,424,285	\$ 10,904,355	\$ 10,291,665	\$ 9,824,708	\$ 9,411,440	\$ 9,756,199
County's net pension liability as a percentage of covered payroll	50.13%	37.69%	17.65%	24.16%	42.63%	31.67%	30.44%

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 (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 149,578	\$ 185,424	\$ 197,650	\$ 196,224	\$ 207,929	\$ 362,362	\$ 363,215
Interest	609,272	630,676	609,221	607,042	606,765	580,063	550,481
Differences between expected and actual experience	136,407	(405,849)	111,904	(173,660)	(246,769)	15,972	-
Changes in assumptions	-	225,216	-	(2,908)	-	-	-
Benefit payments, including refunds of employee contributions	(645,886)	(591,881)	(632,661)	(558,464)	(569,479)	(584,416)	(397,751)
Net change in total pension liability	\$ 249,371	\$ 43,586	\$ 286,114	\$ 68,234	\$ (1,554)	\$ 373,981	\$ 515,945
Total pension liability - beginning	9,349,190	9,305,604	9,019,490	8,951,256	8,952,810	8,578,829	8,062,884
Total pension liability - ending (a)	\$ <u>9,598,561</u>	\$ <u>9,349,190</u>	\$ <u>9,305,604</u>	\$ <u>9,019,490</u>	\$ <u>8,951,256</u>	\$ <u>8,952,810</u>	\$ <u>8,578,829</u>
Plan fiduciary net position							
Contributions - employer	\$ 54,118	\$ 71,546	\$ 81,242	\$ 82,987	\$ 144,630	\$ 193,055	\$ 330,326
Contributions - employee	68,734	89,010	90,635	91,718	90,844	122,376	152,969
Net investment income	191,229	647,283	706,784	1,077,002	153,305	411,657	1,232,240
Benefit payments, including refunds of employee contributions	(645,886)	(591,881)	(632,661)	(558,464)	(569,479)	(584,416)	(397,751)
Administrative expense	(6,831)	(6,717)	(6,370)	(6,467)	(5,842)	(5,814)	(6,502)
Other	(278)	(405)	(617)	(948)	(66)	(85)	65
Net change in plan fiduciary net position	\$ (338,914)	\$ 208,836	\$ 239,013	\$ 685,828	\$ (186,608)	\$ 136,773	\$ 1,311,347
Plan fiduciary net position - beginning	10,148,942	9,940,106	9,701,093	9,015,265	9,201,873	9,065,100	7,753,753
Plan fiduciary net position - ending (b)	\$ <u>9,810,028</u>	\$ <u>10,148,942</u>	\$ <u>9,940,106</u>	\$ <u>9,701,093</u>	\$ <u>9,015,265</u>	\$ <u>9,201,873</u>	\$ <u>9,065,100</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (211,467)	\$ (799,752)	\$ (634,502)	\$ (681,603)	\$ (64,009)	\$ (249,063)	\$ (486,271)
Plan fiduciary net position as a percentage of the total pension liability	102.20%	108.55%	106.82%	107.56%	100.72%	102.78%	105.67%
Covered payroll	\$ 1,498,545	\$ 1,957,816	\$ 1,954,160	\$ 1,973,870	\$ 1,917,874	\$ 2,519,459	\$ 3,059,236
School Division's net pension liability (asset) as a percentage of covered payroll	-14.11%	-40.85%	-32.47%	-34.53%	-3.34%	-9.89%	-15.90%

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 (Asset) VRS Teacher Retirement Plan
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.35900%	0.35966%	0.36798%	0.36687%	0.36687%	0.37348%	0.38456%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 52,241,018	\$ 47,333,300	\$ 43,274,000	\$ 45,117,000	\$ 51,414,000	\$ 47,008,000	\$ 46,473,000
Employer's Covered Payroll	31,722,797	30,329,689	29,808,438	28,925,850	27,973,986	27,765,923	28,102,102
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	164.68%	156.06%	145.17%	155.97%	183.79%	169.30%	165.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	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
Pension Plans
For the Years Ended June 30, 2012 through June 30, 2021

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 Employee Payroll (5)
Primary Government					
2021	\$ 1,255,178	\$ 1,255,178	\$ -	\$ 12,757,325	9.84%
2020	1,010,738	1,010,738	-	11,927,497	8.47%
2019	978,882	978,882	-	11,424,285	8.57%
2018	957,477	957,477	-	10,904,355	8.78%
2017	909,186	909,186	-	10,291,665	8.83%
2016	1,156,616	1,156,616	-	9,824,708	11.77%
2015	1,116,197	1,116,197	-	9,411,440	11.86%
2014	1,213,671	1,213,671	-	9,756,199	12.44%
2013	1,141,529	1,141,529	-	9,176,281	12.44%
2012	855,686	855,686	-	8,687,175	9.85%
Component Unit School Board (nonprofessional)					
2021	\$ 28,325	\$ 28,325	\$ -	\$ 1,481,570	1.91%
2020	56,208	56,208	-	1,498,545	3.75%
2019	72,021	72,021	-	1,957,816	3.68%
2018	81,242	81,242	-	1,954,160	4.16%
2017	93,424	93,424	-	1,973,870	4.73%
2016	144,913	144,913	-	1,917,874	7.56%
2015	196,770	196,770	-	2,519,459	7.81%
2014	330,703	330,703	-	3,059,236	10.81%
2013	319,901	319,901	-	2,959,307	10.81%
2012	240,422	240,422	-	2,917,748	8.24%
Component Unit School Board (professional) *					
2021	\$ 5,130,430	\$ 5,130,430	\$ -	\$ 32,332,233	15.87%
2020	4,770,146	4,770,146	-	31,722,797	15.04%
2019	4,609,126	4,609,126	-	30,329,689	15.20%
2018	4,798,005	4,798,005	-	29,808,438	16.10%
2017	4,624,709	4,624,709	-	28,925,850	15.99%
2016	3,906,383	3,906,383	-	27,973,986	13.96%
2015	4,026,059	4,026,059	-	27,765,923	14.50%

* 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.

Notes to Required Supplementary Information
 Pension Plans
 For the Year Ended June 30, 2021

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government and Component Unit - School Board
 Health Insurance (Single-Employer Defined Benefit Plan)
 For the Years Ended June 30, 2018 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
County:				
Total OPEB liability				
Service cost	\$ 213,000	\$ 193,100	\$ 239,300	\$ 233,500
Interest	206,500	228,200	229,500	217,600
Changes in assumptions	548,900	317,100	(3,900)	-
Differences between expected and actual experience	636,800	(302,600)	(467,600)	-
Benefit payments	(216,800)	(106,400)	(83,900)	(160,200)
Net change in total OPEB liability	<u>\$ 1,388,400</u>	<u>\$ 329,400</u>	<u>\$ (86,600)</u>	<u>\$ 290,900</u>
Total OPEB liability - beginning	<u>6,493,100</u>	<u>6,163,700</u>	<u>6,250,300</u>	<u>5,959,400</u>
Total OPEB liability - ending	<u><u>\$ 7,881,500</u></u>	<u><u>\$ 6,493,100</u></u>	<u><u>\$ 6,163,700</u></u>	<u><u>\$ 6,250,300</u></u>
Covered employee payroll	<u>\$ 7,569,400</u>	<u>\$ 7,462,700</u>	<u>\$ 7,462,700</u>	<u>\$ 7,914,900</u>
County's total OPEB liability (asset) as a percentage of covered employee payroll	104.12%	87.01%	82.59%	78.97%
School Board:				
Total OPEB liability				
Service cost	\$ 196,200	158,700	171,200	\$ 167,000
Interest	99,400	93,800	103,900	97,600
Changes in assumptions	111,600	119,900	(208,400)	-
Differences between expected and actual experience	(1,198,700)	337,500	(285,500)	-
Benefit payments	(194,400)	(133,400)	(56,400)	(126,700)
Net change in total OPEB liability	<u>\$ (985,900)</u>	<u>576,500</u>	<u>(275,200)</u>	<u>\$ 137,900</u>
Total OPEB liability - beginning	<u>3,076,000</u>	<u>2,499,500</u>	<u>2,774,700</u>	<u>2,636,800</u>
Total OPEB liability - ending	<u><u>\$ 2,090,100</u></u>	<u><u>3,076,000</u></u>	<u><u>2,499,500</u></u>	<u><u>\$ 2,774,700</u></u>
Covered employee payroll	<u>\$ 28,553,200</u>	<u>29,634,300</u>	<u>29,634,300</u>	<u>\$ 28,969,300</u>
School Boards total OPEB liability (asset) as a percentage of covered employee payroll	7.32%	10.38%	8.43%	9.58%

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

Notes to Required Supplementary Information
 Primary Government and Component Unit - School Board
 Health Insurance (Single-Employer Defined Benefit Plan)
 For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
 Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability - County and School Board:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	2.45%
Healthcare Trend Rate	The healthcare trend rate assumption is 5.50% for fiscal year end 2021 and decreases 0.50% per year to an ultimate rate of 5.00%.
Salary Increase Rates	Increases of 2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
County:					
2020	0.05802%	\$ 968,259	\$ 11,940,566	8.11%	52.64%
2019	0.05831%	948,859	11,431,136	8.30%	52.00%
2018	0.05745%	873,000	10,904,583	8.01%	51.22%
2017	0.05580%	840,000	10,291,665	8.16%	48.86%
School Board - Professional:					
2020	0.15423%	\$ 2,573,846	\$ 31,741,298	8.11%	52.64%
2019	0.15476%	2,518,357	30,377,402	8.29%	52.00%
2018	0.15689%	2,383,000	29,831,844	7.99%	51.22%
2017	0.15701%	2,363,000	28,925,850	8.17%	48.86%
School Board - Nonprofessional:					
2020	0.00740%	\$ 123,493	\$ 1,524,043	8.10%	52.64%
2019	0.01001%	162,889	1,961,498	8.30%	52.00%
2018	0.01032%	156,000	1,961,389	7.95%	51.22%
2017	0.01077%	162,000	1,973,870	8.21%	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
 For the Years Ended June 30, 2017 through June 30, 2021

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)
County:					
2021	\$ 68,939	\$ 68,939	\$ -	\$ 12,766,437	0.54%
2020	62,091	62,091	-	11,940,566	0.52%
2019	59,442	59,442	-	11,431,136	0.52%
2018	56,808	56,808	-	10,904,583	0.52%
2017	53,517	53,517	-	10,291,665	0.52%
School Board - Professional:					
2021	\$ 174,710	\$ 174,710	\$ -	\$ 32,353,640	0.54%
2020	165,055	165,055	-	31,741,298	0.52%
2019	157,754	157,754	-	30,377,402	0.52%
2018	156,196	156,196	-	29,831,844	0.52%
2017	150,599	150,599	-	28,925,850	0.52%
School Board - Nonprofessional:					
2021	\$ 8,000	\$ 8,000	\$ -	\$ 1,481,570	0.54%
2020	7,925	7,925	-	1,524,043	0.52%
2019	10,200	10,200	-	1,961,498	0.52%
2018	10,199	10,199	-	1,961,389	0.52%
2017	10,328	10,328	-	1,973,870	0.52%

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2021

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in the School Board (Nonprofessional)
 Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Date of June 30, 2021

	<u>2021</u>
Total HIC OPEB liability	
Service cost	\$ -
Interest	-
Changes in benefit terms	148,183
Changes in assumptions	-
Differences between expected and actual experience	-
Benefit payments	-
Net change in total HIC OPEB liability	<u>\$ 148,183</u>
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u><u>\$ 148,183</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ -
Net investment income	-
Benefit payments	-
Administrator charges	-
Other	-
Net change in plan fiduciary net position	<u>\$ -</u>
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>
 School Board's net HIC OPEB liability - ending (a) - (b)	 \$ 148,183
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 0.00%
 Covered payroll	 -
 School Board's net HIC OPEB liability as a percentage of covered payroll	 N/A

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

Schedule of School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
School Board - Professional:					
2020	0.36185%	\$ 4,720,393	\$ 31,722,797	14.88%	9.95%
2019	0.36160%	4,733,696	30,329,689	15.61%	8.97%
2018	0.36852%	4,679,000	29,803,925	15.70%	8.08%
2017	0.36649%	4,649,000	28,925,850	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
 Health Insurance Credit (HIC) Plans
 For the Years Ended June 30, 2017 through June 30, 2021

<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>
School Board - Non-professional:					
2021	\$ 12,297	\$ 12,297	\$ -	\$ 1,481,570	0.83%
School Board - Professional:					
2021	\$ 391,220	\$ 391,220	\$ -	\$ 32,332,233	1.21%
2020	380,674	380,674	-	31,722,797	1.20%
2019	363,956	363,956	-	30,329,689	1.20%
2018	366,378	366,378	-	29,803,925	1.23%
2017	321,046	321,046	-	28,923,040	1.11%

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plans
 For the Year Ended June 30, 2021

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

Non-Largest Ten Locality Employers - General Employees

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

Teachers

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

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 School Bond Construction Fund
 For the Year Ended June 30, 2021

	School Bond Construction Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental:				
Local government	\$ -	\$ -	\$ 871,801	\$ 871,801
Total revenues	\$ -	\$ -	\$ 871,801	\$ 871,801
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 1,215,358	\$ (1,215,358)
Total expenditures	\$ -	\$ -	\$ 1,215,358	\$ (1,215,358)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (343,557)	\$ (343,557)
Net change in fund balances	\$ -	\$ -	\$ (343,557)	\$ (343,557)
Fund balances - beginning	-	-	343,557	343,557
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2021

	<u>Special Revenue Funds</u>
ASSETS	
Receivables (net of allowance for uncollectibles):	
Taxes receivable	\$ 1,978,627
Due from other governmental units	58
Restricted assets:	
Cash and cash equivalents	1,899,837
Total assets	<u>\$ 3,878,522</u>
LIABILITIES	
Accounts payable	\$ 119,121
Due to other funds	8,123
Total liabilities	<u>\$ 127,244</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 1,589,739
Total deferred inflows of resources	<u>\$ 1,589,739</u>
FUND BALANCES	
Restricted:	
Construction	\$ 670,805
Public safety	38,441
Sanitary districts - roads, etc.	1,452,293
Total fund balances	<u>\$ 2,161,539</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,878,522</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2021

	Special Revenue Funds
	<u> </u>
REVENUES	
General property taxes	\$ 2,348,826
Miscellaneous	327,260
Intergovernmental:	
Commonwealth	4,789
Federal	1,905
Total revenues	<u>\$ 2,682,780</u>
 EXPENDITURES	
Current:	
Public safety	\$ 26,001
Public works	1,817,472
Debt service:	
Principal retirement	30,695
Interest and other fiscal charges	2,151
Total expenditures	<u>\$ 1,876,319</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 806,461</u>
 OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (72,153)
Total other financing sources (uses)	<u>\$ (72,153)</u>
 Net change in fund balances	 \$ 734,308
Fund balances - beginning	1,427,231
Fund balances - ending	<u>\$ 2,161,539</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2021

	<u>Drug Forfeiture</u>	<u>Proffers</u>	<u>Sanitary Districts</u>	<u>Total</u>
ASSETS				
Receivables (net of allowance for uncollectibles):				
Taxes receivable	\$ -	\$ -	\$ 1,978,627	\$ 1,978,627
Due from other governmental units	58	-	-	58
Restricted assets:				
Cash and cash equivalents	38,383	670,805	1,190,649	1,899,837
Total assets	<u>\$ 38,441</u>	<u>\$ 670,805</u>	<u>\$ 3,169,276</u>	<u>\$ 3,878,522</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 119,121	\$ 119,121
Due to other funds	-	-	8,123	8,123
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,244</u>	<u>\$ 127,244</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ -	\$ -	\$ 1,589,739	\$ 1,589,739
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,589,739</u>	<u>\$ 1,589,739</u>
FUND BALANCES				
Restricted:				
Construction	\$ -	\$ 670,805	\$ -	\$ 670,805
Public safety	38,441	-	-	38,441
Sanitary districts - roads, etc.	-	-	1,452,293	1,452,293
Total fund balances	<u>\$ 38,441</u>	<u>\$ 670,805</u>	<u>\$ 1,452,293</u>	<u>\$ 2,161,539</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 38,441</u>	<u>\$ 670,805</u>	<u>\$ 3,169,276</u>	<u>\$ 3,878,522</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2021

	<u>Drug Forfeiture</u>	<u>Proffers</u>	<u>Sanitary Districts</u>	<u>Total</u>
REVENUES				
General property taxes	\$ -	\$ -	\$ 2,348,826	\$ 2,348,826
Miscellaneous	-	156,400	170,860	327,260
Intergovernmental:				
Commonwealth	4,789	-	-	4,789
Federal	1,905	-	-	1,905
Total revenues	<u>\$ 6,694</u>	<u>\$ 156,400</u>	<u>\$ 2,519,686</u>	<u>\$ 2,682,780</u>
EXPENDITURES				
Current:				
Public safety	\$ 26,001	\$ -	\$ -	\$ 26,001
Public works	-	-	1,817,472	1,817,472
Debt service:				
Principal retirement	-	-	30,695	30,695
Interest and other fiscal charges	-	-	2,151	2,151
Total expenditures	<u>\$ 26,001</u>	<u>\$ -</u>	<u>\$ 1,850,318</u>	<u>\$ 1,876,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,307)</u>	<u>\$ 156,400</u>	<u>\$ 669,368</u>	<u>\$ 806,461</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (72,153)	\$ (72,153)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,153)</u>	<u>\$ (72,153)</u>
Net change in fund balances	\$ (19,307)	\$ 156,400	\$ 597,215	\$ 734,308
Fund balances - beginning	57,748	514,405	855,078	1,427,231
Fund balances - ending	<u>\$ 38,441</u>	<u>\$ 670,805</u>	<u>\$ 1,452,293</u>	<u>\$ 2,161,539</u>

COUNTY OF WARREN, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2021

	Drug Forfeiture			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
General property taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	4,789	4,789
Federal	-	-	1,905	1,905
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,694</u>	<u>\$ 6,694</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 26,001	\$ (26,001)
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,001</u>	<u>\$ (26,001)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,307)</u>	<u>\$ (19,307)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (19,307)	\$ (19,307)
Fund balances - beginning	-	-	57,748	57,748
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,441</u>	<u>\$ 38,441</u>

Proffers				Sanitary Districts			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 2,076,016	\$ 2,076,016	\$ 2,348,826	\$ 272,810
-	-	156,400	156,400	-	-	170,860	170,860
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,400</u>	<u>\$ 156,400</u>	<u>\$ 2,076,016</u>	<u>\$ 2,076,016</u>	<u>\$ 2,519,686</u>	<u>\$ 443,670</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,972,064	1,973,064	1,817,472	155,592
-	-	-	-	30,000	30,000	30,695	(695)
-	-	-	-	6,500	6,500	2,151	4,349
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,008,564</u>	<u>\$ 2,009,564</u>	<u>\$ 1,850,318</u>	<u>\$ 159,246</u>
\$ -	\$ -	\$ 156,400	\$ 156,400	\$ 67,452	\$ 66,452	\$ 669,368	\$ 602,916
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ (1,000)
-	-	-	-	(67,452)	(67,452)	(72,153)	(4,701)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,452)</u>	<u>\$ (66,452)</u>	<u>\$ (72,153)</u>	<u>\$ (5,701)</u>
\$ -	\$ -	\$ 156,400	\$ 156,400	\$ -	\$ -	\$ 597,215	\$ 597,215
-	-	514,405	514,405	-	-	855,078	855,078
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 670,805</u>	<u>\$ 670,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,452,293</u>	<u>\$ 1,452,293</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Private-Purpose Trust Funds
 June 30, 2021

	Private-Purpose Trust Funds						
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
ASSETS							
Cash and cash equivalents	\$ 9	\$ 5,065	\$ 61,974	\$ 191,835	\$ -	\$ 655	\$ 259,538
Total assets	<u>\$ 9</u>	<u>\$ 5,065</u>	<u>\$ 61,974</u>	<u>\$ 191,835</u>	<u>\$ -</u>	<u>\$ 655</u>	<u>\$ 259,538</u>
LIABILITIES							
Reconciled overdraft	\$ -	\$ -	\$ -	\$ -	\$ 11,469	\$ -	\$ 11,469
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,469</u>	<u>\$ -</u>	<u>\$ 11,469</u>
NET POSITION							
Restricted for:							
Scholarships	\$ 9	\$ 5,065	\$ 61,974	\$ 191,835	\$ (11,469)	\$ 655	\$ 248,069
Total net position	<u>\$ 9</u>	<u>\$ 5,065</u>	<u>\$ 61,974</u>	<u>\$ 191,835</u>	<u>\$ (11,469)</u>	<u>\$ 655</u>	<u>\$ 248,069</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Private-Purpose Trust Funds
 For the Year Ended June 30, 2021

	Private-Purpose Trust Funds						
	Woodward Cook Scholarship	Louise Bolling Scholarship	Elizabeth P. Denny Scholarship	Warren County Education Foundation	Thompson Scholarship	Winnie Nicholls Scholarship	Total
ADDITIONS							
Revenue from the use of money	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 5	\$ 6
Miscellaneous	-	-	-	4,813	-	-	4,813
Total additions	\$ -	\$ -	\$ -	\$ 4,813	\$ 1	\$ 5	\$ 4,819
DEDUCTIONS							
Scholarships	\$ -	\$ 500	\$ 8,000	\$ 2,250	\$ 15,000	\$ 1,000	\$ 26,750
Total deductions	\$ -	\$ 500	\$ 8,000	\$ 2,250	\$ 15,000	\$ 1,000	\$ 26,750
Change in net position	\$ -	\$ (500)	\$ (8,000)	\$ 2,563	\$ (14,999)	\$ (995)	\$ (21,931)
Total net position - beginning	9	5,565	69,974	189,272	3,530	1,650	270,000
Total net position - ending	\$ 9	\$ 5,065	\$ 61,974	\$ 191,835	\$ (11,469)	\$ 655	\$ 248,069

COUNTY OF WARREN, VIRGINIA

Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Custodial Funds
 June 30, 2021

	Custodial Funds				
	Special Welfare Fund	Undistributed Local Sales Tax Fund	Flexible Spending Fund	North Warren Fire Department Building Fund	North Warren Fire Department Fund
ASSETS					
Cash and cash equivalents	\$ 53,008	\$ -	\$ 17,238	\$ 191,937	\$ 57,369
Due from other governmental units	-	1,158,676	-	-	-
Total assets	<u>\$ 53,008</u>	<u>\$ 1,158,676</u>	<u>\$ 17,238</u>	<u>\$ 191,937</u>	<u>\$ 57,369</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 31,349
Reconciled overdraft	-	-	-	-	-
Due to general fund	-	938,528	5,000	-	-
Due to other governmental units	-	220,148	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ 1,158,676</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 31,349</u>
NET POSITION					
Restricted for:					
Special welfare	\$ 53,008	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	12,238	-	-
North Warren Fire Department	-	-	-	191,937	26,020
Shenandoah Farms Volunteer Fire Department	-	-	-	-	-
South Warren Volunteer Fire Department	-	-	-	-	-
Shenandoah Shores Volunteer Fire Department	-	-	-	-	-
Linden Volunteer Fire Department	-	-	-	-	-
Fourtsmouth Volunteer Fire Department	-	-	-	-	-
Skyline Regional Criminal Justice Training Academy	-	-	-	-	-
Celebrate Shenandoah	-	-	-	-	-
Total net position	<u>\$ 53,008</u>	<u>\$ -</u>	<u>\$ 12,238</u>	<u>\$ 191,937</u>	<u>\$ 26,020</u>

Custodial Funds							
Shenandoah Farms Vol. Fire Department Fund	South Warren Vol. Fire Department Fund	Shenandoah Shores Vol. Fire Department Fund	Linden Vol. Fire Department Fund	Fortsmouth Vol. Fire Department Fund	Skyline Regional Criminal Justice Training Academy	Celebrate Shenandoah	Total
\$ 276,405	\$ 54,089	\$ 39,808	\$ -	\$ 17,938	\$ 426,197	\$ 11,002	\$ 1,144,991
-	-	-	-	-	-	-	1,158,676
<u>\$ 276,405</u>	<u>\$ 54,089</u>	<u>\$ 39,808</u>	<u>\$ -</u>	<u>\$ 17,938</u>	<u>\$ 426,197</u>	<u>\$ 11,002</u>	<u>\$ 2,303,667</u>
\$ 1,250	\$ 673	\$ 6,866	\$ -	\$ 1,562	\$ 17,629	\$ -	\$ 59,329
-	-	-	53,525	-	-	-	53,525
-	-	-	-	-	-	-	943,528
-	-	-	-	-	-	-	220,148
<u>\$ 1,250</u>	<u>\$ 673</u>	<u>\$ 6,866</u>	<u>\$ 53,525</u>	<u>\$ 1,562</u>	<u>\$ 17,629</u>	<u>\$ -</u>	<u>\$ 1,276,530</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,008
-	-	-	-	-	-	-	12,238
-	-	-	-	-	-	-	217,957
275,155	-	-	-	-	-	-	275,155
-	53,416	-	-	-	-	-	53,416
-	-	32,942	-	-	-	-	32,942
-	-	-	(53,525)	-	-	-	(53,525)
-	-	-	-	16,376	-	-	16,376
-	-	-	-	-	408,568	-	408,568
-	-	-	-	-	-	11,002	11,002
<u>\$ 275,155</u>	<u>\$ 53,416</u>	<u>\$ 32,942</u>	<u>\$ (53,525)</u>	<u>\$ 16,376</u>	<u>\$ 408,568</u>	<u>\$ 11,002</u>	<u>\$ 1,027,137</u>

COUNTY OF WARREN, VIRGINIA

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Custodial Funds
 For the Year Ended June 30, 2021

	Custodial Funds				
	Special Welfare Fund	Undistributed Local Sales Tax Fund	Flexible Spending Fund	North Warren Fire Department Building Fund	North Warren Fire Department Fund
ADDITIONS					
Special welfare collections	\$ 50,617	\$ -	\$ -	\$ -	\$ -
Local sales tax collections	-	6,479,472	-	-	-
Collections for agencies	-	-	-	40,613	63,188
Total additions	<u>\$ 50,617</u>	<u>\$ 6,479,472</u>	<u>\$ -</u>	<u>\$ 40,613</u>	<u>\$ 63,188</u>
DEDUCTIONS					
Welfare costs	\$ 27,603	\$ -	\$ -	\$ -	\$ -
Local sales tax disbursements	-	6,479,472	-	-	-
Flexible spending	-	-	519	-	-
Disbursements for agencies	-	-	-	-	56,185
Total deductions	<u>\$ 27,603</u>	<u>\$ 6,479,472</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ 56,185</u>
Change in net position	\$ 23,014	\$ -	\$ (519)	\$ 40,613	\$ 7,003
Total net position - beginning, as restated	29,994	-	12,757	151,324	19,017
Total net position - ending	<u>\$ 53,008</u>	<u>\$ -</u>	<u>\$ 12,238</u>	<u>\$ 191,937</u>	<u>\$ 26,020</u>

Custodial Funds							
Shenandoah Farms Vol. Fire Department Fund	South Warren Vol. Fire Department Fund	Shenandoah Shores Vol. Fire Department Fund	Linden Vol. Fire Department Fund	Fortsmouth Vol. Fire Department Fund	Skyline Regional Criminal Justice Training Academy	Celebrate Shenandoah	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,617
-	-	-	-	-	-	-	6,479,472
65,963	63,687	63,188	63,188	63,188	536,395	-	959,410
<u>\$ 65,963</u>	<u>\$ 63,687</u>	<u>\$ 63,188</u>	<u>\$ 63,188</u>	<u>\$ 63,188</u>	<u>\$ 536,395</u>	<u>\$ -</u>	<u>\$ 7,489,499</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,603
-	-	-	-	-	-	-	6,479,472
-	-	-	-	-	-	-	519
24,739	43,931	33,261	64,916	56,543	475,539	-	755,114
<u>\$ 24,739</u>	<u>\$ 43,931</u>	<u>\$ 33,261</u>	<u>\$ 64,916</u>	<u>\$ 56,543</u>	<u>\$ 475,539</u>	<u>\$ -</u>	<u>\$ 7,262,708</u>
\$ 41,224	\$ 19,756	\$ 29,927	\$ (1,728)	\$ 6,645	\$ 60,856	\$ -	\$ 226,791
233,931	33,660	3,015	(51,797)	9,731	347,712	11,002	800,346
<u>\$ 275,155</u>	<u>\$ 53,416</u>	<u>\$ 32,942</u>	<u>\$ (53,525)</u>	<u>\$ 16,376</u>	<u>\$ 408,568</u>	<u>\$ 11,002</u>	<u>\$ 1,027,137</u>

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2021

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Activity Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,606,885	\$ 2,057,206	\$ 109,437	\$ 116,169	\$ 576,661	\$ 4,466,358
Accounts receivable	185,122	-	-	-	-	185,122
Due from other funds	-	83,015	-	-	-	83,015
Due from other governmental units	2,053,280	-	-	-	-	2,053,280
Total assets	<u>\$ 3,845,287</u>	<u>\$ 2,140,221</u>	<u>\$ 109,437</u>	<u>\$ 116,169</u>	<u>\$ 576,661</u>	<u>\$ 6,787,775</u>
LIABILITIES						
Accounts payable	\$ 528,466	\$ 297	\$ 4,394	\$ -	\$ -	\$ 533,157
Accrued liabilities	2,208,556	-	-	-	-	2,208,556
Due to other funds	83,015	-	-	-	-	83,015
Due to primary government	1,025,250	-	-	-	-	1,025,250
Total liabilities	<u>\$ 3,845,287</u>	<u>\$ 297</u>	<u>\$ 4,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,849,978</u>
FUND BALANCES						
Committed:						
Education - capital improvements	\$ -	\$ -	\$ 105,043	\$ 116,169	\$ -	\$ 221,212
Education - school activities	-	-	-	-	576,661	576,661
Assigned:						
Education	-	2,139,924	-	-	-	2,139,924
Total fund balances	<u>\$ -</u>	<u>\$ 2,139,924</u>	<u>\$ 105,043</u>	<u>\$ 116,169</u>	<u>\$ 576,661</u>	<u>\$ 2,937,797</u>
Total liabilities and fund balances	<u>\$ 3,845,287</u>	<u>\$ 2,140,221</u>	<u>\$ 109,437</u>	<u>\$ 116,169</u>	<u>\$ 576,661</u>	<u>\$ 6,787,775</u>

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

Total fund balances per above \$ 2,937,797

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

Capital assets	\$ 37,302,213	
Accumulated depreciation	<u>(20,984,993)</u>	16,317,220

The net pension asset is not an available resource and, therefore, is not reported in the funds - Nonprofessional group 211,467

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in School Board activities in the statement of net position. 683,353

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

Pension related items	\$ 13,062,967	
OPEB related items	<u>1,550,791</u>	14,613,758

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

Pension related items	\$ (3,880,137)	
OPEB related items	<u>(1,645,167)</u>	(5,525,304)

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

Compensated absences	\$ (1,696,373)	
Net pension liability - professional group	(52,241,018)	
Net OPEB liability	<u>(9,656,015)</u>	(63,593,406)

Net position of governmental activities \$ (34,355,115)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Activity Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	\$ 485	\$ -	\$ -	\$ -	\$ -	\$ 485
Charges for services	519,571	43,902	-	-	-	563,473
Miscellaneous	157,432	92,115	-	26,712	596,120	872,379
Intergovernmental:						
Local government	25,279,210	-	-	-	-	25,279,210
Commonwealth	32,017,099	-	-	-	-	32,017,099
Federal	8,983,519	-	-	-	-	8,983,519
Total revenues	<u>\$ 66,957,316</u>	<u>\$ 136,017</u>	<u>\$ -</u>	<u>\$ 26,712</u>	<u>\$ 596,120</u>	<u>\$ 67,716,165</u>
EXPENDITURES						
Current:						
Education	\$ 62,152,514	\$ 2,729,847	\$ -	\$ -	\$ 639,930	\$ 65,522,291
Capital projects	180,391	-	2,832,403	-	-	3,012,794
Debt service:						
Principal retirement	289,000	-	-	-	-	289,000
Interest and other fiscal charges	345,086	-	-	-	-	345,086
Total expenditures	<u>\$ 62,966,991</u>	<u>\$ 2,729,847</u>	<u>\$ 2,832,403</u>	<u>\$ -</u>	<u>\$ 639,930</u>	<u>\$ 69,169,171</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 3,990,325	\$ (2,593,830)	\$ (2,832,403)	\$ 26,712	\$ (43,810)	\$ (1,453,006)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 3,990,325	\$ -	\$ -	\$ -	\$ 3,990,325
Transfers out	(3,990,325)	-	-	-	-	(3,990,325)
Total other financing sources (uses)	<u>\$ (3,990,325)</u>	<u>\$ 3,990,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 1,396,495	\$ (2,832,403)	\$ 26,712	\$ (43,810)	\$ (1,453,006)
Fund balances - beginning, as restated	-	743,429	2,937,446	89,457	620,471	4,390,803
Fund balances - ending	<u>\$ -</u>	<u>\$ 2,139,924</u>	<u>\$ 105,043</u>	<u>\$ 116,169</u>	<u>\$ 576,661</u>	<u>\$ 2,937,797</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:						
Net change in fund balances - total governmental funds - per above						\$ (1,453,006)
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. The following are adjustments related to capital assets reported in the current period.						
Capital asset additions				\$ 1,397,538		
Depreciation expense				(842,915)		554,623
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.						
OPEB expense				\$ 11,192		
Pension expense				(440,598)		
(Increase) decrease in compensated absences				295,353		(134,053)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.						
						31,645
Change in net position of governmental activities						<u>\$ (1,000,791)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 28,166	\$ 28,166	\$ 485	\$ (27,681)
Charges for services	460,551	460,551	519,571	59,020
Miscellaneous	324,854	324,854	157,432	(167,422)
Intergovernmental:				
Local government	26,956,323	26,956,323	25,279,210	(1,677,113)
Commonwealth	32,139,116	32,139,116	32,017,099	(122,017)
Federal	2,338,334	2,338,334	8,983,519	6,645,185
Total revenues	<u>\$ 62,247,344</u>	<u>\$ 62,247,344</u>	<u>\$ 66,957,316</u>	<u>\$ 4,709,972</u>
EXPENDITURES				
Current:				
Education	\$ 61,432,867	\$ 61,432,867	\$ 62,152,514	\$ (719,647)
Capital projects	180,391	180,391	180,391	-
Debt service:				
Principal retirement	289,000	289,000	289,000	-
Interest and other fiscal charges	345,086	345,086	345,086	-
Total expenditures	<u>\$ 62,247,344</u>	<u>\$ 62,247,344</u>	<u>\$ 62,966,991</u>	<u>\$ (719,647)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 3,990,325	\$ 3,990,325
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(3,990,325)	(3,990,325)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,990,325)</u>	<u>\$ (3,990,325)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning, as restated	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund				Capital Improvements Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,281,082	1,281,082	43,902	(1,237,180)	-	-	-	-
-	-	92,115	92,115	-	-	-	-
-	-	-	-	-	-	-	-
35,219	35,219	-	(35,219)	-	-	-	-
256,634	256,634	-	(256,634)	-	-	-	-
<u>\$ 1,572,935</u>	<u>\$ 1,572,935</u>	<u>\$ 136,017</u>	<u>\$ (1,436,918)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,070,728	\$ 3,070,728	\$ 2,729,847	\$ 340,881	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	2,832,403	(2,832,403)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,070,728</u>	<u>\$ 3,070,728</u>	<u>\$ 2,729,847</u>	<u>\$ 340,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,832,403</u>	<u>\$ (2,832,403)</u>
<u>\$ (1,497,793)</u>	<u>\$ (1,497,793)</u>	<u>\$ (2,593,830)</u>	<u>\$ (1,096,037)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,832,403)</u>	<u>\$ (2,832,403)</u>
\$ 1,497,793	\$ 1,497,793	\$ 3,990,325	\$ 2,492,532	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 1,497,793</u>	<u>\$ 1,497,793</u>	<u>\$ 3,990,325</u>	<u>\$ 2,492,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 1,396,495	\$ 1,396,495	\$ -	\$ -	\$ (2,832,403)	\$ (2,832,403)
-	-	743,429	743,429	-	-	2,937,446	2,937,446
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,139,924</u>	<u>\$ 2,139,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,043</u>	<u>\$ 105,043</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board

	Vocational Building Fund				School Activity Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	26,712	26,712	-	-	596,120	596,120
Intergovernmental:								
Local government	-	-	-	-	-	-	-	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ -	\$ -	\$ 26,712	\$ 26,712	\$ -	\$ -	\$ 596,120	\$ 596,120
EXPENDITURES								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 639,930	\$ (639,930)
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 639,930	\$ (639,930)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 26,712	\$ 26,712	\$ -	\$ -	\$ (43,810)	\$ (43,810)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 26,712	\$ 26,712	\$ -	\$ -	\$ (43,810)	\$ (43,810)
Fund balances - beginning, as restated	-	-	89,457	89,457	-	-	620,471	620,471
Fund balances - ending	\$ -	\$ -	\$ 116,169	\$ 116,169	\$ -	\$ -	\$ 576,661	\$ 576,661

Statement of Net Position
 Internal Service Fund - Discretely Presented Component Unit - School Board
 June 30, 2021

	<u>Health Insurance Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 683,353
Total assets	<u>\$ 683,353</u>
NET POSITION	
Unrestricted	\$ 683,353
Total net position	<u><u>\$ 683,353</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	<u>Health Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 5,972,066
Total operating revenues	<u>\$ 5,972,066</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 5,940,210
Total operating expenses	<u>\$ 5,940,210</u>
Operating income (loss)	<u>\$ 31,856</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>\$ (211)</u>
Change in net position	\$ 31,645
Total net position - beginning	651,708
Total net position - ending	<u><u>\$ 683,353</u></u>

Statement of Cash Flows
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	Health Insurance Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 5,972,066
Payments for claims	(5,940,210)
Net cash provided by (used for) operating activities	<u>\$ 31,856</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Other	\$ (211)
Net cash provided by (used for) investing activities	<u>\$ (211)</u>
 Net increase (decrease) in cash and cash equivalents	\$ 31,645
 Cash and cash equivalents - beginning	651,708
Cash and cash equivalents - ending	<u><u>\$ 683,353</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 31,856
Net cash provided by (used for) operating activities	<u><u>\$ 31,856</u></u>

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Supporting Schedules

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 31,034,932	\$ 31,034,932	\$ 31,242,885	\$ 207,953
Real and personal public service corporation taxes	7,000,000	7,000,000	6,813,077	(186,923)
Personal property taxes	12,608,780	12,608,780	14,046,781	1,438,001
Mobile home taxes	7,500	7,500	9,295	1,795
Machinery and tools taxes	1,650,000	1,650,000	1,839,573	189,573
Land redemptions	20,000	20,000	-	(20,000)
Rollback taxes	-	-	111,161	111,161
Mineral rights	2,500	2,500	1,783	(717)
Penalties	600,000	600,000	555,115	(44,885)
Interest	400,000	400,000	418,980	18,980
Total general property taxes	<u>\$ 53,323,712</u>	<u>\$ 53,323,712</u>	<u>\$ 55,038,650</u>	<u>\$ 1,714,938</u>
Other local taxes:				
Local sales and use taxes	\$ 4,400,000	\$ 4,400,000	\$ 5,248,373	\$ 848,373
Consumers' utility taxes	760,000	760,000	750,564	(9,436)
E-911 telephone taxes	45,000	45,000	138,677	93,677
Business license taxes	875,000	875,000	1,156,411	281,411
Motor vehicle licenses	940,000	940,000	932,782	(7,218)
Taxes on recordation and wills	700,000	700,000	1,181,514	481,514
Hotel and motel room taxes	250,000	250,000	314,042	64,042
Meal taxes	1,000,000	1,000,000	1,088,125	88,125
Total other local taxes	<u>\$ 8,970,000</u>	<u>\$ 8,970,000</u>	<u>\$ 10,810,488</u>	<u>\$ 1,840,488</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 45,000	\$ 45,000	\$ 37,586	\$ (7,414)
Building and related permits	325,000	325,000	334,095	9,095
Zoning, subdivision fees and rezoning permits	35,000	35,000	53,025	18,025
Land use application fees	-	-	620	620
Transfer fees	1,500	1,500	2,269	769
Weapon permits	35,000	35,000	45,918	10,918
Bank franchise fees	10,000	10,000	20,202	10,202
Septage fees	95,000	95,000	173,283	78,283
Other fees	-	-	3,206	3,206
Total permits, privilege fees, and regulatory licenses	<u>\$ 546,500</u>	<u>\$ 546,500</u>	<u>\$ 670,204</u>	<u>\$ 123,704</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 90,000	\$ 90,000	\$ 109,865	\$ 19,865
Other fines	-	-	4,691	4,691
Total fines and forfeitures	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 114,556</u>	<u>\$ 24,556</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 460,000	\$ 460,000	\$ 129,554	\$ (330,446)
Revenue from use of property	384,480	408,480	310,371	(98,109)
Total revenue from use of money and property	<u>\$ 844,480</u>	<u>\$ 868,480</u>	<u>\$ 439,925</u>	<u>\$ (428,555)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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)				
Charges for services:				
Excess fees of clerk	\$ -	\$ -	\$ 15,753	\$ 15,753
Sheriff's fees	-	-	2,396	2,396
Courthouse security fees	70,000	70,000	77,892	7,892
Administrative fee	250,000	250,000	182,368	(67,632)
Charges for Commonwealth's Attorney	4,200	4,200	4,315	115
Airport hangar rental fees and fuel sales	189,665	189,665	178,607	(11,058)
Charges for sanitation and waste removal	1,120,000	1,120,000	989,098	(130,902)
Other charges for services	22,500	22,500	9,884	(12,616)
Golf club membership dues, golf fees, shop sales	-	-	225	225
Parks and rec user fees	300,000	302,008	109,469	(192,539)
Courthouse maintenance fees	40,000	40,000	30,643	(9,357)
Cost recovery	471,339	471,339	973,968	502,629
Charges for law library	24,000	24,000	7,434	(16,566)
Other court charges	-	-	6,497	6,497
Total charges for services	<u>\$ 2,491,704</u>	<u>\$ 2,493,712</u>	<u>\$ 2,588,549</u>	<u>\$ 94,837</u>
Miscellaneous:				
Miscellaneous	\$ 1,735,000	\$ 1,744,799	\$ 1,905,970	\$ 161,171
Sale of recyclable materials	60,000	60,000	118,284	58,284
Total miscellaneous	<u>\$ 1,795,000</u>	<u>\$ 1,804,799</u>	<u>\$ 2,024,254</u>	<u>\$ 219,455</u>
Recovered costs:				
Other recovered costs	\$ 240,000	\$ 240,000	\$ 187,031	\$ (52,969)
Expenditure refunds	18,000	18,000	30,069	12,069
Total recovered costs	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ 217,100</u>	<u>\$ (40,900)</u>
Total revenue from local sources	<u>\$ 68,319,396</u>	<u>\$ 68,355,203</u>	<u>\$ 71,903,726</u>	<u>\$ 3,548,523</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 55,000	\$ 55,000	\$ 61,519	\$ 6,519
Mobile home titling tax	1,000	1,000	1,890	890
State recordation tax	150,000	150,000	-	(150,000)
Personal property tax relief funds	4,541,220	4,541,220	4,541,220	-
Communication taxes	780,000	780,000	655,730	(124,270)
Total noncategorical aid	<u>\$ 5,527,220</u>	<u>\$ 5,527,220</u>	<u>\$ 5,260,359</u>	<u>\$ (266,861)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 431,943	\$ 431,943	\$ 474,446	\$ 42,503
Sheriff	1,762,633	1,762,633	1,709,815	(52,818)
Commissioner of revenue	161,915	161,915	162,391	476

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

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 Commonwealth: (Continued)				
Categorical aid: (Continued)				
Shared expenses: (Continued)				
Treasurer	\$ 121,748	\$ 121,748	\$ 111,685	\$ (10,063)
Registrar/electoral board	40,000	42,750	47,286	4,536
Clerk of the Circuit Court	313,842	313,842	346,277	32,435
Total shared expenses	<u>\$ 2,832,081</u>	<u>\$ 2,834,831</u>	<u>\$ 2,851,900</u>	<u>\$ 17,069</u>
Other categorical aid:				
Welfare administration and public assistance	\$ 1,266,697	\$ 1,266,697	\$ 1,139,840	\$ (126,857)
Children services act	1,040,442	1,040,442	1,105,990	65,548
Emergency medical services	42,855	42,855	46,334	3,479
Litter control grant	-	-	12,452	12,452
Technology trust funds	-	32,289	-	(32,289)
Abandoned vehicle program	20,000	20,000	6,550	(13,450)
VA domestic violence victims grant	45,000	45,000	35,124	(9,876)
Victim-witness grant	32,849	32,849	9,370	(23,479)
Fire programs funds	77,344	77,344	88,168	10,824
Juvenile crime control	35,000	35,000	36,630	1,630
Airport grants	-	-	4,785	4,785
Other categorical aid	4,500	4,500	54,514	50,014
Total other categorical aid	<u>\$ 2,564,687</u>	<u>\$ 2,596,976</u>	<u>\$ 2,539,757</u>	<u>\$ (57,219)</u>
Total categorical aid	<u>\$ 5,396,768</u>	<u>\$ 5,431,807</u>	<u>\$ 5,391,657</u>	<u>\$ (40,150)</u>
Total revenue from the Commonwealth	<u>\$ 10,923,988</u>	<u>\$ 10,959,027</u>	<u>\$ 10,652,016</u>	<u>\$ (307,011)</u>
Revenue from the Federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 54,000	\$ 54,000	\$ 58,074	\$ 4,074
Total noncategorical aid	<u>\$ 54,000</u>	<u>\$ 54,000</u>	<u>\$ 58,074</u>	<u>\$ 4,074</u>
Categorical aid:				
Welfare administration and public assistance	\$ 1,800,485	\$ 1,800,485	\$ 2,033,659	\$ 233,174
Highway planning and construction	-	-	6,924	6,924
Emergency management performance grant	-	-	24,446	24,446
Crime victims assistance	34,000	34,000	33,606	(394)
COVID-19 Coronavirus Relief Fund	-	5,706,815	7,096,417	1,389,602
COVID-19 HAVA Election Security	-	-	58,965	58,965
Airport improvement program	-	-	4,250	4,250
Other federal categorical aid	-	725,114	851,449	126,335
Total categorical aid	<u>\$ 1,834,485</u>	<u>\$ 8,266,414</u>	<u>\$ 10,109,716</u>	<u>\$ 1,843,302</u>
Total revenue from the federal government	<u>\$ 1,888,485</u>	<u>\$ 8,320,414</u>	<u>\$ 10,167,790</u>	<u>\$ 1,847,376</u>
Total General Fund	<u><u>\$ 81,131,869</u></u>	<u><u>\$ 87,634,644</u></u>	<u><u>\$ 92,723,532</u></u>	<u><u>\$ 5,088,888</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive - (Negative)
Special Revenue Funds:				
Drug Forfeiture Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Drug forfeiture funds	\$ -	\$ -	\$ 4,789	\$ 4,789
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,789</u>	<u>\$ 4,789</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,789</u>	<u>\$ 4,789</u>
Revenue from the federal government:				
Categorical aid:				
Drug forfeiture funds	\$ -	\$ -	\$ 1,905	\$ 1,905
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ 1,905</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,905</u>	<u>\$ 1,905</u>
Total Drug Forfeiture Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,694</u></u>	<u><u>\$ 6,694</u></u>
Proffers Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 156,400	\$ 156,400
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,400</u>	<u>\$ 156,400</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,400</u>	<u>\$ 156,400</u>
Total Proffers Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 156,400</u></u>	<u><u>\$ 156,400</u></u>
Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,076,016	\$ 2,076,016	\$ 2,348,826	\$ 272,810
Total general property taxes	<u>\$ 2,076,016</u>	<u>\$ 2,076,016</u>	<u>\$ 2,348,826</u>	<u>\$ 272,810</u>
Miscellaneous:				
New construction fee	\$ -	\$ -	\$ 170,860	\$ 170,860
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,860</u>	<u>\$ 170,860</u>
Total revenue from local sources	<u>\$ 2,076,016</u>	<u>\$ 2,076,016</u>	<u>\$ 2,519,686</u>	<u>\$ 443,670</u>
Total Sanitary District Fund	<u><u>\$ 2,076,016</u></u>	<u><u>\$ 2,076,016</u></u>	<u><u>\$ 2,519,686</u></u>	<u><u>\$ 443,670</u></u>
County Capital Projects Fund:				
Revenue from local sources:				
Intergovernmental:				
Contribution from School Capital Improvements Fund	\$ -	\$ -	\$ 871,801	\$ 871,801
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,801</u>	<u>\$ 871,801</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,801</u>	<u>\$ 871,801</u>
Total Primary Government	<u><u>\$ 83,207,885</u></u>	<u><u>\$ 89,710,660</u></u>	<u><u>\$ 96,278,113</u></u>	<u><u>\$ 6,567,453</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 28,166	\$ 28,166	\$ 485	\$ (27,681)
Total revenue from use of money and property	<u>\$ 28,166</u>	<u>\$ 28,166</u>	<u>\$ 485</u>	<u>\$ (27,681)</u>
Charges for services:				
Other charges for services	\$ 460,551	\$ 460,551	\$ 519,571	\$ 59,020
Total charges for services	<u>\$ 460,551</u>	<u>\$ 460,551</u>	<u>\$ 519,571</u>	<u>\$ 59,020</u>
Miscellaneous:				
Other miscellaneous	\$ 324,854	\$ 324,854	\$ 157,432	\$ (167,422)
Total miscellaneous	<u>\$ 324,854</u>	<u>\$ 324,854</u>	<u>\$ 157,432</u>	<u>\$ (167,422)</u>
Total revenue from local sources	<u>\$ 813,571</u>	<u>\$ 813,571</u>	<u>\$ 677,488</u>	<u>\$ (136,083)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from Warren, Virginia	\$ 26,956,323	\$ 26,956,323	\$ 25,279,210	\$ (1,677,113)
Total revenues from local governments	<u>\$ 26,956,323</u>	<u>\$ 26,956,323</u>	<u>\$ 25,279,210</u>	<u>\$ (1,677,113)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 7,209,147	\$ 7,209,147	\$ 7,745,491	\$ 536,344
Basic school aid	14,323,030	14,323,030	13,325,093	(997,937)
Remedial summer education	9,104	9,104	33,813	24,709
Gifted and talented	156,951	156,951	149,419	(7,532)
Remedial education	528,982	528,982	506,805	(22,177)
Homebound education	8,447	8,447	3,971	(4,476)
Textbook payment	312,361	312,361	297,371	(14,990)
Vocational SOQ payments	554,200	554,200	476,654	(77,546)
Social security fringe benefits	903,920	903,920	894,434	(9,486)
Retirement fringe benefits	2,107,210	2,107,210	1,961,123	(146,087)
Group life insurance benefits	63,943	63,943	60,874	(3,069)
Compensation supplement	389,548	389,548	-	(389,548)
State lottery payments	914,845	914,845	1,218,460	303,615
Early reading intervention	131,822	131,822	155,404	23,582
Jail education	165,007	165,007	140,028	(24,979)
GED program	16,772	16,772	16,773	1
School food	-	-	38,440	38,440
Special education - foster children	-	-	28,775	28,775
At risk payments	1,114,884	1,114,884	627,351	(487,533)
Technology	284,000	284,000	284,000	-
Standards of Learning algebra readiness	67,560	67,560	63,557	(4,003)
Mentor teacher program	8,426	8,426	6,178	(2,248)
English as a second language	135,663	135,663	114,994	(20,669)
K-3 initiative	650,343	650,343	604,795	(45,548)
Special education	1,736,212	1,736,212	1,679,232	(56,980)
Other state funds	346,739	346,739	1,584,064	1,237,325
Total categorical aid	<u>\$ 32,139,116</u>	<u>\$ 32,139,116</u>	<u>\$ 32,017,099</u>	<u>\$ (122,017)</u>
Total revenue from the Commonwealth	<u>\$ 32,139,116</u>	<u>\$ 32,139,116</u>	<u>\$ 32,017,099</u>	<u>\$ (122,017)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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:				
Federal land use	\$ -	\$ -	\$ 1,090	\$ 1,090
Title I; Grants to local educational agencies	738,986	738,986	1,089,898	350,912
Title VI-B; Special education grants to states	1,156,961	1,156,961	1,190,553	33,592
Title VI-B; Special education preschool grants	29,588	29,588	29,477	(111)
Vocational education	77,177	77,177	103,827	26,650
English language acquisition grant	11,798	11,798	5,069	(6,729)
Coronavirus relief funds	-	-	916,598	916,598
School improvement grants	-	-	9,137	9,137
Title II Part A; Improving teacher quality state grants	173,824	173,824	169,350	(4,474)
Student support and academic enrichment	-	-	118,423	118,423
National school lunch and breakfast program	-	-	4,212,174	4,212,174
Education stabilization fund	-	-	701,827	701,827
Other federal funds	150,000	150,000	188,172	38,172
Total categorical aid	<u>\$ 2,338,334</u>	<u>\$ 2,338,334</u>	<u>\$ 8,735,595</u>	<u>\$ 6,397,261</u>
Total revenue from the federal government	<u>\$ 2,338,334</u>	<u>\$ 2,338,334</u>	<u>\$ 8,983,519</u>	<u>\$ 6,645,185</u>
Total School Operating Fund	<u>\$ 62,247,344</u>	<u>\$ 62,247,344</u>	<u>\$ 66,957,316</u>	<u>\$ 4,709,972</u>
School Cafeteria Fund:				
Charges for services:				
Cafeteria sales	\$ 1,281,082	\$ 1,281,082	\$ 43,902	\$ (1,237,180)
Total charges for services	<u>\$ 1,281,082</u>	<u>\$ 1,281,082</u>	<u>\$ 43,902</u>	<u>\$ (1,237,180)</u>
Miscellaneous revenue:				
Other miscellaneous	-	-	92,115	92,115
Total miscellaneous revenue	<u>-</u>	<u>-</u>	<u>92,115</u>	<u>92,115</u>
Total revenue from local sources	<u>\$ 1,281,082</u>	<u>\$ 1,281,082</u>	<u>\$ 136,017</u>	<u>\$ (1,145,065)</u>
Total School Cafeteria Fund	<u>\$ 1,572,935</u>	<u>\$ 1,572,935</u>	<u>\$ 136,017</u>	<u>\$ (1,436,918)</u>
Vocational Building Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 26,712	\$ 26,712
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,712</u>	<u>\$ 26,712</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,712</u>	<u>\$ 26,712</u>
Total Vocational Building Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,712</u>	<u>\$ 26,712</u>
School Activity Fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 596,120	\$ 596,120
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,120</u>	<u>\$ 596,120</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,120</u>	<u>\$ 596,120</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,120</u>	<u>\$ 596,120</u>
Total Component Unit - School Board	<u>\$ 63,820,279</u>	<u>\$ 63,820,279</u>	<u>\$ 67,716,165</u>	<u>\$ 3,895,886</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

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	\$ 1,549,632	\$ 1,549,632	\$ 2,160,448	\$ (610,816)
General and financial administration:				
County administrator	\$ 642,321	\$ 647,321	\$ 645,694	\$ 1,627
County attorney	303,066	305,066	154,390	150,676
Commissioner of revenue	711,665	724,455	696,470	27,985
Reassessment	138,600	138,600	1,296	137,304
Treasurer	532,016	539,016	535,950	3,066
Finance and purchasing	390,448	392,948	372,293	20,655
Total general and financial administration	<u>\$ 2,718,116</u>	<u>\$ 2,747,406</u>	<u>\$ 2,406,093</u>	<u>\$ 341,313</u>
Board of elections:				
Electoral board and officials	\$ 323,258	\$ 352,508	\$ 338,794	\$ 13,714
Total board of elections	<u>\$ 323,258</u>	<u>\$ 352,508</u>	<u>\$ 338,794</u>	<u>\$ 13,714</u>
Total general government administration	<u>\$ 4,591,006</u>	<u>\$ 4,649,546</u>	<u>\$ 4,905,335</u>	<u>\$ (255,789)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 44,097	\$ 54,795	\$ 17,955	\$ 36,840
General district court	25,740	25,740	24,706	1,034
Special magistrates	5,839	5,839	4,536	1,303
Clerk of the circuit court	564,125	705,014	695,171	9,843
Juvenile and domestic relations court	17,065	17,065	15,494	1,571
Sheriff - court security	978,287	968,287	929,591	38,696
Law library	52,690	52,690	57,570	(4,880)
Total courts	<u>\$ 1,687,843</u>	<u>\$ 1,829,430</u>	<u>\$ 1,745,023</u>	<u>\$ 84,407</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,061,847	\$ 1,072,847	\$ 1,057,942	\$ 14,905
Total commonwealth's attorney	<u>\$ 1,061,847</u>	<u>\$ 1,072,847</u>	<u>\$ 1,057,942</u>	<u>\$ 14,905</u>
Total judicial administration	<u>\$ 2,749,690</u>	<u>\$ 2,902,277</u>	<u>\$ 2,802,965</u>	<u>\$ 99,312</u>
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	\$ 4,413,371	\$ 4,647,589	\$ 4,731,164	\$ (83,575)
School resource officers	703,920	703,920	820,991	(117,071)
E - 911 system	620,357	630,357	709,678	(79,321)
Total law enforcement and emergency services	<u>\$ 5,737,648</u>	<u>\$ 5,981,866</u>	<u>\$ 6,261,833</u>	<u>\$ (279,967)</u>
Fire and rescue services:				
Other fire and rescue costs	\$ 421,100	\$ 421,100	\$ 570,214	\$ (149,114)
Cost recovery fees	50,239	50,239	50,174	65
Cost recovery reimbursement to fire companies	-	-	485	(485)
Contributions to fire and rescue squads	986,777	1,857,656	1,854,221	3,435
Emergency services	3,197,318	8,324,132	7,288,037	1,036,095
Total fire and rescue services	<u>\$ 4,655,434</u>	<u>\$ 10,653,127</u>	<u>\$ 9,763,131</u>	<u>\$ 889,996</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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:				
Regional jail	\$ 4,100,000	\$ 4,100,000	\$ 3,986,424	\$ 113,576
Probation office	67,369	67,369	10,316	57,053
Juvenile detention center	344,769	344,769	322,717	22,052
Total correction and detention	<u>\$ 4,512,138</u>	<u>\$ 4,512,138</u>	<u>\$ 4,319,457</u>	<u>\$ 192,681</u>
Inspections:				
Building	\$ 617,829	\$ 682,538	\$ 702,021	\$ (19,483)
Total inspections	<u>\$ 617,829</u>	<u>\$ 682,538</u>	<u>\$ 702,021</u>	<u>\$ (19,483)</u>
Other protection:				
Animal control	\$ 603,148	\$ 603,148	\$ 573,852	\$ 29,296
Medical examiner	500	500	680	(180)
Total other protection	<u>\$ 603,648</u>	<u>\$ 603,648</u>	<u>\$ 574,532</u>	<u>\$ 29,116</u>
Total public safety	<u>\$ 16,126,697</u>	<u>\$ 22,433,317</u>	<u>\$ 21,620,974</u>	<u>\$ 812,343</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Management of sanitary districts	\$ 435,301	\$ 465,657	\$ 513,219	\$ (47,562)
Streets and highways	20,601	20,601	9,499	11,102
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 455,902</u>	<u>\$ 486,258</u>	<u>\$ 522,718</u>	<u>\$ (36,460)</u>
Sanitation and waste removal:				
Refuse collection	\$ 970,402	\$ 979,902	\$ 1,006,763	\$ (26,861)
Refuse disposal	2,624,041	2,628,041	2,546,563	81,478
Total sanitation and waste removal	<u>\$ 3,594,443</u>	<u>\$ 3,607,943</u>	<u>\$ 3,553,326</u>	<u>\$ 54,617</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,384,135	\$ 1,396,137	\$ 1,769,655	\$ (373,518)
Total maintenance of general buildings and grounds	<u>\$ 1,384,135</u>	<u>\$ 1,396,137</u>	<u>\$ 1,769,655</u>	<u>\$ (373,518)</u>
Total public works	<u>\$ 5,434,480</u>	<u>\$ 5,490,338</u>	<u>\$ 5,845,699</u>	<u>\$ (355,361)</u>
Health and welfare:				
Health:				
Local health department	\$ 392,676	\$ 392,676	\$ 392,676	\$ -
Total health	<u>\$ 392,676</u>	<u>\$ 392,676</u>	<u>\$ 392,676</u>	<u>\$ -</u>
Mental health and mental retardation:				
Northwestern community services	\$ 364,386	\$ 364,386	\$ 364,386	\$ -
Warren association for retarded citizens	2,500	2,500	2,500	-
Total mental health and mental retardation	<u>\$ 366,886</u>	<u>\$ 366,886</u>	<u>\$ 366,886</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 4,400,883	\$ 4,400,883	\$ 4,015,573	\$ 385,310
Shenandoah area agency on aging	54,000	54,000	54,000	-
Warren county council on domestic violence	15,000	15,000	15,000	-
Other social services	52,489	52,489	54,189	(1,700)
Rental of property - Health and Human Services Complex	161,680	161,680	-	161,680
Property tax relief for the elderly and handicapped	-	-	476,154	(476,154)
Children's Services Act	1,798,351	1,799,351	2,022,117	(222,766)
Total welfare	<u>\$ 6,482,403</u>	<u>\$ 6,483,403</u>	<u>\$ 6,637,033</u>	<u>\$ (153,630)</u>
Total health and welfare	<u>\$ 7,241,965</u>	<u>\$ 7,242,965</u>	<u>\$ 7,396,595</u>	<u>\$ (153,630)</u>
Education:				
Contribution to local school board	\$ 26,956,323	\$ 27,256,323	\$ 25,279,210	\$ 1,977,113
Contributions to community college	39,656	69,656	69,656	-
Total education	<u>\$ 26,995,979</u>	<u>\$ 27,325,979</u>	<u>\$ 25,348,866</u>	<u>\$ 1,977,113</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	\$ 2,569,208	\$ 2,619,630	\$ 2,084,583	\$ 535,047
Golf club operations	-	26,008	31,853	(5,845)
Total parks and recreation	<u>\$ 2,569,208</u>	<u>\$ 2,645,638</u>	<u>\$ 2,116,436</u>	<u>\$ 529,202</u>
Cultural enrichment:				
Browntown community center	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Blue ridge arts council	9,500	9,500	9,500	-
4-H center	3,000	3,000	3,000	-
Total cultural enrichment	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
Library:				
Contribution to Samuels Public Library	\$ 1,003,087	\$ 1,003,087	\$ 1,003,087	\$ -
Total library	<u>\$ 1,003,087</u>	<u>\$ 1,003,087</u>	<u>\$ 1,003,087</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 3,587,295</u>	<u>\$ 3,663,725</u>	<u>\$ 3,134,523</u>	<u>\$ 529,202</u>
Community development:				
Planning and community development:				
Planning and zoning administration	\$ 462,526	\$ 496,526	\$ 388,235	\$ 108,291
Enterprise zone grant - IDA	1,878,389	1,878,389	-	1,878,389
Industrial development authority	258,583	258,583	302,194	(43,611)
Winchester regional airport authority	2,500	2,500	-	2,500
Route 340/522 trolley	25,000	25,000	58,906	(33,906)
Other community development	200,000	3,271,253	3,109,562	161,691
Total planning and community development	<u>\$ 2,826,998</u>	<u>\$ 5,932,251</u>	<u>\$ 3,858,897</u>	<u>\$ 2,073,354</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Other environmental management	28,000	28,000	8,000	20,000
Total environmental management	<u>\$ 40,500</u>	<u>\$ 40,500</u>	<u>\$ 20,500</u>	<u>\$ 20,000</u>
Airport:				
Airport Commission operations	\$ 189,465	\$ 189,465	\$ 93,855	\$ 95,610
Total airport	<u>\$ 189,465</u>	<u>\$ 189,465</u>	<u>\$ 93,855</u>	<u>\$ 95,610</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
VPI extension service	\$ 120,919	\$ 121,919	\$ 111,998	\$ 9,921
Total cooperative extension program	<u>\$ 120,919</u>	<u>\$ 121,919</u>	<u>\$ 111,998</u>	<u>\$ 9,921</u>
Total community development	<u>\$ 3,177,882</u>	<u>\$ 6,284,135</u>	<u>\$ 4,085,250</u>	<u>\$ 2,198,885</u>
Nondepartmental:				
Retiree medical insurance and unemployment insurance	\$ 244,800	\$ 244,800	\$ 192,949	\$ 51,851
Route 340/522 Revenue Sharing Agreement Payment	250,000	250,000	230,914	19,086
Central equipment and maintenance	175,725	775,725	970,457	(194,732)
Other nondepartmental	1,304,817	1,304,817	-	1,304,817
Total nondepartmental	<u>\$ 1,975,342</u>	<u>\$ 2,575,342</u>	<u>\$ 1,394,320</u>	<u>\$ 1,181,022</u>
Capital projects:				
Economic development	\$ 316,489	\$ 316,489	\$ 652,673	\$ (336,184)
Fishnet property	150,000	150,000	2,891	147,109
Bing crosby stadium renovations	15,000	15,000	1,275	13,725
Airport capital projects	200	25,200	14,754	10,446
Building improvement fund	100,000	100,000	20,781	79,219
Purchase of second street property	75,000	75,000	25,581	49,419
Revenue sharing projects	250,000	250,000	-	250,000
Simpsons Landing	25,000	25,000	12,386	12,614
Health and Human Services building	110,000	111,250	1,489	109,761
Voter registration facility renovation	25,000	25,000	-	25,000
School renovations	100,000	100,000	125,063	(25,063)
Other capital projects	2,765,900	3,046,844	2,995,850	50,994
Total capital projects	<u>\$ 3,932,589</u>	<u>\$ 4,239,783</u>	<u>\$ 3,852,743</u>	<u>\$ 387,040</u>
Debt service:				
Principal retirement	\$ 5,405,301	\$ 5,405,301	\$ 7,448,027	\$ (2,042,726)
Interest	2,102,062	2,102,062	3,191,094	(1,089,032)
Costs of issuance	-	-	464,479	(464,479)
Total debt service	<u>\$ 7,507,363</u>	<u>\$ 7,507,363</u>	<u>\$ 11,103,600</u>	<u>\$ (3,596,237)</u>
Total General Fund	<u>\$ 83,320,288</u>	<u>\$ 94,314,770</u>	<u>\$ 91,490,870</u>	<u>\$ 2,823,900</u>
Special Revenue Funds:				
Drug Forfeiture Fund:				
Public safety:				
Other protection				
Drug forfeiture	\$ -	\$ -	\$ 26,001	\$ (26,001)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,001</u>	<u>\$ (26,001)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,001</u>	<u>\$ (26,001)</u>
Total Drug Forfeiture Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,001</u>	<u>\$ (26,001)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
Sanitary Districts Fund:				
Public works				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 1,972,064	\$ 1,973,064	\$ 1,817,472	\$ 155,592
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 1,972,064</u>	<u>\$ 1,973,064</u>	<u>\$ 1,817,472</u>	<u>\$ 155,592</u>
Total public works	<u>\$ 1,972,064</u>	<u>\$ 1,973,064</u>	<u>\$ 1,817,472</u>	<u>\$ 155,592</u>
Debt service:				
Principal retirement	\$ 30,000	\$ 30,000	\$ 30,695	\$ (695)
Interest	6,500	6,500	2,151	4,349
Total debt service	<u>\$ 36,500</u>	<u>\$ 36,500</u>	<u>\$ 32,846</u>	<u>\$ 3,654</u>
Total Sanitary District Fund	<u>\$ 2,008,564</u>	<u>\$ 2,009,564</u>	<u>\$ 1,850,318</u>	<u>\$ 159,246</u>
Capital Projects Fund:				
School Bond Construction Fund:				
Capital projects expenditures:				
School construction	\$ -	\$ -	\$ 1,215,358	\$ (1,215,358)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,215,358</u>	<u>\$ (1,215,358)</u>
Total School Bond Construction Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,215,358</u>	<u>\$ (1,215,358)</u>
Total Capital Projects Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,215,358</u>	<u>\$ (1,215,358)</u>
Total Primary Government	<u>\$ 85,328,852</u>	<u>\$ 96,324,334</u>	<u>\$ 94,582,547</u>	<u>\$ 1,741,787</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 45,775,689	\$ 45,775,689	\$ 46,947,606	\$ (1,171,917)
Administration, attendance and health	2,559,821	2,559,821	2,580,243	(20,422)
Pupil transportation	3,914,907	3,914,907	3,591,140	323,767
Operation and maintenance	6,754,385	6,754,385	6,420,992	333,393
Technology	2,428,065	2,428,065	2,612,533	(184,468)
Total education	<u>\$ 61,432,867</u>	<u>\$ 61,432,867</u>	<u>\$ 62,152,514</u>	<u>\$ (719,647)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Capital projects:				
School capital projects	\$ 180,391	\$ 180,391	\$ 180,391	\$ -
Total capital projects	<u>\$ 180,391</u>	<u>\$ 180,391</u>	<u>\$ 180,391</u>	<u>\$ -</u>
Debt service:				
Principal retirement	\$ 289,000	\$ 289,000	\$ 289,000	\$ -
Interest and other fiscal charges	345,086	345,086	345,086	-
Total debt service	<u>\$ 634,086</u>	<u>\$ 634,086</u>	<u>\$ 634,086</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 62,247,344</u>	<u>\$ 62,247,344</u>	<u>\$ 62,966,991</u>	<u>\$ (719,647)</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 3,070,728	\$ 3,070,728	\$ 2,729,847	\$ 340,881
Total school food services	<u>\$ 3,070,728</u>	<u>\$ 3,070,728</u>	<u>\$ 2,729,847</u>	<u>\$ 340,881</u>
Total education	<u>\$ 3,070,728</u>	<u>\$ 3,070,728</u>	<u>\$ 2,729,847</u>	<u>\$ 340,881</u>
Total School Cafeteria Fund	<u>\$ 3,070,728</u>	<u>\$ 3,070,728</u>	<u>\$ 2,729,847</u>	<u>\$ 340,881</u>
School Activity Fund:				
Education:				
School activities	\$ -	\$ -	\$ 639,930	\$ (639,930)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,930</u>	<u>\$ (639,930)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,930</u>	<u>\$ (639,930)</u>
Capital Improvements Fund:				
Capital projects expenditures:				
School capital projects	\$ -	\$ -	\$ 2,832,403	\$ (2,832,403)
Total Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,832,403</u>	<u>\$ (2,832,403)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 65,318,072</u>	<u>\$ 65,318,072</u>	<u>\$ 69,169,171</u>	<u>\$ (3,851,099)</u>

Other Statistical Information

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

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Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

7 - 11

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

12 - 13

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

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

COUNTY OF WARREN, VIRGINIA

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 39,807,455	\$ 41,283,508	\$ 44,643,308	\$ 50,608,195	\$ 50,390,918	\$ 47,493,851	\$ 46,396,078	\$ 53,144,977	\$ 56,236,417	\$ 61,784,432
Restricted	472,751	462,122	501,786	392,770	609,053	1,102,483	1,368,387	1,291,771	572,153	1,371,537
Unrestricted	38,133,808	39,289,581	39,844,691	31,397,108	23,597,887	29,397,300	25,619,321	27,770,044	26,581,523	29,843,839
Total governmental activities net position	\$ 78,414,014	\$ 81,035,211	\$ 84,989,785	\$ 82,398,073	\$ 74,597,858	\$ 77,993,634	\$ 73,383,786	\$ 82,206,792	\$ 83,390,093	\$ 92,999,808
Primary government										
Net investment in capital assets	\$ 39,807,455	\$ 41,283,508	\$ 44,643,308	\$ 50,608,195	\$ 50,390,918	\$ 47,493,851	\$ 46,396,078	\$ 53,144,977	\$ 56,236,417	\$ 61,784,432
Restricted	472,751	462,122	501,786	392,770	609,053	1,102,483	1,368,387	1,291,771	572,153	1,371,537
Unrestricted	38,133,808	39,289,581	39,844,691	31,397,108	23,597,887	29,397,300	25,619,321	27,770,044	26,581,523	29,843,839
Total primary government net position	\$ 78,414,014	\$ 81,035,211	\$ 84,989,785	\$ 82,398,073	\$ 74,597,858	\$ 77,993,634	\$ 73,383,786	\$ 82,206,792	\$ 83,390,093	\$ 92,999,808

COUNTY OF WARREN, VIRGINIA

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government administration	\$ 4,763,989	\$ 3,325,816	\$ 3,851,326	\$ 3,955,083	\$ 3,833,474	\$ 3,871,325	\$ 3,897,066	\$ 4,857,017	\$ 5,705,438	\$ 3,960,439
Judicial administration	1,409,961	1,337,703	1,410,337	1,378,138	2,311,765	2,392,659	2,495,716	2,499,541	2,774,389	2,955,192
Public safety	12,298,117	12,715,103	14,381,005	13,964,875	15,056,861	14,860,539	15,249,315	14,131,400	16,156,532	23,026,059
Public works	4,770,471	5,184,861	6,365,453	6,462,172	8,652,338	10,922,208	8,335,668	6,964,539	8,730,730	7,983,645
Health and welfare	7,693,313	6,372,322	6,329,760	6,270,332	6,465,553	6,947,264	6,944,616	7,111,589	7,255,801	7,869,894
Education	19,409,698	20,616,162	21,089,704	22,694,712	33,441,555	22,500,264	25,533,790	28,389,802	29,429,249	26,247,774
Parks, recreation and cultural	3,154,449	3,321,806	3,488,039	3,802,849	3,565,915	3,713,029	3,946,163	3,826,634	3,955,750	3,482,591
Community development	1,257,830	1,215,861	1,020,028	1,444,078	1,287,614	1,348,846	1,473,827	1,539,067	1,661,861	5,157,656
Interest on long-term debt	4,699,187	4,687,949	4,349,138	5,281,135	5,436,533	5,538,416	5,675,570	6,446,381	4,897,997	6,122,748
Total governmental activities expenses	\$ 59,457,015	\$ 58,777,583	\$ 62,284,790	\$ 65,253,374	\$ 80,051,608	\$ 72,094,550	\$ 73,551,731	\$ 75,765,970	\$ 80,567,747	\$ 86,805,998
Total primary government expenses	\$ 59,457,015	\$ 58,777,583	\$ 62,284,790	\$ 65,253,374	\$ 80,051,608	\$ 72,094,550	\$ 73,551,731	\$ 75,765,970	\$ 80,567,747	\$ 86,805,998
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 477,385	\$ 173,887	\$ 258,425	\$ 264,237	\$ 267,603	\$ 236,808	\$ 180,987	\$ 311,603	\$ 239,658	\$ 212,663
Judicial administration	332,962	248,492	243,901	225,746	216,225	185,489	226,015	262,090	142,809	245,043
Public safety	2,299,296	1,266,792	1,341,592	937,881	1,053,953	1,211,691	1,104,443	1,321,886	1,430,286	1,405,422
Public works	891,139	855,074	965,738	982,071	1,045,223	1,096,644	1,148,332	1,151,032	1,337,461	1,165,181
Health and welfare	293,177	-	-	-	-	-	-	-	-	-
Parks, recreation and cultural	570,267	429,712	423,860	439,677	476,834	439,608	411,263	361,368	289,824	109,694
Community development	241,298	218,494	214,921	206,823	210,051	221,604	214,604	229,846	220,688	234,520
Operating grants and contributions	7,984,270	7,533,944	8,402,853	6,693,201	7,541,835	7,422,626	7,279,271	7,277,890	7,230,236	15,327,732
Capital grants and contributions	295,688	261,197	473,284	387,573	795,626	1,096,324	1,437,532	1,090,036	1,042,054	10,060
Total governmental activities program revenues	\$ 13,385,482	\$ 10,987,592	\$ 12,324,574	\$ 10,137,209	\$ 11,607,350	\$ 11,910,794	\$ 12,002,447	\$ 12,005,751	\$ 11,933,016	\$ 18,710,315
Total primary government program revenues	\$ 13,385,482	\$ 10,987,592	\$ 12,324,574	\$ 10,137,209	\$ 11,607,350	\$ 11,910,794	\$ 12,002,447	\$ 12,005,751	\$ 11,933,016	\$ 18,710,315
Net (expense) / revenue										
Governmental activities	\$ (46,071,533)	\$ (47,789,991)	\$ (49,960,216)	\$ (55,116,165)	\$ (68,444,258)	\$ (60,183,756)	\$ (61,549,284)	\$ (63,760,219)	\$ (68,634,731)	\$ (68,095,683)
Total primary government net expense	\$ (46,071,533)	\$ (47,789,991)	\$ (49,960,216)	\$ (55,116,165)	\$ (68,444,258)	\$ (60,183,756)	\$ (61,549,284)	\$ (63,760,219)	\$ (68,634,731)	\$ (68,095,683)

COUNTY OF WARREN, VIRGINIA

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 34,768,063	\$ 35,453,198	\$ 40,170,018	\$ 43,218,932	\$ 46,462,723	\$ 48,028,934	\$ 49,130,661	\$ 54,934,806	\$ 53,463,608	\$ 57,742,174
Local sales and use taxes	3,281,603	6,351,573	3,765,595	3,459,402	3,339,288	3,707,397	3,785,913	3,925,330	4,575,698	5,248,373
Taxes on recordation and wills	321,394	579,111	460,515	371,886	451,634	470,302	611,171	595,099	761,318	966,170
Consumer utility taxes	687,180	692,508	708,592	696,551	649,156	764,170	728,834	735,999	741,898	750,564
Business licenses taxes	906,752	928,778	858,661	773,355	765,773	837,612	811,476	831,320	977,437	1,151,487
Meals tax	724,799	757,306	824,351	874,721	917,662	940,928	947,737	1,015,726	898,042	1,088,125
Other local taxes	890,048	788,039	913,505	1,099,486	1,132,119	1,120,689	1,109,861	1,089,681	1,183,785	1,606,557
Unrestricted grants and contributions (1)	5,781,049	5,818,324	5,789,093	5,672,161	5,672,279	5,781,070	5,628,301	5,562,228	5,528,557	6,360,509
Unrestricted revenues from use of money and property	392,301	373,583	374,038	323,996	519,420	741,230	489,390	985,531	898,593	439,925
Miscellaneous	649,401	372,120	470,422	359,978	503,214	1,187,200	1,229,050	2,837,153	629,895	2,351,514
Gain on disposal of assets	-	-	-	-	230,775	-	-	70,352	-	-
Transfers	-	35,740	-	-	-	-	-	-	-	-
Total governmental activities	\$ 48,402,590	\$ 52,150,280	\$ 54,334,790	\$ 56,850,468	\$ 60,644,043	\$ 63,579,532	\$ 64,472,394	\$ 72,583,225	\$ 69,658,831	\$ 77,705,398
Total primary government	\$ 48,402,590	\$ 52,150,280	\$ 54,334,790	\$ 56,850,468	\$ 60,644,043	\$ 63,579,532	\$ 64,472,394	\$ 72,583,225	\$ 69,658,831	\$ 77,705,398
Change in Net Position										
Governmental activities	\$ 2,331,057	\$ 4,360,289	\$ 4,374,574	\$ 1,734,303	\$ (7,800,215)	\$ 3,395,776	\$ 2,923,110	\$ 8,823,006	\$ 1,024,100	\$ 9,609,715
Total primary government	\$ 2,331,057	\$ 4,360,289	\$ 4,374,574	\$ 1,734,303	\$ (7,800,215)	\$ 3,395,776	\$ 2,923,110	\$ 8,823,006	\$ 1,024,100	\$ 9,609,715

(1) The County implemented GASB Statement 63 and 65, effective July 1, 2012 - the implementation required the reclassification of certain expense items

(2) Commencing in fiscal year 2016, expenses related to court security is reported under judicial administration. Previously the costs were reported under public safety.

COUNTY OF WARREN, VIRGINIA

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 31,374	\$ 30,312	\$ 29,550	\$ 219,913	\$ 164,386	\$ 272,657
Restricted	-	-	-	-	-	-	-	6,698,497	3,031,433	1,293,405
Unassigned	13,757,149	17,132,916	16,693,295	15,505,815	15,710,784	15,736,735	13,528,579	11,989,240	12,712,426	16,928,533
Total general fund	\$ 13,757,149	\$ 17,132,916	\$ 16,693,295	\$ 15,505,815	\$ 15,742,158	\$ 15,767,047	\$ 13,558,129	\$ 18,907,650	\$ 15,908,245	\$ 18,494,595
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,979	\$ 1,182	\$ -
Restricted	726,981	462,122	1,274,248	50,257,532	41,433,694	12,500,725	4,073,726	3,734,506	915,709	709,246
Committed	23,205,218	22,852,130	24,285,633	21,044,453	16,328,334	19,035,093	20,108,849	19,415,149	20,403,587	20,839,443
Assigned	195,965	153,514	153,514	153,514	-	-	-	-	-	-
Unassigned	-	(183,904)	(183,904)	-	-	-	-	-	-	-
Total all other governmental funds	24,128,164	23,283,862	25,529,491	71,455,499	57,762,028	31,535,818	24,182,575	23,151,634	21,320,478	21,548,689
Total fund balance, governmental funds	\$ 37,885,313	\$ 40,416,778	\$ 42,222,786	\$ 86,961,314	\$ 73,504,186	\$ 47,302,865	\$ 37,740,704	\$ 42,059,284	\$ 37,228,723	\$ 40,043,284

COUNTY OF WARREN, VIRGINIA

Table 4

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
General property taxes	\$ 34,090,051	\$ 36,109,920	\$ 39,547,607	\$ 43,189,446	\$ 45,985,664	\$ 48,137,667	\$ 49,007,643	\$ 51,898,098	\$ 55,513,734	\$ 57,387,476
Other local taxes (1)	6,811,776	10,097,315	7,531,219	7,275,401	7,255,632	7,841,098	7,994,992	8,193,155	9,138,178	10,810,488
Permits, privilege fees and regulatory licenses	527,806	665,598	679,907	685,234	818,327	525,014	497,776	565,796	634,291	670,204
Fines and forfeitures	24,776	80,083	97,416	100,564	103,259	103,806	85,029	94,467	61,725	114,556
Revenue from use of money and property	392,301	373,913	374,038	324,091	519,420	741,230	489,390	985,532	898,593	439,925
Charges for services	2,408,251	2,446,770	2,671,114	2,270,637	2,348,303	2,763,023	2,702,838	2,977,561	2,964,710	2,588,549
Miscellaneous	649,404	372,110	470,423	359,882	1,025,720	1,357,198	1,229,049	824,957	629,895	2,351,514
Recovered costs	14,514	83,270	72,885	139,172	65,608	93,762	193,809	911,569	253,972	217,100
Intergovernmental:										
Local government	-	-	-	-	501,468	375,200	149,175	157,705	147,504	871,801
Commonwealth	11,954,053	11,745,823	12,385,077	10,565,562	10,834,673	11,132,178	11,927,767	11,444,285	11,495,421	10,656,805
Federal	2,106,954	1,867,311	2,280,153	2,187,373	2,151,099	2,792,642	2,268,163	2,328,164	2,157,922	10,169,695
Total revenues	\$ 58,979,886	\$ 63,842,113	\$ 66,109,839	\$ 67,097,362	\$ 71,609,173	\$ 75,862,818	\$ 76,545,631	\$ 80,381,289	\$ 83,895,945	\$ 96,278,113
Expenditures										
General government administration	\$ 2,671,164	\$ 2,680,167	\$ 2,905,847	\$ 3,123,371	\$ 3,211,580	\$ 2,902,896	\$ 3,239,276	\$ 3,812,613	\$ 4,943,095	\$ 4,905,335
Judicial administration	1,448,578	1,534,198	1,578,791	1,611,596	2,242,720	2,285,963	2,418,499	2,465,679	2,621,744	2,802,965
Public safety	10,453,211	11,689,025	13,538,746	13,807,508	14,728,230	14,471,085	15,031,937	14,751,413	15,163,779	21,646,975
Public works	4,199,431	4,720,519	4,906,211	5,427,334	5,209,182	5,191,279	6,387,113	6,530,130	7,118,464	7,663,171
Health and welfare	6,706,491	6,245,724	6,213,147	6,313,085	6,444,670	6,628,743	6,730,444	6,835,174	6,821,862	7,396,595
Education	18,643,244	19,150,024	20,039,108	21,498,329	20,728,369	20,228,390	23,037,768	24,855,431	26,542,526	25,348,866
Parks, recreation and cultural	2,828,558	3,036,924	3,451,896	3,410,727	3,299,722	3,437,329	3,549,814	3,699,590	3,689,672	3,134,523
Community development	734,419	792,613	977,696	1,055,488	1,046,953	1,093,351	953,282	798,721	862,707	4,085,250
Non-departmental	249,404	235,430	250,523	269,080	276,784	515,049	511,636	913,208	681,320	1,394,320
Capital projects	11,760,452	3,507,383	5,000,468	7,531,305	24,512,900	33,472,111	14,724,613	5,247,282	8,771,404	5,068,101
Debt service										
Principal	3,458,550	3,499,383	11,010,125	5,470,583	6,607,594	5,649,214	5,861,999	13,931,283	6,665,897	7,478,722
Interest	6,758,827	4,478,371	4,591,060	5,429,201	6,554,940	6,018,728	5,882,155	5,677,957	5,099,251	3,193,245
Total expenditures	\$ 69,912,329	\$ 61,569,761	\$ 74,463,618	\$ 74,947,607	\$ 94,863,644	\$ 101,894,138	\$ 88,328,536	\$ 89,518,481	\$ 88,981,913	\$ 94,118,068
Excess of revenues over (under) expenditures	\$ (10,932,443)	\$ 2,272,352	\$ (8,353,779)	\$ (7,850,245)	\$ (23,254,471)	\$ (26,031,320)	\$ (11,782,905)	\$ (9,137,192)	\$ (5,085,968)	\$ 2,160,045
Other financing sources (uses)										
Transfers in	\$ 12,805,447	\$ 5,321,020	\$ 7,009,008	\$ 8,363,969	\$ 13,313,568	\$ 8,684,074	\$ 4,112,437	\$ 7,204,194	\$ 2,538,197	\$ 234,693
Transfers out	(12,360,880)	(5,061,907)	(6,849,221)	(8,139,798)	(13,260,255)	(8,854,074)	(4,110,393)	(7,204,194)	(2,538,197)	(234,693)
Insurance proceeds	-	-	-	-	-	-	-	-	250,000	115,607
Issuance of bonds	77,000,000	-	10,000,000	48,325,000	8,691,000	-	-	11,248,000	57,270,000	26,170,000
Issuance of line of credit	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	10,859,925	-	-	3,298,094	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	(86,013,379)	-	-	-	-	-	-	-	(56,766,810)	(26,724,739)
Bond issuance costs	-	-	-	-	-	-	-	-	(503,190)	(464,479)
Issuance capital leases	-	-	-	741,508	409,650	-	-	-	-	993,697
Sale of capital assets	-	-	-	-	643,380	-	-	-	-	-
Total other financing sources (uses)	\$ 2,291,113	\$ 259,113	\$ 10,159,787	\$ 52,588,773	\$ 9,797,343	\$ (170,000)	\$ 2,220,744	\$ 13,455,772	\$ 250,000	\$ 654,516
Net change in fund balances	\$ (8,641,330)	\$ 2,531,465	\$ 1,806,008	\$ 44,738,528	\$ (13,457,128)	\$ (26,201,320)	\$ (9,562,161)	\$ 4,318,580	\$ (4,835,968)	\$ 2,814,561
Debt service as a percentage of noncapital expenditures	16.85%	13.43%	22.07%	15.97%	17.88%	15.68%	15.40%	23.23%	14.25%	12.17%

(1) Commencing in fiscal year 2016, expenses related to court security is reported under judicial administration. Previously the costs were reported under public safety.

COUNTY OF WARREN, VIRGINIA

Table 5

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2012	\$ 2,671,164	1,448,578	10,453,211	4,199,431	6,706,491	46,365,366	2,828,558	734,419	249,404	11,887,803	\$ 87,544,425
2013	2,680,167	1,534,198	11,689,025	4,720,519	6,245,724	49,243,217	3,036,924	1,060,749	235,430	9,512,920	89,958,873
2014	2,905,847	1,578,791	13,538,746	4,906,211	6,213,147	50,871,698	3,451,896	977,696	250,523	17,070,079	101,764,634
2015	3,123,371	1,611,596	13,807,508	5,427,334	6,313,085	53,445,414	3,410,727	1,055,488	269,080	11,346,629	99,810,232
2016	3,211,580	2,242,720	14,728,230	5,209,182	6,444,670	54,041,635	3,299,722	1,046,953	276,784	12,819,206	103,320,682
2017	2,902,896	2,285,963	14,471,085	5,191,279	6,628,743	54,469,709	3,437,329	1,093,351	515,049	11,667,942	102,663,346
2018	3,239,276	2,418,499	15,031,937	6,387,113	6,730,444	57,521,859	3,549,814	953,282	511,636	12,349,213	108,693,073
2019	3,812,613	2,465,679	14,751,413	6,530,130	6,835,174	60,694,527	3,699,590	798,721	913,208	19,609,240	120,110,295
2020	4,943,095	2,621,744	15,163,779	7,118,464	6,821,862	62,486,923	3,689,672	862,707	681,512	11,765,148	116,154,906
2021	4,905,335	2,802,965	21,646,975	7,663,171	7,396,595	67,026,972	3,134,523	4,085,250	1,394,320	10,671,967	130,728,073

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

(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

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

Activity of the school self-insurance fund is not reported in the above table.

(3) Commencing in fiscal year 2016, expenses related to court security is reported under judicial administration. Previously the costs were reported under public safety.

COUNTY OF WARREN, VIRGINIA

Table 6

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (4)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2012	\$ 34,090,051	\$ 6,811,776	\$ 527,806	\$ 24,776	\$ 386,991	\$ 3,739,774	\$ 885,906	\$ 14,514	\$ 41,811,690	\$ 88,293,284
2013	36,109,920	10,097,315	665,598	80,083	373,913	3,762,802	791,223	45,031	43,652,258	95,578,143
2014	39,547,607	7,531,219	679,907	97,416	372,850	3,975,882	931,270	72,885	44,860,064	98,069,100
2015	43,189,446	7,275,401	685,234	100,564	319,441	3,797,728	691,423	139,172	43,946,990	100,145,399
2016	45,985,664	7,255,632	818,327	103,259	379,854	4,058,886	1,419,020	65,608	45,071,412	105,157,662
2017	48,137,667	7,841,098	822,761	103,806	608,402	4,058,999	1,674,542	93,762	46,901,146	110,242,183
2018	49,007,643	7,994,992	497,776	85,029	438,756	4,255,101	1,477,412	193,809	47,666,392	111,616,910
2019	51,898,098	8,193,155	565,796	94,467	1,019,398	4,529,824	1,073,320	911,569	47,251,441	115,537,068
2020	55,513,734	9,138,178	634,291	61,725	926,759	4,383,808	740,429	253,972	49,150,993	120,803,889
2021	52,262,109	10,810,488	670,204	114,556	439,925	2,588,549	2,351,515	217,100	62,698,919	132,153,365

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.
(Does not include activity of the Discretely Presented Component Unit - Industrial Development Authority)

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

COUNTY OF WARREN, VIRGINIA

Table 7

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	Recordation and Wills Tax	Business License Tax	Meals Tax (1)	Other Local Taxes (2)	Total
2012	\$ 34,768,063	\$ 3,281,603	\$ 687,180	\$ 321,394	\$ 906,752	\$ 724,799	\$ 890,048	\$ 41,579,839
2013	36,109,920	6,351,573	692,508	579,111	928,778	757,306	788,039	46,207,235
2014	39,547,607	3,765,595	708,592	460,515	858,661	824,351	913,505	47,078,826
2015	43,189,446	3,459,402	696,551	482,158	773,357	871,933	992,000	50,464,847
2016	45,985,664	3,339,288	649,156	571,197	765,773	917,662	1,012,556	53,241,296
2017	48,137,667	3,707,397	764,170	599,921	837,612	940,928	991,070	55,978,765
2018	49,007,643	3,785,913	728,834	611,171	811,476	947,737	1,109,861	57,002,635
2019	51,898,098	3,925,330	735,999	595,099	831,320	1,015,726	1,089,681	60,091,253
2020	55,513,734	4,575,698	741,898	761,318	977,580	898,042	1,183,642	64,651,912
2021	57,387,476	5,248,373	750,564	1,181,514	1,156,411	1,088,125	1,385,501	68,197,964

COUNTY OF WARREN, VIRGINIA

Table 8

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes		Machinery and Tools	Public Service	Total Taxable Assessed Value	Overlapping Tax Rate Town of Front Royal			Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Real Estate	Homes				Pers. Prop.	Mach. - Tools	Real Estate		
2012	\$ 3,783,054,400	\$ 338,756,346	\$ 51,946,980	\$ 95,214,200	\$ 4,268,971,926	\$ 0.64	\$ 0.64	\$ 0.11	\$ 4,268,971,926	100.00%	
2013	3,795,435,900	345,186,421	52,915,970	93,483,110	4,287,021,401	0.64	0.64	0.11	4,287,021,401	100.00%	
2014	3,813,780,900	361,209,652	53,266,515	384,518,870	4,612,775,937	0.64	0.64	0.13	4,612,775,937	100.00%	
2015	3,924,829,100	367,502,458	53,266,515	693,556,225	5,039,154,298	0.64	0.64	0.13	5,039,154,298	100.00%	
2016	4,039,047,050	379,410,581	60,371,995	960,963,480	5,439,793,106	0.64	0.64	0.13	5,439,793,106	100.00%	
2017	4,068,221,600	392,547,103	63,065,930	1,072,950,545	5,596,785,178	0.64	0.64	0.135	5,596,785,178	100.00%	
2018	4,117,282,950	402,113,393	68,125,550	1,017,740,775	5,605,262,668	0.64	0.64	0.135	5,605,262,668	100.00%	
2019	4,394,054,150	423,738,556	84,411,975	953,592,583	5,855,797,264	0.64	0.64	0.131	5,855,797,264	100.00%	
2020	4,660,813,450	443,939,299	94,697,880	991,420,935	6,190,871,564	0.64	0.64	0.131	6,190,871,564	100.00%	
2021	4,712,439,650	478,235,917	89,218,545	1,025,269,113	6,305,163,225	0.64	0.64	0.131	6,305,163,225	100.00%	

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.

Fiscal Year 2011 is comprised of the 2010 calendar year assessment.

Fiscal Year 2012 is comprised of the 2011 calendar year assessment.

Fiscal Year 2013 is comprised of the 2012 calendar year assessment.

Fiscal Year 2014 is comprised of the second half of calendar year 2013 and first half of calendar year 2014

Fiscal Year 2015 is comprised of the second half of calendar year 2014 and first half of calendar year 2015

Fiscal Year 2016 is comprised of the second half of calendar year 2015 and first half of calendar year 2016

Fiscal Year 2017 is comprised of the second half of calendar year 2016 and first half of calendar year 2017

Fiscal Year 2018 is comprised of the second half of calendar year 2017 and first half of calendar year 2018

Fiscal Year 2019 is comprised of the second half of calendar year 2018 and first half of calendar year 2019

Fiscal Year 2020 is comprised of the second half of calendar year 2019 and first half of calendar year 2020

COUNTY OF WARREN, VIRGINIA

Table 9

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Direct Rates				
	Real Estate (3)	Personal Property (2)(3)	Mobile Homes (3)	Machinery and Tools (2)(3)	
2012	\$ 0.59/0.59	\$ 4.00/4.00	\$ 0.59/0.59	\$ 1.30/1.30	
2013	0.59/0.59	4.00/4.00	0.59/0.59	1.30/1.30	
2014	0.59/0.61	4.00/4.00	0.59/0.61	1.30/1.95	
2015	0.61/0.595	4.00/4.00	0.61/0.595	1.95/1.95	
2016	0.595/0.62	4.00/4.00	0.595/0.62	1.95/1.95	
2017	0.62/0.65	4.00/4.00	0.62/0.65	1.95/1.95	
2018	0.65/0.66	4.00/4.00	0.65/0.66	1.95/2.05	
2019	0.66/0.655	4.00/4.00	0.66/0.655	2.05/2.05	
2020	0.655/0.655	4.00/4.00	0.655/0.655	2.05/2.05	
2021	0.655/0.655	4.00/4.00	0.655/0.655	2.05/2.05	

- (1) Per \$100 of assessed value
- (2) In fiscal year 1996, assessments for personal property changed from 40% to 100% of value base. Additionally, value base changed from retail to loan NADA value.
- (3) The County collects taxes semi-annually commencing fiscal year 2010.

COUNTY OF WARREN, VIRGINIA

Table 10

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Original Tax Levy (1,2,4,5)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Collections (1,3,4)	Percentage of Levy		Amount (1) (2)	Percentage of Levy (5)
2012	\$ 37,825,616	\$ 35,949,106	95.04%	23,713	\$ 35,972,819	95.10%
2013	38,819,912	36,920,536	95.11%	1,071,837	37,992,373	97.87%
2014	41,713,051	41,073,133	98.47%	665,155	41,738,288	100.06%
2015	44,253,098	43,363,126	97.99%	1,021,354	44,384,480	100.30%
2016	47,761,913	46,775,488	97.93%	1,075,644	47,851,132	100.19%
2017	51,446,487	49,128,746	95.49%	2,056,680	51,185,426	99.49%
2018	52,980,354	50,483,164	95.29%	1,887,655	52,370,819	98.85%
2019	55,668,393	52,528,130	94.36%	1,471,698	53,999,828	97.00%
2020	58,793,454	56,562,316	96.21%	2,080,256	58,642,572	99.74%
2021	60,769,083	57,422,056	94.49%	-	57,422,056	94.49%

(1) Exclusive of penalties and interest.

(2) Includes personal property tax relief from the Commonwealth of Virginia.

(3) Original assessments, does not include supplemental or abatement assessments

Taxpayer	Fiscal Year 2020			Fiscal Year 2019			Fiscal Year 2018				
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation		
Sysco Mdse & Supply Chain Svcs (Baugh Northeast)	\$ 61,328,500	1	1.32%	Sysco Mdse & Supply Chain Svcs (Baugh Northeast)	\$ 61,328,500	1	1.40%	Sysco Mdse & Supply Chain Svcs (Bi:\$	64,942,100	1	1.58%
Family Dollar Services Inc	44,743,600	2	0.96%	Family Dollar Services Inc	44,320,600	2	1.01%	Family Dollar Services Inc	57,633,600	2	1.40%
Cole FG Front Royal VA LLC	30,583,800	3	0.66%	Cole FG Front Royal VA LLC	30,583,500	3	0.70%	Cole FG Front Royal VA LLC	37,869,800	3	0.92%
Interbake Foods LLC	24,076,200	4	0.52%	Interbake Foods LLC	23,410,800	4	0.53%	Interbake Foods LLC	21,678,700	4	0.53%
Axalta (DuPont Performance Coatings)	19,313,900	5	0.41%	Toray Plastics (America) The	20,924,500	5	0.48%	Axalta (DuPont Performance Coating	20,164,700	5	0.49%
Toray Plastics (America) The	20,924,500	6	0.35%	Axalta (DuPont Performance Coatings)	19,313,900	6	0.44%	Walmart	18,495,800	6	0.45%
Boisseau Family LC (The) et al	16,492,000	7	0.35%	Boisseau Family LC (The) et al	16,492,000	7	0.38%	Boisseau Family LC (The) et al	17,496,200	7	0.42%
Walmart	16,208,300	8	0.31%	Walmart	16,208,300	8	0.37%	Toray Plastics (America) The	16,620,900	8	0.40%
Crooked Run LLC	14,575,400	9	0.45%	Crooked Run LLC	16,164,900	9	0.37%	Crooked Run LLC	14,880,300	9	0.36%
JCR Riverton Investors	12,977,900	10	0.28%	Green Mountain Hospitality	13,046,600	10	0.30%	Green Mountain Hospitality	12,158,600	10	0.30%
	<u>\$ 261,224,100</u>		<u>5.60%</u>		<u>\$ 261,793,600</u>		<u>5.96%</u>		<u>\$ 281,940,700</u>		<u>6.85%</u>
Fiscal Year 2017											
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Sysco Mdse & Supply Chain Svcs	\$ 64,942,100	1	1.60%	Sysco Mdse & Supply Chain Svcs	\$ 64,942,100	1	1.61%	Sysco Mdse & Supply Chain Svcs.	\$ 65,680,300	1	1.67%
Family Dollar Services Inc	57,633,600	2	1.42%	Family Dollar Services Inc	57,633,600	2	1.43%	Family Dollar Services Inc	57,413,750	2	1.46%
Cole FG Front Royal VA LLC	37,719,800	3	0.93%	Cole FG Front Royal VA LLC	37,719,800	3	0.93%	Cole FG Front Royal VA LLC	37,016,550	3	0.94%
Interbake Foods LLC	21,678,700	4	0.53%	Interbake Foods LLC	21,678,700	4	0.53%	Interbake Foods LLC	21,953,150	4	0.56%
Axalta (DuPont Perf. Coatings)	20,164,700	5	0.50%	Axalta (DuPont Perf. Coatings)	20,164,700	5	0.50%	Axalta (DuPont Perf. Coatings)	20,141,450	5	0.51%
Walmart	18,430,800	6	0.45%	Boisseau Family LC (The) et al	17,464,700	6	0.43%	Boisseau Family LC (The) et al	18,481,000	6	0.47%
Boisseau Family LC (The) et al	17,496,200	7	0.43%	Walmart	18,430,800	7	0.46%	Walmart	16,752,250	7	0.43%
Toray Plastics (America) The	16,620,900	8	0.41%	Crooked Run LLC	14,880,300	8	0.37%	Crooked Run LLC	14,795,500	8	0.38%
Crooked Run LLC	14,880,300	9	0.37%	Toray Plastics (America) The	15,530,400	9	0.38%	Toray Plastics (America) The	14,796,650	9	0.38%
JCR Riverton Investors	13,006,300	10	0.32%	Green Mountain Hospitality	11,768,700	10	0.29%	Winchester Road (E&A) LLC	11,073,050	10	0.28%
	<u>\$ 282,573,400</u>		<u>6.95%</u>		<u>\$ 280,213,800</u>		<u>6.94%</u>		<u>\$ 278,103,650</u>		<u>7.09%</u>

COUNTY OF WARREN, VIRGINIA

Principal Property Taxpayers - Real Estate
Last Ten Fiscal Years

Taxpayer	Fiscal Year 2014			Fiscal Year 2013			Fiscal Year 2012		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	\$ 66,418,500	1	1.74%	\$ 66,418,500	1	1.75%	\$ 66,418,500	1	1.76%
Family Dollar Services Inc	57,173,900	2	1.50%	57,173,900	2	1.51%	57,173,900	2	1.51%
Cole FG Front Royal VA LLC	36,313,300	3	0.95%	36,313,300	3	0.96%	36,313,300	3	0.96%
Interbake Foods LLC	22,227,600	4	0.58%	22,227,600	4	0.59%	22,227,600	4	0.59%
Dupont E I De Nemours & Co.	20,118,200	5	0.53%	20,118,200	5	0.53%	20,118,200	5	0.53%
Boisseau Family LC (The) et al	19,528,800	6	0.51%	19,670,400	6	0.52%	19,658,000	6	0.52%
Walmart	15,073,300	7	0.40%	15,073,300	7	0.40%	15,073,300	7	0.40%
Crooked Run LLC	14,710,700	8	0.39%	14,710,700	8	0.39%	14,710,700	8	0.39%
Toray Plastics (America) The	14,062,900	9	0.37%	14,062,900	9	0.37%	14,072,900	9	0.37%
Winchester Road (E&A) LLC	11,722,500	10	0.31%	11,722,500	10	0.31%	11,722,500	10	0.31%
	<u>\$ 277,349,700</u>		<u>7.27%</u>	<u>\$ 277,491,300</u>		<u>7.31%</u>	<u>\$ 277,488,900</u>		<u>7.34%</u>

Taxpayer	Fiscal Year 2011		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	\$ 66,418,500	1	1.38%
Family Dollar Services Inc	57,173,900	2	1.19%
Cole FG Front Royal VA LLC	36,313,300	3	0.75%
Interbake Foods LLC	22,227,600	4	0.46%
Dupont E I De Nemours & Co.	20,118,200	5	0.42%
Boisseau Family LC (The) et al	19,658,000	6	0.41%
Crooked Run LLC	16,727,000	7	0.35%
Walmart	15,073,300	8	0.31%
Toray Plastics (America) The	14,072,900	9	0.29%
Winchester Road (E&A) LLC	11,627,600	10	0.24%
	<u>\$ 279,410,300</u>		<u>5.80%</u>

Source: Commissioner of Revenue

Notes: The County implemented semi-annual tax billings in fiscal year 2010.

Fiscal Year 2010 is comprised of the 2009 calendar year assessment.

Fiscal Year 2011 is comprised of the 2010 calendar year assessment.

Fiscal Year 2012 is comprised of the 2011 calendar year assessment.

Fiscal Year 2013 is comprised of the 2012 calendar year assessment.

Fiscal Year 2014 is comprised of the second half of calendar year 2013 and first half of calendar year 2014 assessment.

Fiscal Year 2015 is comprised of the second half of calendar year 2014 and first half of calendar year 2015 assessment.

Fiscal Year 2016 is comprised of the second half of calendar year 2015 and first half of calendar year 2016 assessment.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities											Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Overlapping Debt (2)	Overlapping Percent			
	General			Lease Revenue and Revenue Bonds			Line of Credit		Premium on Bonds		Other Notes/Bonds						Capital Leases		
	Obligation Bonds			Bonds	and Revenue Bonds		Line of Credit	Premium on Bonds		Other Notes/Bonds	Capital Leases							Primary Government	
2012	\$ 15,521,800	\$ 92,468,265	\$ -	\$ -	\$ 14,546,493	\$ 454,145	\$ 496,150	\$ 496,150	\$ 123,486,853	8.77%	\$ 3,243	n/a	n/a	n/a					
2013	14,079,600	89,443,928	-	-	13,934,950	424,503	307,945	307,945	118,190,926	7.72%	3,113	n/a	n/a	n/a					
2014	14,432,500	87,410,000	-	-	13,326,444	393,681	244,670	244,670	115,807,295	7.50%	3,000	n/a	n/a	n/a					
2015	54,817,386	89,230,000	-	-	12,679,166	-	844,392	844,392	157,570,944	10.20%	4,042	n/a	n/a	n/a					
2016	51,938,076	93,126,000	-	-	11,818,496	-	1,135,758	1,135,758	158,018,330	9.67%	4,043	15,274,979	37%	37%					
2017	50,029,634	89,566,000	-	-	10,983,988	-	954,986	954,986	151,534,608	9.13%	3,868	16,894,846	37%	37%					
2018	48,052,204	85,639,000	6,501,558	6,501,558	10,159,588	-	770,417	770,417	151,122,767	8.44%	3,820	17,240,561	37%	37%					
2019	46,005,806	92,804,000	586,270	586,270	9,346,450	398,812	581,938	581,938	149,723,276	8.01%	3,743	16,690,666	37%	37%					
2020	43,875,632	92,942,000	541,071	541,071	9,346,450	392,017	871,118	871,118	147,968,288	7.91%	3,699	16,181,333	37%	37%					
2021	48,271,752	83,150,000	541,071	541,071	2,089,898	384,928	1,635,063	1,635,063	136,072,712	7.07%	3,385	17,802,622	37%	37%					

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

(1) Reference the Table of Demographic and Economic Statistics - Table 14

(2) Overlapping debt for those Warren County residents that reside in the Town of Front Royal - general obligation debt

n/a - Information not available

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

Fiscal Year	Gross Bonded Debt	Net Bonded Debt (3)	Ratio of Net General Obligation		Net Bonded Debt per Capita (1)
			Debt to Assessed Value (2)	Debt to Assessed Value (2)	
2012	\$ 122,536,558	\$ 122,536,558	2.87%	\$	3,218
2013	117,458,478	117,458,478	2.74%		3,094
2014	115,168,944	115,168,944	2.50%		2,983
2015	156,726,552	156,726,552	3.11%		4,020
2016	156,882,572	156,882,572	2.88%		4,014
2017	150,579,622	150,579,622	2.69%		3,843
2018	150,352,350	150,352,350	2.68%		3,800
2019	148,742,526	148,742,526	2.54%		3,718
2020	146,705,153	146,705,153	2.37%		3,667
2020	134,052,721	134,052,721	2.13%		3,334

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

(2) See the Table of Assessed Value and Estimated Actual Value of Taxable Property - Table 8

(3) Includes all long-term general obligation bonded debt, lease revenue bonds and line of credit. Excludes capital leases, revenue bonds, OPEB liabilities, net pension liabilities, landfill related liabilities, notes payable and compensated absences.

The County is not subject to a legal debt margin

The County has no legally pledged revenue sources for long-term debt.

COUNTY OF WARREN, VIRGINIA

Table 14

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (In thousands)	Per Capita Personal	Median Age	September 30 School K-12 Membership	Unemployment Rate
2012	38,077	\$ 1,408,315	\$ 36,986	39	5,329	5.00%
2013	37,963	1,530,374	39,867	39	5,414	4.90%
2014	38,607	1,544,352	39,907	39	5,408	4.80%
2015	38,987	1,544,352	39,907	39	5,341	4.81%
2016	39,083	1,634,254	41,815	41	5,296	4.10%
2017	39,181	1,659,160	42,374	41	5,277	3.40%
2018	39,563	1,790,520	45,257	41	5,171	2.08%
2019	40,003	1,869,873	46,743	41	5,242	2.90%
2020	40,202	1,925,126	47,932	41	4,964	4.30%
2021	40,727	2,056,876	50,504	41	4,977	2.90%

COUNTY OF WARREN, VIRGINIA

Table 15

Principal Employers Current Year	2021			
	Employer	Industry	Employees	Rank
Warren County School Board	Educational Services	750-1000	1	6.0% - 8.1%
Family Dollar Services	Warehousing and Storage	250-499	2	2.0% - 4.0%
Valley Health System-WMH	Hospitals	250-499	3	2.0% - 4.0%
Lynn Care ctr At Warren Memorial	Hospitals	250-499	4	2.0% - 4.0%
Axalta Coating Systems (Dupont)	Chemical Manufacturing	250-499	5	2.0% - 4.0%
Walmart	General Merchandise Stores	250-499	6	2.0% - 4.0%
Warren County Government	General Government	250-499	7	2.0% - 4.0%
Sysco Northeast Redistribution	Administrative and Support Services	250-499	8	2.0% - 4.0%
Randolph Macon Academy	Educational Services	100-249	9	0.8% - 2.0%
UPS Customer Ctr	Warehousing and Storage	100-249	10	0.8% - 2.0%

Total Employed: 12,394

COUNTY OF WARREN, VIRGINIA

Full Time County Government Employees by Function
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary Government										
Department:										
General Government Administration	32	32	32	34	34	34	34	34	33	33
Board of Supervisors	0	0	0	0	0	0	0	0	0	0
County Administration	6	6	6	7	7	7	7	7	6	6
County Attorney's Office	3	3	3	3	3	3	3	3	3	3
Office of the Commissioner of Revenue	10	10	10	10	10	10	10	10	10	10
Reassessment	0	0	0	0	0	0	0	0	0	0
Treasurer's Office	7	7	7	7	7	7	7	7	7	7
Finance and Purchasing	4	4	4	5	5	5	5	5	5	5
Elections	2	2	2	2	2	2	2	2	2	2
Judicial Administration	15	16	16	16	18	19	19	19	21	21
Circuit Court	0	0	0	0	0	0	0	0	0	0
General District Court	0	0	0	0	0	0	0	0	0	0
Magistrates	0	0	0	0	0	0	0	0	0	0
Juvenile and Domestic Court	0	0	0	0	0	0	0	0	0	0
Clerk of Circuit Court	7	8	8	8	9	9	9	9	9	9
Law Library	0	0	0	0	0	1	1	1	1	1
Commonwealth's Attorney	8	8	8	8	9	9	9	9	11	11
Public Safety	125	128	130	109	111	112	118	122	122	121
Sheriff's Office	53	54	54	53	53	54	54	48	48	48
School Resource	0	0	0	0	0	0	0	10	10	10
Court Security	2	2	2	0	0	0	0	0	0	0
E-911 System	6	6	6	6	7	7	7	7	7	7
Volunteer Fire and Rescue	0	0	0	0	0	0	0	0	0	0
Corrections	31	31	31	10	10	10	10	10	10	10
Probation	1	1	1	1	1	1	1	1	1	0
Building Inspections	6	6	6	6	7	7	7	7	7	7
Animal Control	4	4	4	4	4	4	4	4	4	4
Medical Examiner	0	0	0	0	0	0	0	0	0	0
Fire and Rescue Department	22	24	26	29	29	29	35	35	35	35
Cost Recovery	0	0	0	0	0	0	0	0	0	0

COUNTY OF WARREN, VIRGINIA

Full Time County Government Employees by Function (Continued)

Last Ten Fiscal Years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary Government (Continued)										
Department: (Continued)										
Public Works	5	7	8	10	11	12	12	13	18	19
Public Works - Sanitary Districts	0	0	0	0	0	1	1	3	4	5
Streets and Highways	0	0	0	0	0	0	0	0	0	0
Refuse Collection	0	0	0	0	0	0	0	0	0	0
Refuse Disposal	3	3	4	5	5	5	5	4	4	4
General Services (Maintenance Bld. Grounds)	2	4	4	5	6	6	6	6	10	10
Health and Welfare	39	39	39	42	42	42	42	42	42	42
Health	0	0	0	0	0	0	0	0	0	0
Mental Health and Retardation	0	0	0	0	0	0	0	0	0	0
Social Services	38	38	38	41	41	41	41	41	41	41
Other Social Services	0	0	0	0	0	0	0	0	0	0
Comprehensive Youth Service Act	1	1	1	1	1	1	1	1	1	1
Education	0	0	0	0	0	0	0	0	0	0
Community College	0	0	0	0	0	0	0	0	0	0
Parks, Recreation and Culture	14	14	16	18	18	19	19	18	17	17
Parks and Recreation	14	14	16	18	18	19	19	18	17	17
Library Museum Cultural Enrichment	0	0	0	0	0	0	0	0	0	0
Community Development	5	4	4	5	5	6	6	6	6	6
Planning and Zoning	4	3	3	4	4	5	5	5	5	5
Economic Development	0	0	0	0	0	0	0	0	0	0
Front Royal/Warren County Airport	0	0	0	0	0	0	0	0	0	0
Environmental Management	0	0	0	0	0	0	0	0	0	0
Gypsy Moth Control	0	0	0	0	0	0	0	0	0	0
VPI Extension Service	1	1	1	1	1	1	1	1	1	1
Total:	235	240	245	234	239	244	250	254	259	259
Component Unit - School Board										
Function										
Education - Full Time	754	748	750	720	723	742	742	755	740	740
Total Full Time Employees	989	988	995	954	962	986	992	1009	999	999

COUNTY OF WARREN, VIRGINIA

Table 17

Operating Indicators by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Physical arrests	779	467	454	369	438	403	457	322	430	672
Traffic Violations	1358	1163	1523	1385	1304	1111	1188	874	1645	4762
Court Security manhours worked	7520	7420	7419	5083	5136	4447	4848	4900	4652	4924
Prisoner transports	959	1315	579	597	748	445	446	495	158	218
DUI's	84	61	64	73	84	49	49	55	129	129
Fire and Rescue										
Number of Calls Answered	7163	5666	8137	5526	5867	5962	6300	6133	6322	7614
Building Inspections										
Permits Issued	1815	2106	2097	2178	2634	2567	2274	2121	2453	2606
Public Works										
General Maintenance										
Trucks/vehicles	3	3	3	3	3	5	3	3	3	4
Landfill										
Refuse collected (tons/day)	78.51	78.51	89396	94.11	99.45	103.64	105.13	108.57	119.61	119.50
Parks, recreation and cultural										
Parks and recreation attendees / participants										
Youth Sports Participants	2134	2663	2254	3453	4292	3007	2500	1902	1321	340
Adult Sports participants (individuals)	327	241	360	443	644	790	1055	856	453	112
Adult Sports participants (teams)	26	20	22	18	9	4	0	0	0	0
Dance and crafts - youth and adult	50	50	50	160	233	236	837	890	197	156
Trips	102	108	431	178	550	609	404	192	199	0
CPR, Lifeguard, Dog Obedience classes	26	26	101	30	21	35	9	51	26	0
Open special events	423	1942	2351	1793	1729	1988	2069	2073	1244	18
Component Unit - School Board										
Education										
School age population	7847	7706	7675	7567	7500	7466	7385	7422	7419	4964
Sept. 30 K-12 school membership	5329	5414	5408	5398	5309	5313	5186	5242	5244	4977

Function

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Vehicles	6	6	6	6	4	6	5	4	4	4
Public safety - insured vehicles										
Law enforcement Vehicles	57	57	65	67	68	74	69	80	80	71
Other public safety Vehicles	3	3	3	3	2	0	0	0	0	0
Building inspections Vehicles	5	5	5	6	6	6	6	5	5	6
Animal Control Vehicles	4	4	4	5	4	4	5	4	4	3
Emergency Services Vehicles	13	13	14	15	20	17	21	20	21	23
Public Works										
Refuse Vehicles	1	1	1	2	2	5	4	4	6	10
Buildings and Grounds Vehicles	2	2	2	2	2	2	2	2	3	4
Health and welfare										
Department of Social Services Vehicles	8	8	8	8	8	8	8	8	8	9
Parks, recreation and cultural										
Parks and recreation Vehicles	13	13	14	17	22	23	21	23	26	28
Community development										
Planning and Zoning Vehicles	1	1	1	1	1	1	1	1	1	1
Other										
Vehicles	1	1	1	1	2	4	6	6	6	4

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COMPLIANCE



**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 Warren, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component unit-school board, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Warren, Virginia's basic financial statements, and have issued our report thereon dated April 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Warren, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Warren, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Warren, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedules of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness (2021-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Warren, 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*.

County's Response to Findings

County of Warren, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Warren, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no such opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Charlottesville, Virginia

April 22, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Warren, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Warren, Virginia's major federal programs for the year ended June 30, 2021. County of Warren, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Warren, 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, 2021.

Report on Internal Control Over Compliance

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

Charlottesville, Virginia

April 22, 2022

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal AL/CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
Department of Health and Human Services:				
Pass-Through Payments:				
Department of Education:				
Temporary Assistance for Needy Families	93.558	2101VATANF	\$ 135,237	\$ -
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400120/0400121	241,964	-
Subtotal CFDA 93.558			\$ 377,201	\$ -
Guardianship Assistance	93.090	1110121	312	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950121	10,516	-
Temporary Assistance for Needy Families	93.558	0400120/0400121	241,964	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500121	473	-
Low-Income Home Energy Assistance	93.568	0600420/0600421	37,207	-
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120/0760121	50,653	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121	162	-
Foster Care - Title IV-E	93.658	1100120/1100121	273,108	-
Adoption Assistance	93.659	1120120/1120121	341,120	-
Social Services Block Grant	93.667	1000120/1000121	233,781	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	2,414	-
Children's Health Insurance Program	93.767	0540120/0540121	4,480	-
Medicaid Cluster:				
Medical Assistance Program	93.778	1200120/1200121	357,831	-
Total Department Health and Human Services			\$ 1,689,258	\$ -
Department of Agriculture:				
Child Nutrition Cluster:				
Pass-Through Payments:				
Department of Agriculture:				
Food distribution - National School Lunch Program	10.555	Unavailable	\$ 121,005	\$ -
Subtotal CFDA 10.555			\$ 121,005	\$ -
Food distribution - Summer Food Service Program for Children	10.559	Unavailable	\$ 2,416	\$ -
Department of Education:				
Summer Food Service Program for Children	10.559	202121N11941	3,515,275	-
COVID-19 - Summer Food Service Program for Children	10.559	202020N85034	331,584	-
Subtotal CFDA 10.559			\$ 3,849,275	\$ -
Subtotal Child Nutrition Cluster			\$ 3,970,280	\$ -
Forest Services Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE43841	\$ 1,090	\$ -
Child and Adult Care Food Program	10.558	202121N119941	\$ 241,894	\$ -
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	479,638	-
Total Department of Agriculture			\$ 4,692,902	\$ -
Department of Justice:				
Direct Payments:				
Equitable Sharing Program	16.922	Not applicable	\$ 1,905	\$ -
Total Department of Justice - direct payments			\$ 1,905	\$ -
Pass-Through Payments:				
Department of Criminal Justice Service:				
Crime Victim Assistance	16.575	18VAGX0011	\$ 85,168	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJS5101701	1,374	-
Total Department of Justice - pass-through payments			\$ 86,542	\$ -
Total Department of Justice			\$ 88,447	\$ -
Department of Transportation:				
Direct Payments:				
Airport Improvement Program	20.106	Not applicable	\$ 4,250	\$ -
Total Department of Transportation - direct payments			\$ 4,250	\$ -

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FSC-2021-51402-21402	\$ 1,889	\$ -
National Priority Safety Programs	20.616	FM6OT-2021-51157-21157	5,035	-
Subtotal Highway Safety Cluster			<u>\$ 6,924</u>	<u>\$ -</u>
Total Department of Transportation - pass-through payments			\$ 6,924	\$ -
Total Department of Transportation			<u>\$ 11,174</u>	<u>\$ -</u>
Election Assistance Commission:				
Pass Through Payments:				
Department of Elections:				
COVID-19 - HAVA Election Security Grants	90.404	Unavailable	\$ 58,965	\$ -
Total Election Assistance Commission			<u>\$ 58,965</u>	<u>\$ -</u>
Department of Homeland Security:				
Direct Payments:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Not applicable	\$ 124,430	\$ -
Assistance to Firefighters Grant	97.044	Not applicable	725,114	-
Total Department of Homeland Security - direct payments			<u>\$ 849,544</u>	<u>\$ -</u>
Pass-Through Payments:				
Department of Emergency Management:				
Homeland Security Grant Program	97.067	EMP-2019-SS-0093/EMW-2020-SS-00096	\$ 12,639	\$ -
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005	11,806	-
Total Department of Homeland Security - pass-through payments			<u>\$ 24,445</u>	<u>\$ -</u>
Total Department of Homeland Security			<u>\$ 873,989</u>	<u>\$ -</u>
Department of the Treasury				
Pass-Through Payments:				
Department of Accounts:				
COVID-19 - Coronavirus Relief Fund	21.019	Unavailable	\$ 7,096,417	\$ 3,011,253
Department of Education:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0218	916,598	-
Subtotal CFDA 21.019			<u>\$ 8,013,015</u>	<u>\$ 3,011,253</u>
Total Department of the Treasury			<u>\$ 8,013,015</u>	<u>\$ 3,011,253</u>
Department of Education:				
Pass-Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	S010A190046/S010A200046	\$ 1,089,898	\$ -
Special Education Cluster:				
Special Education Grants to States	84.027	H02/A19010//H02/A20010/	1,190,553	-
Special Education Preschool Grants	84.173	H173A190112/H173A200112	29,477	-
Subtotal Special Education Cluster			<u>\$ 1,220,030</u>	<u>\$ -</u>
Career and Technical Education: Basic Grants to States	84.048	V048A190046/V048A200046	\$ 103,827	\$ -
English Language Acquisition State Grants	84.365	S365A190046/S365A200046	5,069	-
Supporting Effective Instruction State Grants (formerly Improvement Teacher Quality State Grants)	84.367	S367A190044/S367A200044	169,350	-
School Improvement Grants	84.377	S377A150047/S377A160047	9,137	-
Student Support and Academic Enrichment Program	84.424	S424A190048/S424A200048	118,423	-
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	S425C200042	\$ 75,288	\$ -
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	626,539	-
Subtotal Education Stabilization Fund (84.425)			<u>\$ 701,827</u>	<u>\$ -</u>
Total Department of Education			<u>\$ 3,417,561</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 18,845,311</u>	<u>\$ 3,011,253</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF WARREN, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of the County of Warren, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Warren, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Warren, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. 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) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and distributed.

Note 4 - Indirect Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 5 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note 6 - 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:

General fund	\$ 10,167,790
Less: Department of the Interior - Payments in lieu of taxes	(58,074)
Total Primary Government	<u>\$ 10,109,716</u>

Component Unit - Warren County School Board:

School operating fund	\$ 8,983,519
Less: Federal Interest Rate Subsidy - Qualified Energy Conservation Bonds	(247,924)
Total Component Unit - Warren County School Board	<u>\$ 8,735,595</u>

Total expenditures of federal awards per basic financial statements \$ 18,845,311

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards \$ 18,845,311

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified: governmental activities; discretely presented component unit - School Board;
each major fund; and aggregate remaining fund information

Disclaimer: discretely presented component unit - EDA

Internal control over financial reporting:

Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
84.010	Title I: Grants to Local Educational Agencies
84.425C	Governor's Emergency Education Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? No

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

2021-001 - Material Audit Adjustments Proposed by External Auditor

Criteria:	County management is responsible for developing and maintaining an effective system of internal controls over financial closing and reporting that provides reasonable assurance for the reliability of the reported financial information. Identification of material adjustments to the financial statements that were not detected by the County's internal controls indicates that a material weakness may exist.
Condition:	The financial statements required material adjustments proposed by the auditor to ensure such statements were materially correct in accordance with Generally Accepted Account Principles (GAAP).
Cause:	The County failed to identify and record all material year-end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the County's internal controls over financial reporting.
Recommendation:	We recommend the County implement procedures to ensure the financial statements are materially correct in accordance with Generally Accepted Accounting Principles.
Management's Response:	Management recognizes that some adjustments were not made in a timely manner, which is attributed to the lack of staffing in the finance office. Management agrees that internal procedures and timely adjustments need to be made, and will develop the necessary internal steps to ensure the financial statements are completed in a timely manner. Given Finance is now adequately staffed, timely entries and segregation of duties will resolve this finding.

Section III - Federal Award Findings and Questioned Costs

None

COUNTY OF WARREN, VIRGINIA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

2020-001 - Material Audit Adjustments Proposed by External Auditor

Condition: The financial statements required material adjustments proposed by the auditor to ensure such statements were materially correct in accordance with Generally Accepted Account Principles (GAAP).

Recommendation: We recommend the County implement procedures to ensure the financial statements are materially correct in accordance with Generally Accepted Accounting Principles.

Current Status: Repeat finding in 2021. See finding 2021-001.

2020-002 - Inadequate Year-End Controls Over Capital Assets/Projects and Long-Term Obligations

Condition: It was necessary for the Auditor to compile the information at year-end relevant to the identification of capital asset additions and tracking of capital projects for the fiscal year ended June 30, 2020. Additionally, it was necessary for the Auditor to reconcile debt service payments to the corresponding outstanding long-term obligations at year-end.

Recommendation: We recommend the County Finance Department develop year-end procedures to aid in the identification, tracking, and reconciliation of capital assets, capital projects, and long-term obligations.

Current Status: This finding is not present in the current year.