2018

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018

COUNTY of WARREN
VIRGINIA

County of Warren, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2018

Prepared By:

Finance Department

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COUNTY OF WARREN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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COUNTY OF WARREN

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Douglas P. Stanley
County Administrator

BOARD OF SUPERVISORS

*****

CHAIRMAN
Tony F. Carter
Happy Creek District

VICE-CHAIRMAN
Daniel J. Murray, Jr.
North River District

Archie A. Fox
Fork District

Linda P. Glavis
South River District

Thomas H. Sayre
Shenandoah District

December 21, 2018

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, 2018. 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.

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.

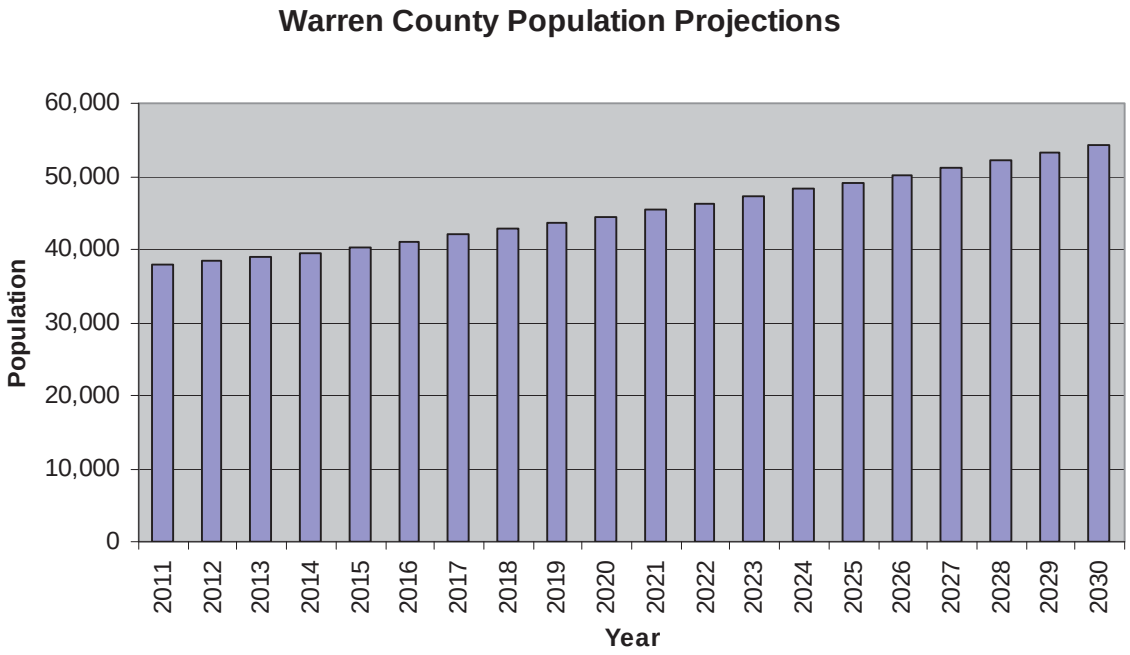
COUNTY DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION

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, textile, higher education, and trucking.

The County's unemployment rate in September 2018 was 2.8% which was significantly improved over the 3.5% of September 2017. The rate of 3.4% was slightly lower than the unemployment rate of 3.5% for Virginia but significantly lower than the national average of 3.9% as of October 2017.

The total reported value of new construction for permits issued in FY 2018 decreased significantly from FY 2017 from $99,492,485.40 to $87,703,958.11, which represents a decrease of approximately 11.85%. The decrease is attributable to a slowing in new home construction and the lack of any significant new commercial/industrial permit activity. The FY 2018 figure is significantly higher than the 10-year average of $67,466,656.18. The number of total building permits was slightly down in FY 2018 over FY 2017 from 2,410 to 2,274, a decrease of 5.64%.

Since the 2010 Census, Warren County's population has increased from 37,575 to 39,239, an increase of 1,664 persons (4.4%). Warren County's estimated population for 2018 is 39,630, up slightly from the 2017 count of 39,239 (1.00% increase). The County Planning Department projections show a steady conservative annual population growth of 1.25% to 2.00% over the next 20 years.



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. The project that has had the largest single impact on the County's tax base is Dominion Power's Warren County Power Plant. On May 31, 2012, Dominion Virginia Power officially broke ground on the Warren County Power Station. The Station was constructed on a 39-acre site in the Warren Industrial Park, approximately 3 miles north of Front Royal. The close proximity to Northern Virginia has enabled the Station to serve a growing, high-demand region in Dominion's service area. The Station generates 1,329 megawatts of electricity, or enough energy to provide power to approximately 325,000 homes. The Station is powered solely by natural gas and is among the cleanest fossil-fuel fired facilities in the nation, with 3 combustion turbines and a steam turbine. Construction of the Station included the installation of a 2.5-mile natural gas pipeline. The facility went online on December 10, 2014.

Dominion - Warren County Power Plant

During the first full year of construction, (FY 2013-14), Dominion paid the County approximately $1 million in property tax. In FY 2014-2015, property tax payments increased to $5,209,348.17 and $6,106,341.20 in FY 2015-2016. As part of the incentive package for the project, the County agreed to contribute up to $1 million per year for years 6-10 to offset the facility's water and sewer fees. Construction work provided approximately 1,500 jobs at the peak of construction. Dominion employs approximately 50 full-time staff members and 8 private contractors on-site. During outages, additional 80-150 contractors are brought in depending on the work being performed. In total, Dominion invested approximately $1.0 billion in constructing the facility.

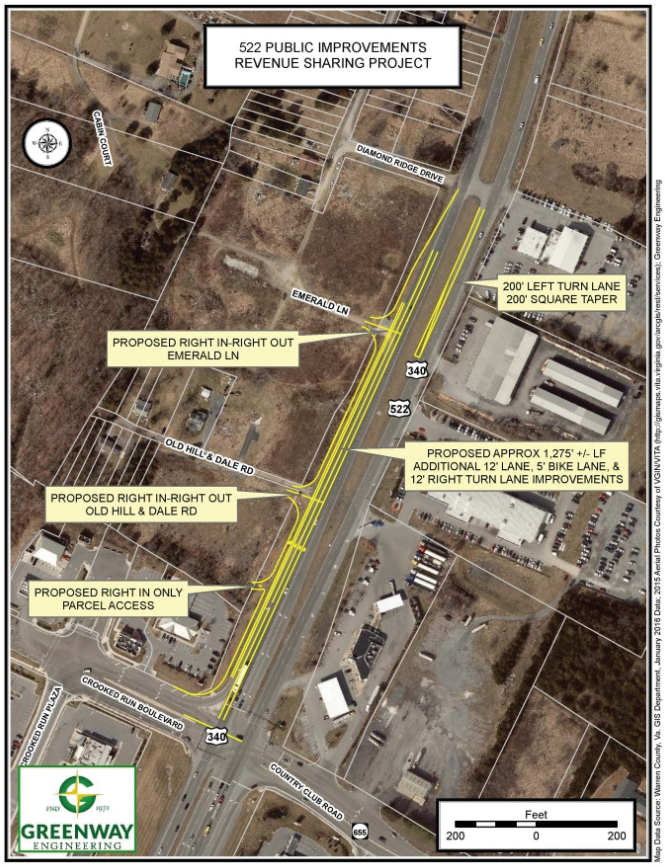
Currently, the County is working on a hotel project that will enhance the County's tax base.

Marriott Hotel

- Marriott broke ground in spring 2017 on a new 84-room TownPlace Suites hotel in the County.
- The hotel is slated to open in March 2019.
- Upon completion, the hotel will provide an estimated 23 new jobs.

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 2016, an Aldi Grocery Store (17,918 SF) and an Urgent Care facility were completed in the Riverton Commons Shopping Center. The County has recently approved site plans for a Taco Bell and Valvoline auto care facility for the Riverton Commons shopping center. It is expected that construction on these facilities will commence by spring 2019.

In September 2017, the County, EDA, Crooked Run North, LLC, and North River Square, LLC entered into a public-private partnership to improve access to the west side of Route 340/522 immediately north of the Crooked Run Shopping Center. The project was completed in fall 2018 and added a southbound lane and right-turn lane into the sites, a northbound left turn lane for the crossover, and replaced the stormwater pipe under Route 340/522 just north of the Country Club Road intersection. The project allows for commercial access of the subject property, including an estimated five commercial pad sites.

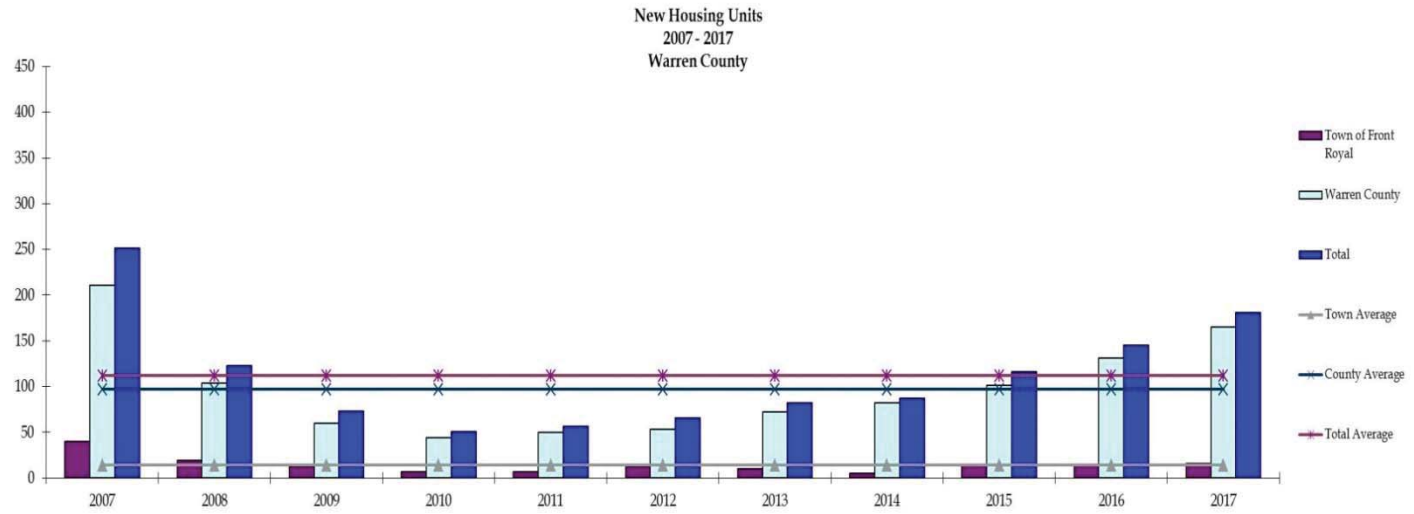


Royal Farms received its occupancy permit from the County in July 2018 for a 5,166 SF – 16 fuel pump (8 two-sided) convenience store on the site adjacent to Wells Fargo.

The County is still working with the developer of Crooked Run on Phase II, which will necessitate the construction of a bridge structure and access road. This project is currently being designed by VDOT, and the County has received $10 million in VDOT revenue sharing funds to construct the project. It is contemplated to complete the project through the EDA as a public-private partnership. The developer is currently working to revise the concept plan to incorporate more of a mix of uses including high-density residential, workforce and senior housing, as well as commercial uses. It is anticipated that they will submit a revised plan to the County Planning Commission during early 2019.

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. The housing construction market bottomed out in 2010 with 51 new home starts. Since that time the County has seen a steady increase each year to 181 starts in CY 2017. We anticipate that 2018, although close to the 2017 total, will mark the first year since 2010 where we have not seen a net increase in new starts. The following charts show the increase in the number of units and the percentage growth in the County since 2005.



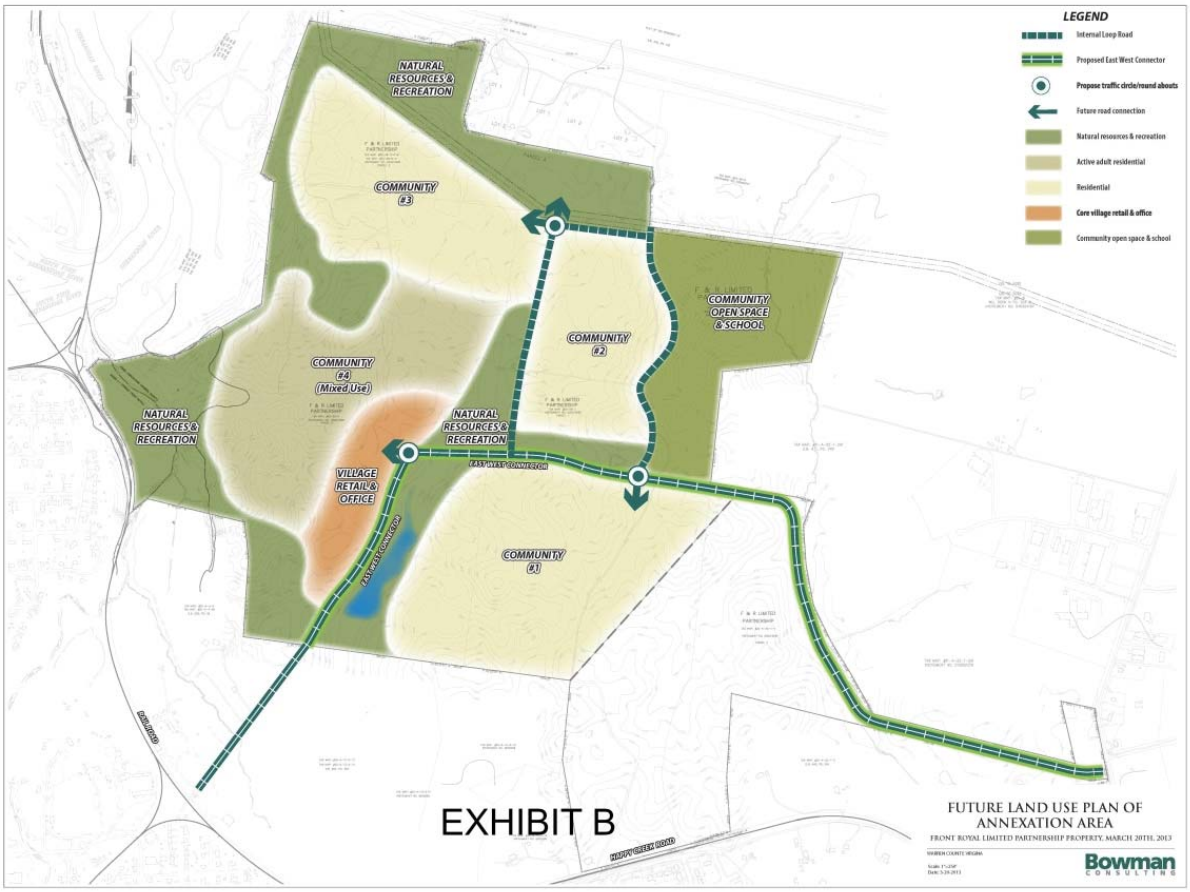
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Average
Front Royal	40	19	13	7	7	13	10	5	15	14	16	14
Warren County	211	104	60	44	50	53	72	82	101	131	165	97
Total	251	123	73	51	57	66	82	87	116	145	181	112

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Approved Housing Units	15,937	16,060	16,133	16,184	16,241	16,307	16,389	16,476	16,592	16,737	16,918
Annual % Increase	1.60%	0.77%	0.45%	0.32%	0.35%	0.41%	0.50%	0.53%	0.70%	0.87%	1.08%

In late September 2014, Warren County and the Town of Front Royal reached an agreement in which the Town annexed 604 acres of land in the Happy Creek area on November 1, 2014.

The annexation will allow a developer to move forward with the construction of new housing, including:

- Up to 808 market-rate single-family housing units; and
- An anticipated 400 senior housing units



FY 2018 Other Economic Development Accomplishments:

<u>Grant Program</u>

The Economic Development Authority (EDA) chose three local businesses to receive cash grants during Business Appreciation Week in 2018. The award program was designed in 2011 in observance of Virginia's Business Appreciation Week. The awards are made to local small businesses showing excellence in business practices and contributing to the community in some way. The 2018 recipients were Hanna Signs ($1,000), Auto Care Clinic ($750), and C&C Frozen Treats ($500).

<u>Avtex Redevelopment Project</u>

FMC Corporation completed the remediation of 148 acres in 2013, and the Environmental Protection Agency (EPA) released the site in September 2014 by issuing the EDA a letter of no further interest, which has cleared the way for marketing and redevelopment of the site.

- In early 2014 the EDA sold 5.24 acres to the Town of Front Royal for construction of its new police headquarters.
- The EDA also worked with the Department of Justice, the EPA, and other stakeholders in revising the restrictive covenants placed on the site in 1999. The revisions were signed and recorded in September 2014.
- The EDA received a $5,000 grant from FMC, Corporation for creating the legacy museum.
- In 2015 the EDA sold 30.11 acres to ITFederal for the construction of a data center and retail center that will create 600 jobs.
- The EDA received word from the EPA in October 2016 that the conservancy park was ready to be released for recreational purposes.
- The EDA in conjunction with the County has applied for grant funds through the DuPont Settlement for the design and construction of trails along the Shenandoah River.
- The Town has started the construction of West Main Street Extended and pump station for future businesses.

Infrastructure Development

The EDA worked with the Town and County on construction of the Leach Run Parkway. The EDA secured all of the properties needed for the construction and awarded the contract to Branch Highways in November 2015. Construction of the road was completed in June 2017. The EDA continues to work with the Town to construct the local connector road known as West Main Street Extended. The Town started construction on the road in 2018 and hopes for completion by spring 2019. The Town was approved in December 2016 for an Industrial Access grant through the Virginia Department of Transportation in the amount of $650,000.

Business Attraction

In conjunction with the Town, the EDA, utility providers, the Health Department, and VDOT, the County created the Business Development Review Committee which allows business owners an opportunity to address each entity at the same time in order to help alleviate any problems throughout the development process. The businesses that have benefited from this Committee within the past year are as follows: Farm Stand/small garden center, Fork'd and Awesome, festival permits, thermal shelters, Marriott Hotel, Shenandoah Storage, The Selah Project, microbrewery, workforce housing, Royal Farms Convenience Store, Blue Ridge Shadows, Regional Training Academy, Afton Inn, Avtex redevelopment, InterChange, daycare center expansion, church, Killahevlin Bed and Breakfast, Toray, Dulles Industries, Michaels, Café Amore, New Hope Church, Commonwealth Assisted Living, retreat center, rezoning of property on Route 522, Barnhart developments, Rob MacDougall properties on Main Street, Brotherhood of Railroad Signalmen, Backroom Brewery, Chick-Fil-A, Taco Bell, Burger King, Valvoline, Shore Stop Convenience Store, Cedar Park Court properties, Christendom College, Natural Gas company, Main Street Market, and Interbake.

Working with the Town and County, the Committee is the starting point for any new business or existing business that may be expanding. The EDA Executive Director, Health Inspector, Town Planner, and County Building Official participate in site visits with individuals looking at a particular space. The purpose of these meetings is to make sure the individual has found an appropriate location for his or her type of business. This has been a very successful program for the EDA, Town, and County.

EDA Financing Programs

The EDA was awarded $500,000 in loan funds through the U.S. Department of Agriculture's Intermediary Relending Program. The EDA can draw up to $150,000 or 25% of the total project cost. To date the EDA has loaned a total of $500,000. This program has created 25 new jobs and retained 51 jobs.

The EDA also administers the Rural Enterprise Loan Program. In 2018, the EDA loaned $85,000 to two start-up or expanding businesses.

Virginia Jobs Investment Program (VJIP)

The EDA worked with the Virginia Economic Development Partnership to promote the VJIP program. Through this program Warren County industries retrained and retained more than 1,100 employees.

Opportunity Zone

In 2018, the EDA submitted an application on behalf of the County identifying 6 potential opportunity zones within Warren County. The County was competing with every locality within the Commonwealth. Warren County was successful in having one opportunity zone in the Happy Creek area approved by the Governor.

Marketing Campaigns

The EDA continues its quarterly newsletter, issues press releases to the media on new or expanding businesses, and maintains a Facebook page and website.

Education

The EDA has participated in several education projects throughout the year including: student entrepreneurship programs, Project Lead The Way support, the Front Royal-Warren County Chamber of Commerce Leadership Program, EDA Scholarship and Education Fund, Ethics Workshop, reality store, student interviews, apprenticeship program, Career Connect, and the Lemonade Stand Entrepreneur Curriculum. The EDA also worked with Workforce Solutions to find a suitable location for its CDL training course and hosted the new teacher reception. The EDA will continue its support of education within the community as it plays a vital role in economic development.

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 will help the Board of Supervisors confidently make decisions with the community's desired future in mind.

The County will use the Strategic Vision to show how it wants to thrive and grow in the future. This will provide confidence to the private and public sector about where their investments will be most productive, while also preserving our County's most valued natural and cultural resources.

The Strategic Vision will also set 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.

The Board of Supervisors did not develop the Strategic Vision alone. The process section of this report describes how citizens and stakeholder involvement were instrumental in shaping the Strategic Vision.

Vision

A primary outcome of this process is the development and affirmation of a new Vision for the future of the County. This Vision was vetted and affirmed by the participants of a Vision Retreat, which convened several community leaders on September 13, 2018 – including the Board of Supervisors and Planning Commission – to review citizen input and craft the following Vision. The new Vision for the future of Warren County is presented below:

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.
- 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

In 2017, the County completed construction on its second middle school on a site located at the north end of Leach Run Parkway. Construction of the school has allowed the school system to achieve the ideal grade structure of K-5 (elementary), 6-8 (middle school), and 9-12 (high school) and allowed the 8th grade to be moved out of high schools, thereby creating additional capacities at each of those schools. The facility will provide capacity at the secondary level for the community for the next 15-20 years. The school was completed and opened in time for the 2017-2018 school year.

New Warren County Middle School

Warren County Middle School June 2017

There are a number of projects either in the planning or implementation stages that will improve the services that are provided by the County. These projects include:

School Facilities

In November 2018 the County completed renovation of approximately 6,700 SF of space at the Health and Human Services Complex for the Warren County Public Schools (WCPS) Diversified Minds Alternative Education Program. This has allowed both of the WCPS alternative education programs to be located on one campus and for the projects to be bid together to benefit from economy of scale and sharing of resources. The Brighter Futures alternative education program moved into its space in mid-November 2018.

General Government

In 2017, the County authorized the completion of construction plans for the renovation of approximately 4,000 SF of space at the HHSC to accommodate the office functions of the Voter Registrar, the renovation of two 230 SF toilet rooms to serve the Voter Registrar and other building occupants, and the installation of five public parking spaces for the Voter Registrar. The Registrar is expected to move into this space in early 2019 from the Government Center. In turn, the County plans to relocate the Children's Services Act (CSA) office from the rear of the Government Center to this unit to provide additional space including a conference room for their meetings, which require confidentiality.

Public Safety

The radio system for the Warren County Sheriff's Office (WCSO) has to be replaced due to the decision by the current system provider, Blue Ridge Communications, to sell the network. The Warren County Fire and Rescue Department (WCFRD) is currently on its own 150 MHz system that was purchased and installed in 2004 and was designed with the ability to be expanded to include the WCSO at a later date. In June 2017, the Board authorized the expansion of the system to include the WCSO and the purchase of necessary in-vehicle and portable radios. Benefits of the proposed system include:

- Better radio reception/talk coverage
- Military-grade equipment
- Ability to talk directly to WCFRD without having to be patched through dispatch
- Ability to talk directly with Frederick County, Clarke County, Shenandoah County, Fauquier County, and Virginia State Police – not possible with the current system

It is estimated that the purchase of this radio system would take care of the needs of the County for the foreseeable future. WCSO portable radios would have a lifespan of 10-15 years and in-vehicle radios a longer lifespan.

The existing WCFRD radio system will be updated as part of the project. The proposed improvements include replacement of the microwave system (that repeats the signal from a tower site at Guard Hill and Bentonville) along with the Guard Hill cabinet replacement. The technology is moving to IP vs. analog (current system), and with the addition of the WCSO system, the system will have to go with the IP comparator for security. By combining the two projects, the County will save over $20,000 in labor. The radio system project and expansion upgrade has been delayed due to issues with the relay towers but is expected to be completed by early 2019.

WCFRD and County Administration have been working with the Rivermont Volunteer Fire Department (Company #2) on the plans for a new fire station to replace the existing structure located at 714 Rivermont Drive. During the review the County, Rivermont Volunteer Fire Department, and Fortsmouth Volunteer Fire Department (Company #8) discussed the potential for merging the two fire companies and constructing one new fire station to serve the Fork District of the County. After review of the primary coverage area for Company #2 and its role in the Warren County Fire and Rescue System, a site was identified that is located at the intersection of Rivermont Drive and Airport Road. Advantages of the site are its location at the crossroads and ability to get both into the district via Rivermont Drive and out to the Route 55 West portion of the district and the location's proximity to support the County system back towards the Town of Front Royal and the South River District (Bentonville/Browntown).

Ultimately, the Board of Supervisors made the decision to replace the Rivermont Station while not closing the Fortsmouth Station. The replacement of the Rivermont Volunteer Fire Station was included in the adopted FY 2018-2019 Capital Improvement Plan as priority #5 at an estimated cost of $5,615,000. This estimate was based on construction costs from the North Warren station, improving some of the finishes, increasing estimated site costs for water and sewer service, and adding inflation costs. The current estimates include the cost of rough-in of a banquet area which may end up being the responsibility of Rivermont Volunteer Fire Department (as was done at the North Warren project in 2003). In November 2017, the Board of Supervisors authorized moving forward with the final design of the facility.

The project will provide a new single story, three bay modern fire station at the intersection of Stokes Airport Road and Rivermont Drive to replace the existing Rivermont Volunteer Fire Station. The completed facility will be approximately 13,500 SF and will have community meeting and banquet space including food preparation areas. The remainder of the building will be dedicated to serving and supporting the fire fighters in the application of their duty to protect the residents of Warren County. Dedicated fire spaces include offices, storage rooms, physical training, food preparation and dining space, sleeping quarters, lockers, and shower areas. The apparatus bays of the station will be up fit with high-bay lighting, a high volume low speed fan, heating elements, and an air filtration system. Supporting spaces to the apparatus include a tool shop, turn-out gear storage with separate ventilation, and a decontamination room. The building will be designed to complement the vernacular of the local architecture and will have sufficient space to serve the County for decades to come.

The project is slated to go to bid in early 2019 with a completion date the first quarter of 2020.

The WCFRD has transformed several classroom facilities at the former 104-acre Environmental Study Area site off Route 55 East to fire and rescue training classrooms. The Department is working on plans for a burn building and training facility that would meet the needs of the community. As part of the planning, they are looking for grant funding and the potential for a public-private partnership with local industries to fund the improvements. The County is currently working on a site plan for the project, and once it is completed, the County will file for a conditional use permit with the Planning Department. It is hoped that a permit for the facility can be obtained by summer 2019 to allow for bid and construction of the facility by the end of the year.

Public Safety is regarded by the Board of Supervisors as one of the primary functions of local government. The County is committed to providing staff with quality facilities and adequate resources to carry out their jobs.

Solid Waste

The County has been working for the past fifteen years to upgrade the County's four compactor sites 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:

- Replace the Linden Compactor site with a new facility – (2009)
- Expand, repave, and stripe the Rockledge Site – (2016)
- Repave and stripe the Cooley site (Route 340/522 North) – (2016)

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 in the 1990's 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.

In 2011, the County purchased a 5.82 acre site near Howellsville to serve as a future compactor site and maintenance facility for the Shenandoah Farms Sanitary District. Since that time, the Board of Supervisors has been setting aside funding annually to pay for the proposed improvements. The County has completed preliminary site plans for the facility and has received approvals for facility entrance from VDOT. The County plans to obtain final site plan approval and start clearing, grubbing, and grading of the site in 2018. The proposed facility will be designed to meet the ultimate needs of the community as it continues to grow.

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 2018, the County was able to complete replacement of the tipping room floor at a cost of $189,655. The project required that the facility be shut down from Wednesday through Monday, but with adequate planning and notice, the project was completed without incident.

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

- Repaving of site - $265,000
- Construction of maintenance building - $462,000
- Construction of office building - $428,000

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 a number of significant projects including a new restroom building at Fantasyland, Eastham Trail Phases I, II, and III, practice fields and parking area (25 spaces) at Rockland Park, and the addition of four fields, a walking trail, 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 complete with hiking trails, playing fields, disc golf course, playground, music park, camping facilities, and eventually an amphitheater and indoor recreation center. Phase I of the Rockland Park project, which includes a playground complex, outdoor exercise station, shelter, disc golf course, parking area and the access road, was completed in 2015. In addition, the second phase of the Carson Trail was completed in November 2016. In 2017, the County partnered with a private contractor to accept approximately 30,000-40,000 cubic yards of excess fill material to allow for the leveling of a portion of the site to allow the construction of two large and two small practice fields, two gravel parking lots, and associated stormwater management facilities. The project should be completed in spring 2019.

The County also plans to begin work on the next phase of the Park's development including the renovation of the bathhouse and construction of associated parking to serve the proposed baseball/softball field facility in 2019. County staff is currently working on securing grant opportunities for the Park to begin implementation of these and future phases of the development plan.

Another small project the Parks and Recreation Department is working on is the development of a park at the Thompson Kiss-and-Ride located on Freezeland Road. The County completed site work on the project during spring 2016, constructed the parking lot, the bus turnaround, and associated sidewalks in 2016/2017,completed paving in the fall of 2017, and installed a bus shelter during the fall of 2018. The County, which has already received a grant from the Warren Coalition for some playground equipment, plans to work with neighboring subdivisions to fund the purchase of additional equipment over the next few years.

County officials, staff and the community need to continue to work together to promote and enhance the County in which we live 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.

PROPERTY TAX RATES

The County increased the real estate tax rate from $0.65 to $0.66 for the 2018 tax year. The $0.01 increase was designated for the hiring of an additional four School Resource Officers and implementation of a Career Development Program for the Sheriff's Office. In addition, the Machinery and Tools/Contract Carrier tax rates increased from $1.95 to $2.05 per $100 of assessed value. All other local tax rates and fees for services impacting FY 2018-2019 revenue remained the same as the previous year.

GOVERNMENT'S FINANCIAL POLICIES

The County experienced significant reductions in funding from the State from FY 2009 through FY 2012. This reduction in funding was addressed by the County tightly monitoring expenditures to ensure they were reduced in direct correlation to the reduction in State funding. 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 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 compiled with these requirements and the auditor's opinion is included in this report.

Certificate of Achievement

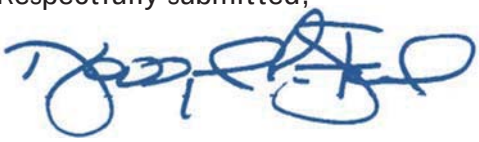
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for the Finance Department's comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the fourth consecutive year that the County has received this prestigious award. This award was established to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles and to recognize individual governments that succeed in achieving that goal.

The County is also a proud recipient of the GFOA Distinguished Budget Presentation Award for its FY 2017-2018 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 eight consecutive years.

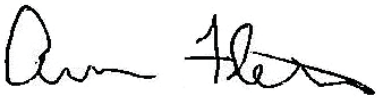
Acknowledgments

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 Planning Department, Economic Development Authority, the Deputy Clerk of the Board, and other employees for their assistance in the preparation of this report.

Respectfully submitted,



Douglas P. Stanley, AICP ICMA-CM
County Administrator



Andre T. Fletcher
Director of Finance

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COUNTY OF WARREN, VIRGINIA

Board of Supervisors

Tony F. Carter, Chair
Daniel J. Murray, Vice-Chair
Archie A. Fox
Linda P. Glavis
Thomas H. Sayre

County School Board

Catherine R. Bower, Chair
C. Douglas Rosen, Vice Chair
Donna L. McEathron
Arnold M. Williams, Jr.
James S. Wells

Advisory Board for Warren County Social Services

William W. Crawford, Chair
Lorraine Brandon
Vincent Bonzagni
Richard L. Swanson
Robert M. Cullers

Other Officials

Judge of Circuit Court ..... Dennis L. Hupp
Chief Judge of Circuit Court ..... Clifford L. Athey
Judge of Circuit Court ..... Bruce D. Albertson
Clerk of Circuit Court ..... Daryl L. Funk
Chief Judge of General District Court ..... W. Dale Houff
Judge of Juvenile and Domestic ..... William W. Sharp
Commonwealth's Attorney ..... Brian M. Madden
Commissioner of Revenue ..... Sherry T. Sours
Treasurer ..... Wanda F. Bryant
Sheriff ..... Daniel T. McEathron
Superintendent of Schools ..... L. Gregory Drescher
Director of Social Services ..... DeAnna Cheatham
County Attorney ..... Daniel N. Whitten
County Administrator ..... Douglas P. Stanley
Director of Finance ..... Andre T. Fletcher

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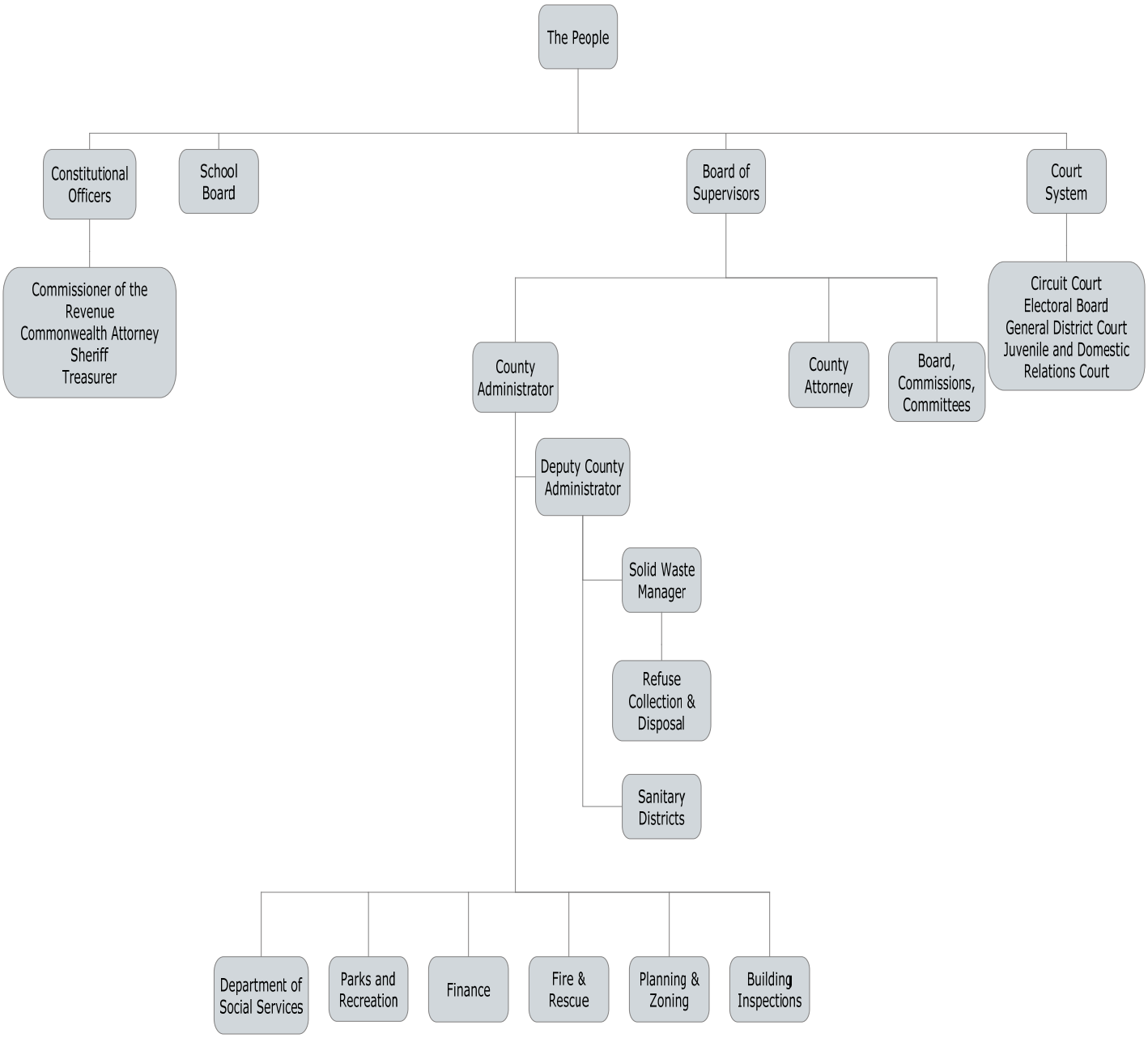
The People
Constitutional Officers
School Board
Board of Supervisors
Court System
Commissioner of the Revenue
Commonwealth Attorney
Sheriff
Treasurer
County Administrator
County Attorney
Board, Commissions, Committees
Circuit Court
Electoral Board
General District Court
Juvenile and Domestic Relations Court
Deputy County Administrator
Solid Waste Manager
Refuse Collection & Disposal
Sanitary Districts
Department of Social Services
Parks and Recreation
Finance
Fire & Rescue
Planning & Zoning
Building Inspections

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Warren County Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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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, 2018, 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, and we were not engaged to audit the EDA financial statements as part of our audit of the County's basic financial statements as the EDA is audited by another CPA firm. 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 from other auditors to provide a basis for an audit opinion on the financial statements of the discretely presented component unit Industrial Development Authority 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, 2018, 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 18 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75 and to record a line of credit. 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 137-139, 140-144, and 145-153 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.

Other Matters: (Continued)

Required Supplementary Information: (Continued)

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, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2019, 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
September 6, 2019

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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, 2018. 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 $73,383,786 (net position), an increase of $2,923,110.

- As of the close of the current fiscal year, the County of Warren's governmental funds (excluding the School Bond Construction Fund) reported a combined ending fund balance of $35,035,365, a decrease of $869,258 from the prior year. The majority of the balance ($33,637,428) 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 $13,528,579.

- The County's total long-term obligations (Note 7) decreased by $6,277,187 during the current fiscal year after recording increases in the line of credit with the EDA and an increase in the net Other Post-Employment Benefits (OPEB) liabilities. The decrease is primarily due to principal payments in the amount of $6,088,999 and decrease in the net pension liability.

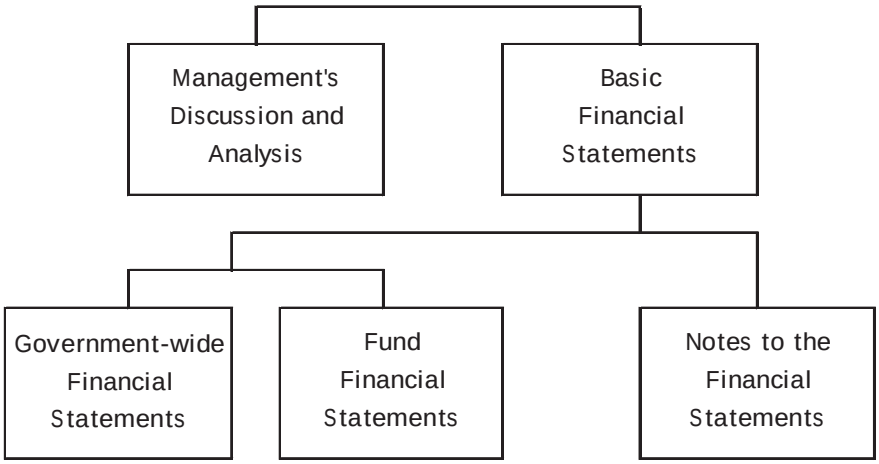
- The County implemented Government Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires the measurement and reporting of the health insurance benefits and group life insurance benefits (administered by the Virginia Retirement System) provided to retirees. More information about this liability and impact on the financial statement can be found in Notes 7 and 18 of the Notes to Financial Statements.

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 41 through 43) 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 47 through 55) 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 52% (61% when including all school debt service) 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 41 through 43 of this report.

Fund Financial Statements

The fund financial statements (pages 47 through 55) 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 57 through 134 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 137 through 153 of this report.

Government-Wide Financial Analysis

The County of Warren's Net Position
Figure 2

	Governmental Activities	
	FY 2018	FY 2017
Current and other assets	$ 61,727,885	$ 70,943,402
Capital assets	190,329,040	182,802,512
Total assets	$ 252,056,925	$ 253,745,914
Deferred outflows of resources	5,434,934	6,371,837
Long-term liabilities outstanding	$ 162,678,475	$ 161,370,704
Other liabilities	4,002,818	4,115,446
Total liabilities	$ 166,681,293	$ 165,486,150
Deferred inflows of resources	17,426,780	16,637,967
Net position:		
Net investment in capital assets	$ 46,396,078	$ 47,493,851
Restricted	1,368,387	1,102,483
Unrestricted	25,619,321	29,397,300
Total net position	$ 73,383,786	$ 77,993,634

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 $73,383,786 as of June 30, 2018, compared to $77,993,634 as of June 30, 2017. As previously stated, the County implemented GASB Statement No. 75, whereby the net position was restated to reflect the implementation of this standard. The net position as of July 1, 2017 was decreased by $3,250,100. Additionally, the County restated its net position as of July 1, 2017 (decrease of $3,250,100) to reflect the reporting of a line of credit outstanding. 63% 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 ($25,619,321) 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:

- Collection of property taxes exceeded prior year amounts by approximately $1.1 million.
- The County capitalized expenditures in the amount of $12,077,040 for capital projects, equipment and similar capital assets.
- The net position liability, computed by a third-party actuary, decreased $1.7 million from the balance reported as of June 30, 2017.
- The County obtained line of credit financing in the amount of $2,218,700 to finance various projects.
- Education expenses increased approximately $3.0 million over fiscal year 2017, including an increase in the contribution to the Component Unit School Board in the amount of $2,313,742.

Government-Wide Financial Analysis: (Continued)

County of Warren Changes in Net Position
Figure 3

	Governmental Activities	
	FY 2018	**FY 2017**
Revenues:		
Program revenues:		
Charges for services	$ 3,264,662	$ 3,391,844
Operating grants and contributions	7,279,271	7,422,626
Capital grants and contributions	1,437,532	1,096,324
General revenues:		
Property taxes	49,130,661	48,028,934
Other taxes	8,015,974	7,841,098
Grants and contributions not restricted to specific programs	5,628,301	5,781,070
Other	1,718,440	1,928,430
Total revenues	$ 76,474,841	$ 75,490,326
Expenses:		
General government administration	$ 3,897,066	$ 3,871,325
Judicial administration	2,495,716	2,392,659
Public safety	15,249,315	14,860,539
Public works	8,335,668	10,922,208
Health and welfare	6,944,616	6,947,264
Parks, recreation and cultural	3,946,163	3,713,029
Community development	1,473,827	1,348,846
Education	25,533,790	22,500,264
Interest and other fiscal charges	5,675,570	5,538,416
Total expenses	$ 73,551,731	$ 72,094,550
Increase in net position	$ 2,923,110	$ 3,395,776
Net position, July 1, restated	70,460,676	74,597,858
Net position, June 30	$ 73,383,786	$ 77,993,634

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.

The general fund is the chief operating fund of the County of Warren. At the end of FY 2017-2018, unassigned fund balance of the General Fund was $13,528,579, a decrease of $2,208,156 from FY 2016-2017. The general fund portion of the governmental fund balances totaled $13,558,129, or 36%. Just about one half, or 51%, consisted of $19,421,737 in funds committed by the Board of Supervisors to fund capital and other special projects. The School Bond Construction fund balance of $2,705,339 represents the 3rd largest component, or 7% of the total governmental fund balances.

The School Bond Construction fund reported a decrease of $8,692,903. The decrease in fund balance during FY 2017-2018 is a result of the County using bond proceeds received in a prior fiscal year to complete the building of its second middle school. The school was opened for the 2017-2018 school year. Note 14 further details the projects for which funds are committed.

The nonmajor funds reported a collective increase of $160,723. The majority of the increase is reported in the proffers fund ($269,304).

As of June 30, 2018, the governmental funds of County of Warren reported a combined fund balance of $37,740,704 (Exhibit 5), a decrease of $9,562,161 from last year. This change mainly resulted from educational cost.

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 2017-2018, there were miscellaneous capital items (various park projects and compactor/transfer station projects) to be funded from this unreserved fund balance which would reduce the fund balance by $1,010,000. During the course of the year, the Warren County School Board requested to use some of its surplus from prior years in the amount of $572,000. The total of these approved uses of fund balance totaled $1,582,000. Fund balance for the general fund was reduced by $2,208,918, which was $626,918 more than projected. This reduction was exacerbated by a $1 million change in the State Corporation Commission (SCC) assessment for a portion of the Dominion Power Plant pollution control equipment to exempt approximately $87.75 million in value. The County lost $570,399 for FY 2017-2018 and FY 2018-2019.

Capital Assets and Debt Administration

Capital Assets

The County of Warren's investment in capital assets for its governmental activities as of June 30, 2018 totaled $190,329,040 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Capital Assets and Debt Administration: (Continued)

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

	Governmental Activities	
	FY 2018	FY 2017
Land	$ 13,925,588	$ 13,914,501
Buildings and improvements	151,811,665	122,361,842
Machinery and equipment	2,405,796	2,080,729
Non-depreciable capital assets	387,070	387,070
Construction in progress	21,798,921	44,058,370
Total	$ 190,329,040	$ 182,802,512

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, 2018, the County of Warren had total bonds outstanding of $133,691,204. 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	
	FY 2018	FY 2017
General obligation and lease revenue bonds	$ 133,691,204	$ 139,295,634
Total	$ 133,691,204	$ 139,295,634

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 few years a number of large industrial projects have opened in the Route 340/522 Corridor of the County including:

Industrial Development Projects

Park/Company	Land Acquisition	Construction Investment	Jobs	Salary	Bldg Size	Total Investment
Stephens Park						
Atlantic Skyline	$ 975,000	$ 11,025,000	25	$ 50,000+	85,000SF	$ 12,000,000
Interbake	6,000,000	29,000,000	321	10.75/hr.+	199,210SF	35,000,000
Baugh SYSCO	5,732,456	41,638,624	327	11.55/hr.+	830,000SF	47,371,080
Toray		45,000,000	145	40,000+	48,000SF	45,000,000
Kelley Park						
LeHew LLC	858,000	6,642,000	0	n/a	200,000SF	7,500,000
KIP LLC	595,800	3,000,000	10	11.50/hr.+	50,000SF	3,595,800
Rapp Electric Co-Op	5,500,000	650,000	76	$ 50,000+	30,000SF	6,150,000
LeHew 14.1 Acres	1,514,500	4,000,000	110	n/a	30,000SF	5,514,500
Total	$ 21,175,756	$ 140,955,624	1014			$ 162,131,380

Source: County Administration

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 2016, an Aldi Grocery Store (17,918 SF) and an Urgent Care facility were completed in the Riverton Commons Shopping Center. The County has recently approved site plans for a Taco Bell and Valvoline auto care facility for the Riverton Commons Shopping Center. It is expected that construction on these facilities will commence by spring 2019.

In September 2017, the County, EDA, Crooked Run North, LLC, and North River Square, LLC entered into a public-private partnership to improve access to the west side of Route 340/522 immediately north of the Crooked Run Shopping Center. The project was completed in fall 2018 and added a southbound lane and right-turn lane into the sites, a northbound left turn lane for the crossover, and replaced the stormwater pipe under Route 340/522 just north of the Country Club Road intersection. The project allows for commercial access of the subject property, including an estimated five commercial pad sites.

Royal Farms received its occupancy permit from the County in July 2018 for a 5,166 SF – 16 fuel pump (8 two-sided) convenience store on the site adjacent to Wells Fargo.

The County is still working with the developer of Crooked Run on Phase II, which will necessitate the construction of a bridge structure and access road. This project is currently being designed by VDOT, and the County has received $10 million in VDOT revenue sharing funds to construct the project. It is contemplated to complete the project through the EDA as a public-private partnership. The developer is currently working to revise the concept plan to incorporate more of a mix of uses including high-density residential, workforce and senior housing, as well as commercial uses. It is anticipated that they will submit a revised plan to the County Planning Commission during early 2019.

Economic Factors and Next Year's Budgets and Rates: (Continued)

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. The housing construction market bottomed out in 2010 with 51 new home starts. Since that time the County has seen a steady increase each year to 181 starts in CY 2017. We anticipate that 2018, although close to the 2017 total, will mark the first year since 2010 where we have not seen a net increase in new starts. With a projected 36-unit workforce housing project, the County expects to exceed these totals in 2019.

After a 15-year remediation clean-up as an EPA Superfund site, approximately 147 acres of the former Avtex Fibers industrial site has been released for redevelopment as a clean, environmentally-friendly mixed use commercial park as the Royal Phoenix property, which is owned by EDA. EDA also sold 5.24 acres to the Town of Front Royal for a new police headquarters which will open in the first quarter of 2019.

Unemployment:

- The County's unemployment rate in September 2018 was 2.8% which was significantly improved over the 3.5% of September 2017. The rate of 2.8% was slightly lower than the unemployment rate of 3.5% for Virginia but significantly lower than the national average of 3.9% as of October 2017.

- The County added approximately 330 new jobs 2017.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities

The FY 2018-2019 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 (1.1%) than those of FY 2017-2018. The increase results mainly from an expected increase in real estate taxes due to the upcoming hiring of 4 additional school resource officers. The FY 2018-2019 budget was adopted with a real estate tax rate for calendar year 2018 of $0.66 per $100 of assessed value, which is an increase of $0.01. The $0.01 increase was designated for the hiring of 4 additional school resource officers and implementation of a career development program for the Sheriff's Office. In addition, the Machinery and Tools/Contract Carrier tax rates increased from $1.95 to $2.05 per $100 of assessed value. All other tax rates and fees for services impacting FY 2018-2019 revenue remained the same as the previous year.

Budgeted expenditures in the General Fund (excluding the local appropriation to the school fund) amounted to $51,615,839.

The General Fund budget also includes $1,711,586 for Enterprise Zone Grants. This amount includes the total estimated amount of real estate and machinery and tools taxes to be paid by qualifying businesses. The unused portion will be used by the County to fund school capital improvements, including debt service on the 2004 bonds.

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 Douglas P. Stanley, County Administrator, County of Warren, 220 N. Commerce Avenue, Front Royal, VA 22630.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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COUNTY OF WARREN, VIRGINIA **Exhibit 1**

Statement of Net Position
June 30, 2018

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Cash and cash equivalents	$ 29,044,014	$ 7,949,512
Investments in property	-	-
Receivables (net of allowance for uncollectibles):		
Taxes receivable	20,157,780	-
Accounts receivable	901,609	-
Notes receivable	-	-
Interest receivable	-	-
External parties	5,320	-
Due from component unit	3,251,856	-
Due from other governmental units	2,436,261	1,701,851
Prepaid items	29,550	-
Restricted assets:		
Cash and cash equivalents	5,901,495	-
Net pension asset	-	681,603
Capital assets (net of accumulated depreciation):		
Land	13,925,588	1,656,064
Non-depreciable assets	387,070	-
Buildings and improvements	149,342,136	13,380,256
Improvements other than buildings	2,469,529	-
Machinery and equipment	2,405,796	1,406,639
Construction in progress	21,798,921	-
Total assets	$ 252,056,925	$ 26,775,925
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	$ 4,214,466	$ -
Pension related items	1,146,660	5,683,909
OPEB related items	73,808	551,773
Total deferred outflows of resources	$ 5,434,934	$ 6,235,682
LIABILITIES		
Accounts payable	$ 2,858,387	$ 151,580
Accrued liabilities	-	4,878,432
Customers' deposits	9,084	-
Accrued interest payable	1,131,401	-
Due to other funds	320	-
Due to primary government	-	3,251,856
Unearned revenue	3,626	-
Long-term liabilities:		
Due within one year	7,265,295	158,830
Due in more than one year	155,413,180	56,495,172
Total liabilities	$ 166,681,293	$ 64,935,870
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	$ 16,340,734	$ -
Pension related items	993,046	6,361,116
OPEB related items	93,000	340,000
Total deferred inflows of resources	$ 17,426,780	$ 6,701,116
NET POSITION		
Net investment in capital assets	$ 46,396,078	$ 16,442,959
Restricted:		
Public safety	73,069	-
Proffers	1,295,318	-
Unrestricted	25,619,321	(55,068,338)
Total net position	$ 73,383,786	$ (38,625,379)

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, 2018

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 3,897,066	$ 180,987	$ 322,176	$ -
Judicial administration	2,495,716	226,015	753,891	-
Public safety	15,249,315	1,104,443	2,242,474	42,922
Public works	8,335,668	1,148,332	50,101	1,139,883
Health and welfare	6,944,616	-	3,798,569	-
Education	25,533,790	-	-	-
Parks, recreation, and cultural	3,946,163	411,263	15,552	2,284
Community development	1,473,827	214,604	96,508	252,443
Interest and other fiscal charges on long-term debt	5,675,570	-	-	-
Total governmental activities	$ 73,551,731	$ 3,285,644	$ 7,279,271	$ 1,437,532
Total primary government	$ 73,551,731	$ 3,285,644	$ 7,279,271	$ 1,437,532
COMPONENT UNITS:				
School Board	$ 57,026,906	$ 1,552,263	$ 33,014,204	$ 302,614
Total component units	$ 57,026,906	$ 1,552,263	$ 33,014,204	$ 302,614

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
- Payment from Warren County
- Grants and contributions not restricted to specific programs
- Gain on disposal of assets

Total general revenues
Change in net position
Net position - beginning, restated
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	School Board
$ (3,393,903)	
(1,515,810)	
(11,859,476)	
(5,997,352)	
(3,146,047)	
(25,533,790)	
(3,517,064)	
(910,272)	
(5,675,570)	
$ (61,549,284)	
	$ (22,157,825)
	$ (22,157,825)
$ 49,130,661	$ -
3,785,913	-
728,834	-
811,476	-
867,611	-
947,737	-
853,421	-
489,390	33,865
1,229,050	248,362
-	22,397,654
5,628,301	-
-	-
$ 64,472,394	$ 22,679,881
$ 2,923,110	$ 522,056
70,460,676	(39,147,435)
$ 73,383,786	$ (38,625,379)

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Fund Financial Statements

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Balance Sheet
Governmental Funds
June 30, 2018

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 9,596,179	$ 19,421,737	$ -	$ -	$ 29,017,916
Receivables (net of allowance for uncollectibles):					
Taxes receivable	18,542,489	-	-	1,615,291	20,157,780
Accounts receivable	901,609	-	-	-	901,609
External parties	5,000	-	-	-	5,000
Due from other funds	320	-	-	-	320
Due from component unit	3,251,856	-	-	-	3,251,856
Due from other governmental units	2,436,261	-	-	-	2,436,261
Prepaid items	29,550	-	-	-	29,550
Restricted assets:					
Cash and cash equivalents	-	-	3,797,058	2,104,437	5,901,495
Total assets	$ 34,763,264	$ 19,421,737	$ 3,797,058	$ 3,719,728	$ 61,701,787
LIABILITIES					
Accounts payable	$ 1,732,791	$ -	$ 1,091,719	$ 33,878	$ 2,858,388
Customers' deposits	9,084	-	-	-	9,084
Due to other funds	-	-	-	320	320
Unearned revenue	3,626	-	-	-	3,626
Total liabilities	$ 1,745,501	$ -	$ 1,091,719	$ 34,198	$ 2,871,418
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	$ 19,459,634	$ -	$ -	$ 1,630,031	$ 21,089,665
Total deferred inflows of resources	$ 19,459,634	$ -	$ -	$ 1,630,031	$ 21,089,665
FUND BALANCES					
Nonspendable:					
Prepaid items	$ 29,550	$ -	$ -	$ -	$ 29,550
Restricted:					
Construction	-	-	2,705,339	1,295,318	4,000,657
Public safety	-	-	-	73,069	73,069
Committed:					
Capital improvements (Note 14)	-	19,421,737	-	-	19,421,737
Sanitary districts - roads, etc.	-	-	-	687,112	687,112
Unassigned	13,528,579	-	-	-	13,528,579
Total fund balances	$ 13,558,129	$ 19,421,737	$ 2,705,339	$ 2,055,499	$ 37,740,704
Total liabilities, deferred inflows of resources and fund balances	$ 34,763,264	$ 19,421,737	$ 3,797,058	$ 3,719,728	$ 61,701,787

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, 2018

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 37,740,704
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	$ 228,340,780	
Accumulated depreciation	(38,011,740)	190,329,040
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable property taxes		4,748,932
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	$ 4,214,466	
Deferred outflows - pension related	1,146,660	
Deferred outflows - OPEB related	73,808	5,434,934
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred inflows - pension related	$ (993,046)	
Deferred inflows - OPEB related	(93,000)	(1,086,046)
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.		26,098
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	$ (133,691,204)	
Issuance premium	(10,159,588)	
Accrued interest payable	(1,131,401)	
Line of credit	(6,501,558)	
Capital lease obligations	(770,417)	
Compensated absences	(1,342,164)	
Landfill closure & postclosure liability	(636,579)	
Net pension liability	(2,486,665)	
Net OPEB liabilities	(7,090,300)	(163,809,876)
Net position of governmental activities		$ 73,383,786

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, 2018

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	$ 47,134,561	$ -	$ -	$ 1,873,082	$ 49,007,643
Other local taxes	7,994,992	-	-	-	7,994,992
Permits, privilege fees, and regulatory licenses	497,776	-	-	-	497,776
Fines and forfeitures	85,029	-	-	-	85,029
Revenue from the use of money and property	404,890	-	84,500	-	489,390
Charges for services	2,702,838	-	-	-	2,702,838
Miscellaneous	677,741	-	-	551,308	1,229,049
Recovered costs	193,809	-	-	-	193,809
Intergovernmental:					
Local government	149,175	-	-	-	149,175
Commonwealth	11,918,846	-	-	8,921	11,927,767
Federal	2,268,163	-	-	-	2,268,163
Total revenues	$ 74,027,820	$ -	$ 84,500	$ 2,433,311	$ 76,545,631
EXPENDITURES					
Current:					
General government administration	$ 3,239,276	$ -	$ -	$ -	$ 3,239,276
Judicial administration	2,418,499	-	-	-	2,418,499
Public safety	15,019,616	-	-	12,321	15,031,937
Public works	4,866,385	-	-	1,520,728	6,387,113
Health and welfare	6,730,444	-	-	-	6,730,444
Education	23,037,768	-	-	-	23,037,768
Parks, recreation, and cultural	3,549,814	-	-	-	3,549,814
Community development	953,282	-	-	-	953,282
Nondepartmental	511,636	-	-	-	511,636
Capital projects	5,947,210	-	8,777,403	-	14,724,613
Debt service:					
Principal retirement	5,831,999	-	-	30,000	5,861,999
Interest and other fiscal charges	5,875,465	-	-	6,690	5,882,155
Total expenditures	$ 77,981,394	$ -	$ 8,777,403	$ 1,569,739	$ 88,328,536
Excess (deficiency) of revenues over (under) expenditures	$ (3,953,574)	$ -	$ (8,692,903)	$ 863,572	$ (11,782,905)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 1,482,265	$ 2,536,313	$ -	$ 93,859	$ 4,112,437
Transfers out	(1,956,309)	(1,357,376)	-	(796,708)	(4,110,393)
Issuance of line of credit	2,218,700	-	-	-	2,218,700
Total other financing sources (uses)	$ 1,744,656	$ 1,178,937	$ -	$ (702,849)	$ 2,220,744
Net change in fund balances	$ (2,208,918)	$ 1,178,937	$ (8,692,903)	$ 160,723	$ (9,562,161)
Fund balances - beginning	15,767,047	18,242,800	11,398,242	1,894,776	47,302,865
Fund balances - ending	$ 13,558,129	$ 19,421,737	$ 2,705,339	$ 2,055,499	$ 37,740,704

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, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (9,562,161)
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	$ 12,077,040	
Depreciation expense	(4,550,512)	7,526,528
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		123,017
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	$ (11,256)	
Issuance of line of credit	(2,218,700)	
Increase (decrease) in deferred amount on refunding	(313,239)	
Principal payments	6,088,999	3,545,804
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	$ 73,482	
(Increase) decrease in net OPEB liabilities	(174,900)	
(Increase) decrease in net pension liability	1,701,531	
Increase (decrease) in deferred outflows/inflows related to measurement of net pension liability	(1,127,512)	
Increase (decrease) in deferred outflows/inflows related to measurement of net OPEB liabilities	(71,192)	
Bond premium amortization	824,400	
(Increase) decrease in compensated absences	67,113	1,292,922
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		(3,000)
Change in net position of governmental activities		$ 2,923,110

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

Statement of Net Position
Internal Service Fund
June 30, 2018

	Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 26,098
Total assets	$ 26,098
NET POSITION	
Unrestricted	$ 26,098
Total net position	$ 26,098

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

COUNTY OF WARREN, VIRGINIA **Exhibit 8**

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
For the Year Ended June 30, 2018

	Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	$ -
Total operating revenues	$ -
OPERATING EXPENSES	
Insurance claims and expenses	$ 3,000
Total operating expenses	$ 3,000
Operating income (loss)	$ (3,000)
Income before transfers	$ (3,000)
Change in net position	$ (3,000)
Total net position - beginning	29,098
Total net position - ending	$ 26,098

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

COUNTY OF WARREN, VIRGINIA **Exhibit 9**

Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2018

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for claims	$	(3,000)
Net cash provided by (used for) operating activities	$	(3,000)
Net increase (decrease) in cash and cash equivalents	$	(3,000)
Cash and cash equivalents - beginning		29,098
Cash and cash equivalents - ending	$	26,098
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(3,000)
Net cash provided by (used for) operating activities	$	(3,000)

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 245,060	$ 477,555
Due from other governmental units	-	837,877
Total assets	$ 245,060	$ 1,315,432
LIABILITIES		
Accounts payable	$ -	$ 36,609
Amounts held for social services clients	-	19,459
Due to general fund	-	680,359
Due to other governmental units	-	162,518
Amounts held for others	-	416,487
Total liabilities	$ -	$ 1,315,432
NET POSITION		
Held in trust for scholarships	$ 245,060	

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

COUNTY OF WARREN, VIRGINIA **Exhibit 11**

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

		Private-Purpose Trust
ADDITIONS		
Revenue from the use of money	$	404
Miscellaneous		6,522
Total additions	$	6,926
DEDUCTIONS		
Scholarships	$	7,000
Total deductions	$	7,000
Change in net position	$	(74)
Net position - beginning		245,134
Net position - ending	$	245,060

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

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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, 2018 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 - GASB Statement No. 34 requires the financial statements 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. Under the GASB 34 reporting model, 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 Agency Funds)** – account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include private purpose trust and agency funds. Private purpose trust funds utilize the accrual basis of accounting as described in the proprietary funds presentation. Agency funds utilize the accrual basis of accounting described in the governmental fund presentation. Fiduciary 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 agency 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 and Skyline Regional Criminal Justice Training Academy.

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.

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: (Reference Exhibit 12):

   - Emergency services
   - Various capital projects
   - Sheriff
   - Air show
   - Cost recovery

   Additionally the following major and Component Unit funds reported actual expenditures in excess of appropriations:

   - School bond construction
   - Cafeteria fund

E. Cash and Cash Equivalents

The County's cash and cash equivalents consist of demand deposits and certificates of deposits with an initial maturity date of less than three months.

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

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 $1,496,017 at June 30, 2018.

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, 2018, leave liabilities of the County amounted to $798,733 of outstanding vacation accruals, $379,819 of outstanding compensatory time and $163,612 of outstanding sick accruals, representing a net decrease of $67,113. At June 30, 2018, leave liabilities of the Schools amounted to $855,556 of outstanding vacation accruals, $307,081 of personal leave time and $425,665 of outstanding sick accruals, representing a net increase of $58,171.

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 Equity

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

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

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

N. Net Position Flow Assumption

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.

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

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County'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.

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

Q. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. 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.

S. Restricted Assets

The County reports restricted assets (cash) in the amount of $5,901,495 (Exhibit 1). The cash is restricted for specific capital projects as a result of proffers received, unspent bond proceeds for construction and for public safety.

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 the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, 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, 2018 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	$ 380,283	$ -	$ -	$ -	$ -
State Non-Arbitrage Program	3,779,038	-	-	-	-
Fixed Income - Municipal/Public Bonds	-	946,777	1,659,204	431,439	204,845
Fixed Income - U.S. Agency Securities	-	-	3,962,738	-	-
Fixed Income - U.S. Treasury Notes	-	-	3,647,548	-	-
Total	$ 4,159,321	$ 946,777	$ 9,269,490	$ 431,439	$ 204,845

Interest Rate Risk

Investment Type	Fair Value	Investment Maturity* Less than 1	1 -5 Years	5 - 10 Years
U.S. Government Money Market Fund	$ 380,283	$ 380,283	$ -	$ -
State Non-Arbitrage Program	3,779,038	3,779,038	-	-
Fixed Income - U.S. Treasury Notes	3,647,548	796,588	2,850,960	-
Fixed Income - Municipal/Public Bonds	3,242,265	1,221,345	2,020,920	-
Fixed Income - U.S. Agency Securities	3,962,738	808,525	3,154,213	-
Total investments	$ 15,011,872	$ 6,985,779	$ 8,026,093	$ -

* Weighted average maturity in years.

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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 under the provisions of GASB Statement No. 79. 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.

The County reports the following information related to its investments:

		Fair Value Measurements at Reporting Date Using		
	Total June 30, 2018	**Quoted Prices in Active Markets for Identical Assets**	**Significant Other Observable Inputs**	**Significant Unobservable Inputs**
		(Level 1)	(Level 2)	(Level 3)
U.S. Government Money Market Fund	$ 380,283	$ 380,283	$ -	$ -
Fixed Income - Municipal/Public Bonds	3,242,265	3,242,265	-	-
Fixed Income - U.S. Agency Securities	3,962,738	3,962,738	-	-
Fixed Income - U.S. Treasury Notes	3,647,548	3,647,548	-	-
Total	$ 11,232,834	$ 11,232,834	$ -	$ -

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2018 were as follows:

Fund	Interfund receivable	Interfund payable
Major funds:		
General	$ 5,320	$ -
Nonmajor governmental funds:		
Sanitary districts	-	320
Agency funds:		
Flexible spending fund	-	5,000
Total	$ 5,320	$ 5,320

Interfund receivables and payables represent obligations between funds.

Interfund transfers for the year ended June 30, 2018 were as follows:

Fund	Transfer In	Transfer Out
Major governmental funds:		
General	$ 1,482,265	$ 1,956,309
Special projects	2,536,313	1,357,376
School operating fund	-	1,491,533
School cafeteria fund	1,491,533	-
Nonmajor governmental funds:		
Proffers	-	151,528
Sanitary districts	93,859	645,180
Agency funds:		
North Warren Volunteer Fire Department	-	1,243
South Warren Volunteer Fire Department	-	280
Shenandoah Farms Volunteer Fire Department	-	521
Total	$ 5,603,970	$ 5,603,970

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, 2018, were as follows:

	Due From	Due To
Primary government:		
General	$ -	$ 3,251,856
Component units:		
Warren County School Board	$ 3,251,856	$ -

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

Contributions from the Primary Government to the School Board Component Unit for school operations for the year ended June 30, 2018 were as follows:

	Contributions To	Contributions From
Primary government:		
General	$ -	$ 23,002,712
School Board component unit:		
School operating fund	22,562,712	-
School capital improvements fund	290,000	-
School textbook fund	150,000	-
	$ 23,002,712	$ 23,002,712

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from/to other governmental units are as follows at June 30, 2018:

	Primary Government	Component Unit
	General Fund	School Board
Commonwealth of Virginia:		
Virginia Public Assistance funds	$ 91,573	$ -
Local sales tax	675,359	-
State sales tax	-	806,556
Shared expenses - constitutional officers	288,139	-
Recordation tax refunds	36,151	-
Miscellaneous grants	144,881	-
Comprehensive services act	249,109	-
Rolling stock	50,228	-
VDOT Revenue Sharing	362,849	-
VA Dept. Conservation and Recreation grant	100,769	-
Communication tax	130,772	-
Federal Government:		
Virginia Public Assistance funds	160,907	-
Crime victim assistance grant	16,343	-
Bulletproof vest partnership	3,390	-
Airport improvement grant	125,791	-
School operating fund grants	-	895,295
Total due from other governmental units	$ 2,436,261	$ 1,701,851

NOTE 6—CAPITAL ASSETS:

Primary Government

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 13,914,501	$ 11,087	$ -	$ 13,925,588
Construction in progress	44,058,370	10,871,538	33,130,987	21,798,921
Other non-depreciable assets	387,070	-	-	387,070
Total capital assets not being depreciated	$ 58,359,941	$ 10,882,625	$ 33,130,987	$ 36,111,579
Capital assets being depreciated:				
Buildings and improvements	$ 145,696,873	$ 33,122,517	$ -	$ 178,819,390
Improvements other than buildings	3,340,385	296,645	-	3,637,030
Machinery, equipment and vehicles	8,866,541	906,240	-	9,772,781
Total capital assets being depreciated	$ 157,903,799	$ 34,325,402	$ -	$ 192,229,201
Less: accumulated depreciation:				
Buildings and improvements	$ 25,689,766	$ 3,787,488	$ -	$ 29,477,254
Improvements other than buildings	985,650	181,851	-	1,167,501
Machinery, equipment and vehicles	6,785,812	581,173	-	7,366,985
Total accumulated depreciation	$ 33,461,228	$ 4,550,512	$ -	$ 38,011,740
Net capital assets governmental activities	$ 182,802,512	$ 40,657,515	$ 33,130,987	$ 190,329,040

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit—School Board

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 1,656,064	$ -	$ -	$ 1,656,064
Total capital assets not being depreciated	$ 1,656,064	$ -	$ -	$ 1,656,064
Capital assets being depreciated:				
Buildings and improvements	$ 24,841,639	$ -	$ -	$ 24,841,639
Machinery, equipment and vehicles	8,327,272	218,706	-	8,545,978
Total capital assets being depreciated	$ 33,168,911	$ 218,706	$ -	$ 33,387,617
Less: accumulated depreciation:				
Buildings and improvements	$ 11,002,244	$ 459,139	$ -	$ 11,461,383
Machinery, equipment and vehicles	6,715,778	423,561	-	7,139,339
Total accumulated depreciation	$ 17,718,022	$ 882,700	$ -	$ 18,600,722
Net capital assets component unit school board	$ 17,106,953	$ (663,994)	$ -	$ 16,442,959

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, 2018, is that school financed assets in the net amount of $133,692,741 are reported in the Primary Government for financial reporting purposes.

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government administration	$ 231,374
Judicial administration	95,331
Public safety	645,766
Public works	154,329
Health and welfare	341,950
Education	2,694,375
Parks, recreation and cultural	107,143
Community Development	280,244
Total Governmental activities	$ 4,550,512
Component Unit School Board	$ 882,700

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, 2018.

	Balance July 1, 2017 *	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities Obligations:					
Primary Government:					
General obligation bonds	$ 50,029,634	$ -	$ 1,977,430	$ 48,052,204	$ 2,046,398
Lease revenue bonds	80,575,000	-	3,670,000	76,905,000	3,795,000
Revenue bonds	8,991,000	-	257,000	8,734,000	288,000
Line of credit	4,282,858	2,218,700	-	6,501,558	-
Compensated absences	1,409,277	559,239	626,352	1,342,164	134,280
Net OPEB liabilities	6,915,400	480,100	305,200	7,090,300	-
Net pension liability	4,188,196	3,564,312	5,265,843	2,486,665	-
Landfill postclosure costs	625,323	11,256	-	636,579	-
Capital leases	954,986	-	184,569	770,417	188,479
Totals	$ 157,971,674	$ 6,833,607	$ 12,286,394	$ 152,518,887	$ 6,452,157
Premium on bonds	$ 10,983,988	$ -	$ 824,400	$ 10,159,588	$ 813,138
Total for financial statement presentation - Primary Government	$ 168,955,662	$ 6,833,607	$ 13,110,794	$ 162,678,475	$ 7,265,295
Component Unit - School Board:					
Compensated absences	$ 1,530,131	$ 1,027,779	$ 969,608	$ 1,588,302	$ 158,830
Net pension liability	51,414,000	7,150,000	13,447,000	45,117,000	-
Net OPEB liabilities	10,201,800	693,600	946,700	9,948,700	-
Total School Board	$ 63,145,931	$ 8,871,379	$ 15,363,308	$ 56,654,002	$ 158,830

* The net OPEB liabilities balance as of July 1, 2017 was restated resulting from the implementation of GASB Statement No. 75. Additionally, the line of credit balance was adjusted as of July 1, 2017.

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.

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit–School Board (Continued)

Details of the primary government's debt at June 30, 2018 are as follows:

	Amount Outstanding
General obligation bonds:	
$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.	$ 6,851,704
$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.	1,610,500
$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.	39,590,000
Total general obligation bonds	$ 48,052,204
Lease Revenue Bonds:	
$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.	$ 34,380,000
$31,300,000 lease revenue refunding bonds Series 2012A, issued June 13, 2012, payable in variable amounts; with variable interest rates of 4.524% to 5.125%, through April 1, 2035. The bonds were issued to partially refund the Series 2004B lease revenue bonds for an economic gain of $2,342,981.	31,300,000
$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.	5,310,000

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit–School Board (Continued)

Details of the primary government's debt at June 30, 2018 are as follows: (Continued)

	Amount Outstanding
Lease Revenue Bonds: (Continued)	
$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.	$ 5,915,000
Total lease revenue bonds	$ 76,905,000
Revenue Bonds:	
$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.	$ 8,464,000
$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.	270,000
Total revenue bonds	$ 8,734,000
Line of Credit:	
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.	$ 6,501,558

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

Year Ending June 30,	County Obligations			
	Bonds Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2019	$ 6,129,398	$ 5,723,080	$ 188,479	$ 20,883
2020	6,363,174	5,478,384	115,567	17,064
2021	6,492,880	5,213,515	106,890	13,926
2022	6,734,748	4,929,862	110,045	12,772
2023	7,028,802	4,627,298	113,293	7,524
2024-2028	39,218,202	17,806,392	136,143	8,443
2029-2033	33,684,000	9,630,897	-	-
2034-2038	22,905,000	2,912,059	-	-
2039-2040	5,135,000	207,500	-	-
Total	$ 133,691,204	$ 56,528,987	$ 770,417	$ 80,612

NOTE 8—CAPITAL LEASES:

Primary Government and Component Unit–School Board

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.

The future minimum lease obligations and the net present value of minimum lease payments at June 30, 2018 were as follows:

Year Ended June 30,	Governmental Activities
2019	$ 209,362
2020	132,631
2021	120,817
2022	122,817
2023	120,817
2024	48,195
2025	48,195
2026	48,195
Total minimum lease payments	$ 851,029
Less: amount representing interest	80,612
Present value of minimum lease payments	$ 770,417

The capital lease agreements outstanding at June 30, 2018 represented capital assets as follows:

Asset(s) Description	Cost	Accumulated Depreciation	Book Value
Equipment	$ 1,216,984	$ 434,299	$ 782,685
Building and improvements	419,096	67,055	352,041
Total	$ 1,636,080	$ 501,354	$ 1,134,726

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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 (Cont.)	**About Plan 2 (Cont.)**	**About the Hybrid Retirement Plan (Cont.)** • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election (Cont.)** Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	***Non-Eligible Members (Cont.)** Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contribution Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contribution Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contribution Component: (Cont.)** • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component 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. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates: (Cont.)** • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates: (Cont.)**	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates: (Cont.)**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

NOTE 9—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage (Cont.)	**Disability Coverage (Cont.)**	**Disability Coverage (Cont.)** Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report-pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	113	89
Inactive members:		
Vested inactive members	40	36
Non-vested inactive members	50	95
Inactive members active elsewhere in VRS	122	37
Total inactive members	212	168
Active members	229	106
Total covered employees	554	363

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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required employer contribution rate for the year ended June 30, 2018 was 9.02% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 $957,477 and $909,186 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 4.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

NOTE 9—PENSION PLAN: (CONTINUED)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $81,242 and $93,424 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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, 2016, 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, 2017.

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

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% 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.

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

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

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

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

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

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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

Mortality rates:

Largest 10 – Hazardous Duty: 70% 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.

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.

NOTE 9—PENSION PLAN: (CONTINUED)

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

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

Largest 10 – 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

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

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

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

Discount Rate

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

NOTE 9—PENSION PLAN: (CONTINUED)

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, 2016	$ 39,699,976	$ 35,511,780	$ 4,188,196
Changes for the year:			
Service cost	$ 1,198,533	$ -	$ 1,198,533
Interest	2,710,955	-	2,710,955
Differences between expected and actual experience	264,255	-	264,255
Assumption changes	(158,008)	-	(158,008)
Contributions - employer	-	911,215	(911,215)
Contributions - employee	-	528,537	(528,537)
Net investment income	-	4,306,187	(4,306,187)
Benefit payments, including refunds	(1,944,095)	(1,944,095)	-
Administrative expenses	-	(24,834)	24,834
Other changes	-	(3,839)	3,839
Net changes	$ 2,071,640	$ 3,773,171	$ (1,701,531)
Balances at June 30, 2017	$ 41,771,616	$ 39,284,951	$ 2,486,665

NOTE 9—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset) (Continued)

	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, 2016	$ 8,951,256	$ 9,015,265	$ (64,009)
Changes for the year:			
Service cost	$ 196,224	$ -	$ 196,224
Interest	607,042	-	607,042
Benefit changes	-	-	-
Differences between expected and actual experience	(173,660)	-	(173,660)
Assumption changes	(2,908)	-	(2,908)
Contributions - employer	-	82,987	(82,987)
Contributions - employee	-	91,718	(91,718)
Net investment income	-	1,077,002	(1,077,002)
Benefit payments, including refunds	(558,464)	(558,464)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(6,467)	6,467
Other changes	-	(948)	948
Net changes	$ 68,234	$ 685,828	$ (617,594)
Balances at June 30, 2017	$ 9,019,490	$ 9,701,093	$ (681,603)

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

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County Net Pension Liability (Asset)	$ 8,151,030	$ 2,486,665	$ (2,181,629)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	292,944	(681,603)	(1,505,202)

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, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of $385,487 and $(172,021), respectively. At June 30, 2018, 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	$ 189,183	$ 322,028	$ 662	$ 135,306
Change in assumptions	-	113,119	-	1,439
Net difference between projected and actual earnings on pension plan investments	-	557,899	-	132,371
Employer contributions subsequent to the measurement date	957,477	-	81,242	-
Total	$ 1,146,660	$ 993,046	$ 81,904	$ 269,116

$957,477 and $81,242 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, 2019. 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)
2019	$ (556,967)	$ (226,905)
2020	107,403	46,516
2021	13,503	3,860
2022	(367,802)	(91,925)
2023	-	-
Thereafter	-	-

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found 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, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. 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 $4,798,005 and $4,624,709 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of $45,117,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was .36687% as compared to .36687% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized pension expense of $2,975,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,194,000
Change in assumptions	658,000	-
Net difference between projected and actual earnings on pension plan investments	-	1,639,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	146,000	1,259,000
Employer contributions subsequent to the measurement date	4,798,005	-
Total	$ 5,602,005	$ 6,092,000

$4,798,005 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, 2019. 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	
2019	$ (2,126,000)
2020	(527,000)
2021	(880,000)
2022	(1,592,000)
2023	(163,000)

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, 2016, 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, 2017.

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

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

Mortality rates:

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

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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

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, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability (Asset)	$	12,297,975
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

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.

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 67,375,000	$ 45,117,000	$ 26,705,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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. Deferred inflows of resources 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.

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

Primary Government - Deferred Inflows of Resources		
General fund:		
Delinquent taxes not collected within 60 days	$	4,107,206
Prepaid property taxes - property taxes paid in advance		1,854,250
2nd half property tax assessments		13,498,178
Sanitary districts fund:		
Delinquent taxes not collected within 60 days		641,726
Prepaid property taxes - property taxes paid in advance		41,549
2nd half property tax assessments		946,756
Total deferred inflows of resources – governmental funds (Exhibit 3)	$	21,089,665
Primary Government - Unearned Revenue		
Unearned grant revenue:		
General fund	$	3,626
Total unearned revenue - governmental funds (Exhibit 3)	$	3,626

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.

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 $636,579 reported as landfill closure care, postclosure care and corrective action liability at June 30, 2018, 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 $8,833, $363,785 and $263,961, respectively. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2018. 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 through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with 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:

		Amount
VA Department of General Services:		
Daryl L. Funk, Clerk of the Circuit Court	$	400,000
Wanda Bryant, Treasurer		400,000
Sherry T. Sours, Commissioner of the Revenue		3,000
Daniel T. McEathron, 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:		
Greg Drescher, Superintendent, Deputy Clerk of the School Board		10,000
Robert H. Ballentine, Finance Director, Clerk of the School Board		10,000

NOTE 14—COMMITTED FUND BALANCE–SPECIAL PROJECTS FUND:

		Amount
Permanent Reserves (Twice-a-year billing)	$	4,050,869
School Capital Improvements		1,769,318
Enterprise Zone Set Aside (School Capital Improvements)		538,281
RSW Regional Jail		248,921
Ressie Jeffries Renovation Project		3,780,664
Sanitary Districts		1,667,004
VDOT (Revenue Sharing)		377,774
Dominion Reserve (Water Payment)		630,000
Landfill		108,279
Miscellaneous		1,668,799
Parks & Recreation		466,367
Police, Fire and Rescue		1,165,761
Solid Waste		1,504,630
Elections		115,123
Social Services		77,333
Buildings & Grounds - Improvements		271,098
Reassessment		108,179
Vehicles		85,698
Gypsy Moth Program		94,538
Circuit Court		79,135
Planning		65,448
Rental of Property-HHSC		161,680
Septage Receiving Facility		246,163
Tourism		110,666
Juvenile Detention Facility		30,009
Total Special Projects Fund	$	19,421,737

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.

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.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Plan Description (Continued)

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.

Plan Membership

At July 1, 2017 (measurement date), the following employees were covered by the benefit terms:

	County	School Board
Total active employees with coverage	164	727
Total inactive emploiyees or retirees with coverage	11	19
Total	175	746

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.

Total OPEB Liability

The County and School Board's total OPEB liabilities were measured as of July 1, 2017. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2017.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

County and School Board	
Salary Increases	Increases of 2.5%
Discount Rate	3.56% as of June 30, 2017

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-2017.

Discount Rate

The discount rate represents the Municipal GO AA 20-year yield curve rate as of June 30, 2017. The final equivalent single discount rate used for this year's valuation is 3.56% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution on a pay-as-you-go basis.

Changes in Total OPEB Liability

	Primary Government-County Total OPEB Liability	Component Unit-School Board Total OPEB Liability
Balances at June 30, 2017	$ 5,959,400	$ 2,636,800
Changes for the year:		
Service cost	233,500	167,000
Interest	217,600	97,600
Benefit payments	(160,200)	(126,700)
Net changes	290,900	137,900
Balances at June 30, 2018	$ 6,250,300	$ 2,774,700

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current discount rate:

County Rate			School Board Rate		
1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
$ 6,978,200	$ 6,250,300	$ 5,603,900	$ 3,036,400	$ 2,774,700	$ 2,536,900

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 (-1.00%) or one percentage point higher (1.00%) than the current healthcare cost trend rate used of 0.00%:

County Rates			School Board Rates		
1% Decrease (-1.00%)	Healthcare Cost Trend (0.00%)	1% Increase (1.00%)	1% Decrease (-1.00%)	Healthcare Cost Trend (0.00%)	1% Increase (1.00%)
$ 5,391,600	$ 6,250,300	$ 7,285,300	$ 2,428,100	$ 2,774,700	$ 3,188,900

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

For the year ended June 30, 2018, the County and School Board recognized OPEB expense in the amount of $451,100 and $246,600, respectively. At June 30, 2018, the County and School Board did not have deferred outflows of resources and deferred inflows of resources related to OPEB.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance:

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program 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 Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts
The benefits payable under the Group Life Insurance Program have several components.
• **Natural Death Benefit** - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
• **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
• **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  o Accidental dismemberment benefit
  o Safety belt benefit
  o Repatriation benefit
  o Felonious assault benefit
  o Accelerated death benefit option

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program 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.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

Contributions

The contribution requirements for the Group Life Insurance Program 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 Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 Program from the County were $56,808 and $53,517 for the years ended June 30, 2018 and June 30, 2017, respectively and $166,395 ($156,196 professional and $10,199 nonprofessional) and $160,927 ($150,599 professional and $10,328 nonprofessional) from the School Board.

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 Program OPEB

At June 30, 2018, the County reported a liability of $840,000, School Board-Professional employees $2,363,000 and the School Board Nonprofessional employees $162,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered 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 Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion for the County was .05580% as compared to .05467% at June 30, 2016. At June 30, 2017, the participating employer's proportion for the School Board-Professional was .15701% as compared to .15576% at June 30, 2016. The employer's proportion for the School-Nonprofessional employees was .01077% as compared to .01067% at June 30, 2016.

For the year ended June 30, 2018, the County, School Board-Professional employees and School Board-Nonprofessional employees recognized GLI OPEB expense of $12,000, $29,000 and $4,000. 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, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 18,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	32,000
Change in assumptions	-	43,000
Changes in proportion	17,000	-
Employer contributions subsequent to the measurement date	56,808	-
Total	$ 73,808	$ 93,000

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 Program OPEB (Continued)

School Board - Professional:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 52,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	89,000
Change in assumptions	-	122,000
Changes in proportion	19,000	-
Employer contributions subsequent to the measurement date	156,196	-
Total	$ 175,196	$ 263,000

School Board - Nonprofessional:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,000
Change in assumptions	-	8,000
Employer contributions subsequent to the measurement date	10,199	-
Total	$ 10,199	$ 18,000

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 Program OPEB (Continued)

$56,808, $156,196 and $10,199 (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, 2019. 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:

		School Board	
Year Ended June 30	**County**	**Professional**	**Nonprofessional**
2019	$ (16,000)	$ (51,000)	$ (4,000)
2020	(16,000)	(51,000)	(4,000)
2021	(16,000)	(51,000)	(4,000)
2022	(16,000)	(51,000)	(4,000)
2023	(8,000)	(29,000)	(2,000)
Thereafter	(4,000)	(11,000)	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – General State Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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
Line of Duty Disability	Increased rate from 14% to 25%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – SPORS Employees

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – VaLORS Employees

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – JRS Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

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

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

Mortality Rates – 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.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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.

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program 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, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	$	1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

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.

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:

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 1,086,000	$ 840,000	$ 640,000
School Board - Professional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 3,056,000	$ 2,363,000	$ 1,801,000
School Board - Nonprofessional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 209,000	$ 162,000	$ 123,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. 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 health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts
 	
The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:
• **At Retirement** – 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.
• **Disability Retirement** – 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:
  o $4.00 per month, multiplied by twice the amount of service credit, or
  o $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Health Insurance Credit Program Notes: • The monthly Health Insurance Credit 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 health insurance credit as a retiree.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 Program were $366,378 and $321,046 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of $4,649,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .36649% as compared to .36684% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $377,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	$ -	$ 8,000
Change in assumptions	-	48,000
Change in proportion	-	3,000
Employer contributions subsequent to the measurement date	366,378	-
Total	$ 366,378	$ 59,000

$366,378 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, 2019. 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:

Year Ended June 30	
2019	$ (10,000)
2020	(10,000)
2021	(10,000)
2022	(9,000)
2023	(7,000)
Thereafter	(13,000)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions (Continued)

Mortality Rates – Teachers (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program 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, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,364,702
Plan Fiduciary Net Position		96,091
Teacher Employee net HIC OPEB Liability (Asset)	$	1,268,611
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		7.04%

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.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Program (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 Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	**Current Discount**	**1% Increase**
	(6.00%)	**(7.00%)**	**(8.00%)**
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 5,189,000	$ 4,649,000	$ 4,191,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 17—UPCOMING PRONOUNCEMENTS:

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

NOTE 17—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

NOTE 18—ADOPTION OF ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION:

The County and School Board implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County and School Board implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in a restatement of net position in the amount of $3,250,100 and $8,558,100 by the County and School Board, respectively as reported below.

The County has also restated net position as of July 1, 2017 to record the County's obligation to repay an outstanding line of credit obtained to finance various projects. The restatement of net position in the amount of $4,282,858 is reported below.

	County	School Board
Net Position as reported at July 1, 2017	$ 77,993,634	$ (30,589,335)
Implementation of GASB Statement No. 75/85	(3,250,100)	(8,558,100)
Line of credit	(4,282,858)	-
Net Position as restated at July 1, 2017	$ 70,460,676	$ (39,147,435)

NOTE 19—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 20—SUBSEQUENT EVENTS:

On April 24, 2019 the County issued Lease Revenue Bonds, Series 2019, in the amount of $11,248,000. The bonds will be used to finance certain capital projects including renovations to Ressie Jeffries Elementary School, improvements to the County's Health and Human Services Complex and construction of a replacement facility for the Rivermont Fire Station.

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.

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General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 47,655,131	$ 47,882,749	$ 47,134,561	$ (748,188)
Other local taxes	7,935,000	8,073,403	7,994,992	(78,411)
Permits, privilege fees, and regulatory licenses	531,500	537,600	497,776	(39,824)
Fines and forfeitures	110,000	110,000	85,029	(24,971)
Revenue from the use of money and property	461,680	461,680	404,890	(56,790)
Charges for services	3,022,590	3,022,590	2,702,838	(319,752)
Miscellaneous	275,000	846,900	677,741	(169,159)
Recovered costs	156,503	192,856	193,809	953
Intergovernmental:				
Local government	-	149,175	149,175	-
Commonwealth	11,042,014	12,277,507	11,918,846	(358,661)
Federal	1,655,689	1,948,328	2,268,163	319,835
Total revenues	$ 72,845,107	$ 75,502,788	$ 74,027,820	$ (1,474,968)
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	$ 248,050	$ 368,765	$ 360,654	$ 8,111
County administrator	703,565	720,471	712,107	8,364
County attorney	227,789	227,789	194,755	33,034
Commissioner of revenue	661,624	668,865	623,755	45,110
Reassessment	137,559	277,904	277,904	-
Treasurer	536,964	544,205	531,706	12,499
Finance and purchasing	373,651	343,651	327,422	16,229
Electoral board and officials	289,407	239,407	210,973	28,434
Total general government administration	$ 3,178,609	$ 3,391,057	$ 3,239,276	$ 151,781
Judicial administration				
Circuit court	$ 32,288	$ 32,288	$ 16,532	$ 15,756
General district court	26,318	26,318	18,139	8,179
Special magistrates	5,970	5,970	4,803	1,167
Clerk of the circuit court	527,390	565,324	559,133	6,191
Juvenile and domestic relations court	19,600	19,600	17,814	1,786
Sheriff - courts	1,057,228	983,943	976,731	7,212
Law library	47,582	48,564	47,410	1,154
Commonwealth's attorney	785,545	786,937	777,937	9,000
Total judicial administration	$ 2,501,921	$ 2,468,944	$ 2,418,499	$ 50,445
Public safety				
Sheriff - law enforcement	$ 4,135,900	$ 4,345,666	$ 4,365,489	$ (19,823)
E - 911 system	552,151	478,485	474,170	4,315
Other fire and rescue costs	80,000	101,613	73,121	28,492
Cost recovery fees	274,254	285,886	319,907	(34,021)
Cost recovery reimbursement to fire companies	75,000	75,000	11,119	63,881
Contributions to fire and rescue squads	957,774	946,500	968,327	(21,827)
Emergency services	2,894,672	3,017,439	3,029,415	(11,976)
Regional jail	4,250,000	4,105,122	4,105,122	-
Probation office	65,280	65,280	49,260	16,020
Juvenile detention center	423,598	418,614	418,614	-
Building	590,915	592,015	569,381	22,634
Animal control	634,118	635,066	635,191	(125)
Medical examiner	500	500	500	-
Total public safety	$ 14,934,162	$ 15,067,186	$ 15,019,616	$ 47,570

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			
Expenditures (Continued)	**Original**	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
Public works				
Management of sanitary districts	$ 128,575	$ 228,175	$ 226,320	$ 1,855
Streets and highways	26,000	14,209	14,209	-
Refuse collection	857,852	843,133	843,133	-
Refuse disposal	2,525,995	2,459,982	2,455,758	4,224
General properties	1,078,673	1,332,226	1,326,965	5,261
Total public works	$ 4,617,095	$ 4,877,725	$ 4,866,385	$ 11,340
Health and welfare				
Local health department	$ 342,809	$ 342,809	$ 342,809	$ -
Northwestern community services	333,298	333,298	333,298	-
Warren association for retarded citizens	2,500	2,500	2,500	-
Public assistance and welfare administration	3,918,135	3,918,280	3,738,169	180,111
Shenandoah area agency on aging	54,000	54,000	54,000	-
Warren county council on domestic violence	11,000	11,000	11,000	-
Other social services	47,489	73,454	73,454	-
Rental of property - Health and Human Services Complex	161,680	-	-	-
Property tax relief for the elderly and handicapped	-	-	371,449	(371,449)
Comprehensive Services Act	1,872,177	1,812,177	1,803,765	8,412
Total health and welfare	$ 6,743,088	$ 6,547,518	$ 6,730,444	$ (182,926)
Education				
Contribution to local school board	$ 23,421,164	$ 24,053,164	$ 23,002,712	$ 1,050,452
Contributions to community college	35,056	35,056	35,056	-
Total education	$ 23,456,220	$ 24,088,220	$ 23,037,768	$ 1,050,452
Parks, recreation, and cultural				
Programs and operations	$ 2,295,268	$ 2,312,121	$ 2,267,592	$ 44,529
Golf club operations	316,503	316,503	293,540	22,963
Browntown community center	2,500	2,500	2,500	-
Blue ridge arts council	10,000	10,000	9,500	500
Heritage society	-	2,500	0	2,500
4-H center	3,000	3,000	3,000	-
Contribution to Samuels Public Library	973,682	973,682	973,682	-
Total parks, recreation and cultural	$ 3,600,953	$ 3,620,306	$ 3,549,814	$ 70,492
Community development				
Planning and zoning administration	$ 424,614	$ 551,354	$ 540,558	$ 10,796
Enterprise zone grant - IDA	1,711,586	-	-	-
Industrial development authority	108,117	108,117	108,117	-
Route 340/522 trolley	25,000	55,120	55,112	8
Other contributions	-	2,500	2,500	-
Other community development	-	7,425	7,425	-
Contribution to soil and water conservation district	12,000	12,000	12,000	-
Abandoned vehicle program	25,000	25,000	16,475	8,525
Air show	-	-	27,072	(27,072)
Airport Commission operations	189,465	71,793	71,793	-
VPI extension service	119,566	122,066	112,230	9,836
Total community development	$ 2,615,348	$ 955,375	$ 953,282	$ 2,093
Nondepartmental				
Retiree medical insurance and unemployment insurance	$ 114,868	$ 91,569	$ 83,306	$ 8,263
Route 340/522 Revenue Sharing Agreement Payment	236,831	237,251	237,176	75
Central equipment and maintenance	170,725	191,984	191,154	830
Other nondepartmental	277,210	8,763	-	8,763
Total nondepartmental	$ 799,634	$ 529,567	$ 511,636	$ 17,931

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			
Expenditures (Continued)	**Original**	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
Capital projects				
Economic development	$ 106,489	$ 106,489	$ 105,724	$ 765
Soccer fields	50,000	38,091	38,091	-
Fishnet property	150,000	477,282	478,241	(959)
Bing crosby stadium renovations	15,000	6,926	6,926	-
Route 522 beautification project	-	12,034	12,034	-
Eagles Landing road project	-	2,095	2,095	-
Airport capital projects	200	275,942	273,535	2,407
Eastham Park	25,000	3,449	3,449	-
Building improvement fund	133,960	20,291	22,274	(1,983)
Purchase of second street property	100,000	11,087	11,087	-
Revenue sharing projects	250,000	1,313,889	1,551,570	(237,681)
Leach Run Parkway	-	-	513,774	(513,774)
Health and Human Services building	50,000	29,674	29,674	-
Shenandoah Farms lots	-	143,619	143,619	-
Voter registration facility renovations	-	129,809	129,809	-
School renovations	100,000	1,327,088	1,341,560	(14,472)
Other capital projects	2,498,400	1,107,024	1,283,748	(176,724)
Total capital projects	$ 3,479,049	$ 5,004,789	$ 5,947,210	$ (942,421)
Debt service				
Principal retirement	$ 5,831,999	$ 5,831,999	$ 5,831,999	$ -
Interest	2,197,029	5,874,795	5,875,465	(670)
Total debt service	$ 8,029,028	$ 11,706,794	$ 11,707,464	$ (670)
Total expenditures	$ 73,955,107	$ 78,257,481	$ 77,981,394	$ 276,087
Excess (deficiency) of revenues over (under) expenditures	$ (1,110,000)	$ (2,754,693)	$ (3,953,574)	$ (1,198,881)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 100,000	$ 1,471,619	$ 1,482,265	$ 10,646
Transfers out	-	(1,956,309)	(1,956,309)	-
Issuance of line of credit	-	1,662,149	2,218,700	556,551
Total other financing sources (uses)	$ 100,000	$ 1,177,459	$ 1,744,656	$ 567,197
Net change in fund balances	$ (1,010,000)	$ (1,577,234)	$ (2,208,918)	$ (631,684)
Fund balances - beginning	1,010,000	1,577,234	15,767,047	14,189,813
Fund balances - ending	$ -	$ -	$ 13,558,129	$ 13,558,129

All budget amounts are recorded in accordance with accounting principles generally accepted in the United States of America.

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 1,198,533	$ 1,176,281	$ 1,258,260	$ 1,300,026
Interest	2,710,955	2,598,660	2,491,805	2,333,930
Differences between expected and actual experience	264,255	(332,064)	(626,648)	-
Changes in assumptions	(158,008)	-	-	-
Benefit payments, including refunds of employee contributions	(1,944,095)	(1,733,230)	(1,460,618)	(1,296,578)
Net change in total pension liability	$ 2,071,640	$ 1,709,647	$ 1,662,799	$ 2,337,378
Total pension liability - beginning	39,699,976	37,990,329	36,327,530	33,990,152
Total pension liability - ending (a)	$ 41,771,616	$ 39,699,976	$ 37,990,329	$ 36,327,530
Plan fiduciary net position				
Contributions - employer	$ 911,215	$ 1,156,426	$ 1,111,161	$ 1,212,641
Contributions - employee	528,537	482,585	485,091	486,779
Net investment income	4,306,187	618,544	1,536,746	4,527,083
Benefit payments, including refunds of employee contributions	(1,944,095)	(1,733,230)	(1,460,618)	(1,296,578)
Administrative expense	(24,834)	(21,587)	(20,580)	(23,831)
Other	(3,839)	(260)	(327)	239
Net change in plan fiduciary net position	$ 3,773,171	$ 502,478	$ 1,651,473	$ 4,906,333
Plan fiduciary net position - beginning	35,511,780	35,009,302	33,357,829	28,451,496
Plan fiduciary net position - ending (b)	$ 39,284,951	$ 35,511,780	$ 35,009,302	$ 33,357,829
County's net pension liability - ending (a) - (b)	$ 2,486,665	$ 4,188,196	$ 2,981,027	$ 2,969,701
Plan fiduciary net position as a percentage of the total pension liability	94.05%	89.45%	92.15%	91.83%
Covered payroll	$ 10,291,665	$ 9,824,708	$ 9,411,440	$ 9,756,199
County's net pension liability as a percentage of covered payroll	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)
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 196,224	$ 207,929	$ 362,362	$ 363,215
Interest	607,042	606,765	580,063	550,481
Differences between expected and actual experience	(173,660)	(246,769)	15,972	-
Changes in assumptions	(2,908)	-	-	-
Benefit payments, including refunds of employee contributions	(558,464)	(569,479)	(584,416)	(397,751)
Net change in total pension liability	$ 68,234	$ (1,554)	$ 373,981	$ 515,945
Total pension liability - beginning	8,951,256	8,952,810	8,578,829	8,062,884
Total pension liability - ending (a)	$ 9,019,490	$ 8,951,256	$ 8,952,810	$ 8,578,829
Plan fiduciary net position				
Contributions - employer	$ 82,987	$ 144,630	$ 193,055	$ 330,326
Contributions - employee	91,718	90,844	122,376	152,969
Net investment income	1,077,002	153,305	411,657	1,232,240
Benefit payments, including refunds of employee contributions	(558,464)	(569,479)	(584,416)	(397,751)
Administrative expense	(6,467)	(5,842)	(5,814)	(6,502)
Other	(948)	(66)	(85)	65
Net change in plan fiduciary net position	$ 685,828	$ (186,608)	$ 136,773	$ 1,311,347
Plan fiduciary net position - beginning	9,015,265	9,201,873	9,065,100	7,753,753
Plan fiduciary net position - ending (b)	$ 9,701,093	$ 9,015,265	$ 9,201,873	$ 9,065,100
School Division's net pension liability (asset) - ending (a) - (b)	$ (681,603)	$ (64,009)	$ (249,063)	$ (486,271)
Plan fiduciary net position as a percentage of the total pension liability	107.56%	100.72%	102.78%	105.67%
Covered payroll	$ 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	-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
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.36687%	0.36687%	0.37348%	0.38456%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 45,117,000	$ 51,414,000	$ 47,008,000	$ 46,473,000
Employer's Covered Payroll	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	155.97%	183.79%	169.30%	165.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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
For the Years Ended June 30, 2009 through 2018

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					
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%
2011	871,107	871,107	-	8,843,723	9.85%
2010	741,266	741,266	-	8,741,347	8.48%
2009	740,948	740,948	-	8,737,589	8.48%
Component Unit School Board (nonprofessional)					
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%
2011	227,316	227,316	-	2,758,693	8.24%
2010	214,337	214,337	-	2,787,217	7.69%
2009	216,343	216,343	-	2,813,309	7.69%
Component Unit School Board (professional) *					
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.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

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

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government and Component Unit - School Board
For the Year Ended June 30, 2018

		2018
County:		
Total OPEB liability		
Service cost	$	233,500
Interest		217,600
Benefit payments		(160,200)
Net change in total OPEB liability	$	290,900
Total OPEB liability - beginning		5,959,400
Total OPEB liability - ending	$	6,250,300
Covered employee payroll	$	7,914,900
County's total OPEB liability (asset) as a percentage of covered employee payroll		79.0%
School Board:		
Total OPEB liability		
Service cost	$	167,000
Interest		97,600
Benefit payments		(126,700)
Net change in total OPEB liability	$	137,900
Total OPEB liability - beginning		2,636,800
Total OPEB liability - ending	$	2,774,700
Covered employee payroll	$	28,969,300
School Boards total OPEB liability (asset) as a percentage of covered employee payroll		9.6%

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

Notes to Required Supplementary Information - OPEB Health Insurance Plan
For the Year Ended June 30, 2018

Valuation Date: 7/1/2016
Measurement Date: 7/1/2017

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 normal level % of salary
Discount Rate	3.56% as of June 30, 2017
Healthcare Trend Rate	The healthcare trend rate assumption starts at 0.00%, reverts back to 7.0% next year and declines .50% per year to an ultimate rate of 5.00%
Salary Increase Rates	Increases of 2.5%
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-2017.

Schedule of County's Share of Net OPEB Liability
Group Life Insurance Program
For the Year Ended June 30, 2018

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:					
2017	0.05580%	$ 840,000	$ 10,291,665	8.16%	48.86%
School Board - Professional:					
2017	0.15701%	$ 2,363,000	$ 28,925,850	8.17%	48.86%
School Board - Nonprofessional:					
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 Program
For the Years Ended June 30, 2017 through June 30, 2018

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:					
2018	$ 56,808	$ 56,808	$ -	$ 10,904,583	0.52%
2017	53,517	53,517	-	10,291,665	0.52%
School Board - Professional:					
2018	$ 156,196	$ 156,196	$ -	$ 29,831,844	0.52%
2017	150,599	150,599	-	28,925,850	0.52%
School Board - Nonprofessional:					
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 Program
For the Year Ended June 30, 2018

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

General State 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
Line of Duty Disability	Increased rate from 14% to 25%

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

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 50% to 35%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

Schedule of School Board's Share of Net OPEB Liability
Teacher Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

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:					
2017	0.36649%	$ 4,649,000	$ 28,925,850	16.07%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However,

Schedule of Employer Contributions
Teacher Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2017 through June 30, 2018

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)
School Board - Professional:					
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.

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

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

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OTHER SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Bond Construction Fund
For the Year Ended June 30, 2018

	School Bond Construction Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 84,500	$ 84,500
Total revenues	$ -	$ -	$ 84,500	$ 84,500
EXPENDITURES				
Capital projects	$ -	$ -	$ 8,777,403	$ (8,777,403)
Total expenditures	$ -	$ -	$ 8,777,403	$ (8,777,403)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (8,692,903)	$ (8,692,903)
Net change in fund balances	$ -	$ -	$ (8,692,903)	$ (8,692,903)
Fund balances - beginning	-	-	11,398,242	11,398,242
Fund balances - ending	$ -	$ -	$ 2,705,339	$ 2,705,339

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS		
Receivables (net of allowance for uncollectibles):		
Taxes receivable	$ 1,615,291	$ 1,615,291
Restricted assets:		
Cash and cash equivalents	2,104,437	2,104,437
Total assets	$ 3,719,728	$ 3,719,728
LIABILITIES		
Accounts payable	$ 33,878	$ 33,878
Due to other funds	320	320
Total liabilities	$ 34,198	$ 34,198
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$ 1,630,031	$ 1,630,031
Total deferred inflows of resources	$ 1,630,031	$ 1,630,031
FUND BALANCES		
Restricted:		
Construction	$ 1,295,318	$ 1,295,318
Public safety	73,069	73,069
Sanitary districts - roads, etc.	687,112	687,112
Total fund balances	$ 2,055,499	$ 2,055,499
Total liabilities, deferred inflows of resources and fund balances	$ 3,719,728	$ 3,719,728

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES		
General property taxes	$ 1,873,082	$ 1,873,082
Miscellaneous	551,308	551,308
Intergovernmental:		
Commonwealth	8,921	8,921
Total revenues	$ 2,433,311	$ 2,433,311
EXPENDITURES		
Current:		
Public safety	$ 12,321	$ 12,321
Public works	1,520,728	1,520,728
Debt service:		
Principal retirement	30,000	30,000
Interest and other fiscal charges	6,690	6,690
Total expenditures	$ 1,569,739	$ 1,569,739
Excess (deficiency) of revenues over (under) expenditures	$ 863,572	$ 863,572
OTHER FINANCING SOURCES (USES)		
Transfers in	$ 93,859	$ 93,859
Transfers out	(796,708)	(796,708)
Total other financing sources (uses)	$ (702,849)	$ (702,849)
Net change in fund balances	$ 160,723	$ 160,723
Fund balances - beginning	1,894,776	1,894,776
Fund balances - ending	$ 2,055,499	$ 2,055,499

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Drug Forfeiture	Proffers	Sanitary Districts	Total
ASSETS				
Receivables (net of allowance for uncollectibles):				
Taxes receivable	$ -	$ -	$ 1,615,291	$ 1,615,291
Restricted assets:				
Cash and cash equivalents	73,069	1,295,318	736,050	2,104,437
Total assets	$ 73,069	$ 1,295,318	$ 2,351,341	$ 3,719,728
LIABILITIES				
Accounts payable	$ -	$ -	$ 33,878	$ 33,878
Due to other funds	-	-	320	320
Total liabilities	$ -	$ -	$ 34,198	$ 34,198
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ -	$ -	$ 1,630,031	$ 1,630,031
Total deferred inflows of resources	$ -	$ -	$ 1,630,031	$ 1,630,031
FUND BALANCES				
Restricted:				
Construction	$ -	$ 1,295,318	$ -	$ 1,295,318
Public safety	73,069	-	-	73,069
Sanitary districts - roads, etc.			687,112	687,112
Total fund balances	$ 73,069	$ 1,295,318	$ 687,112	$ 2,055,499
Total liabilities, deferred inflows of resources and fund balances	$ 73,069	$ 1,295,318	$ 2,351,341	$ 3,719,728

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Drug Forfeiture	Proffers	Sanitary Districts	Total
REVENUES				
General property taxes	$ -	$ -	$ 1,873,082	$ 1,873,082
Miscellaneous	-	420,832	130,476	551,308
Intergovernmental:				
Commonwealth	8,921	-	-	8,921
Total revenues	$ 8,921	$ 420,832	$ 2,003,558	$ 2,433,311
EXPENDITURES				
Current:				
Public safety	$ 12,321	$ -	$ -	$ 12,321
Public works	-	-	1,520,728	1,520,728
Debt service:				
Principal retirement	-	-	30,000	30,000
Interest and other fiscal charges	-	-	6,690	6,690
Total expenditures	$ 12,321	$ -	$ 1,557,418	$ 1,569,739
Excess (deficiency) of revenues over (under) expenditures	$ (3,400)	$ 420,832	$ 446,140	$ 863,572
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 93,859	$ 93,859
Transfers out	-	(151,528)	(645,180)	(796,708)
Total other financing sources (uses)	$ -	$ (151,528)	$ (551,321)	$ (702,849)
Net change in fund balances	$ (3,400)	$ 269,304	$ (105,181)	$ 160,723
Fund balances - beginning	76,469	1,026,014	792,293	1,894,776
Fund balances - ending	$ 73,069	$ 1,295,318	$ 687,112	$ 2,055,499

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, 2018

	Drug Forfeiture			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	$ -	$ -	$ -	$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	8,921	8,921
Total revenues	$ -	$ -	$ 8,921	$ 8,921
EXPENDITURES				
Current:				
Public safety	$ -	$ 12,321	$ 12,321	$ -
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	$ -	$ 12,321	$ 12,321	$ -
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (12,321)	$ (3,400)	$ 8,921
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ (12,321)	$ (3,400)	$ 8,921
Fund balances - beginning	-	12,321	76,469	64,148
Fund balances - ending	$ -	$ -	$ 73,069	$ 73,069

Proffers				Sanitary Districts			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -	$ 1,893,550	$ 1,893,550	$ 1,873,082	$ (20,468)
-	-	420,832	420,832	-	-	130,476	130,476
-	-	-	-	-	-	-	-
$ -	$ -	$ 420,832	$ 420,832	$ 1,893,550	$ 1,893,550	$ 2,003,558	$ 110,008
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	1,758,550	1,624,679	1,520,728	103,951
-	-	-	-	30,000	30,000	30,000	-
-	-	-	-	5,000	6,690	6,690	-
$ -	$ -	$ -	$ -	$ 1,793,550	$ 1,661,369	$ 1,557,418	$ 103,951
$ -	$ -	$ 420,832	$ 420,832	$ 100,000	$ 232,181	$ 446,140	$ 213,959
$ -	$ -	$ -	$ -	$ -	$ 93,859	$ 93,859	$ -
-	(151,528)	(151,528)	-	(100,000)	(643,664)	(645,180)	(1,516)
$ -	$ (151,528)	$ (151,528)	$ -	$ (100,000)	$ (549,805)	$ (551,321)	$ (1,516)
$ -	$ (151,528)	$ 269,304	$ 420,832	$ -	$ (317,624)	$ (105,181)	$ 212,443
-	106,057	1,026,014	919,957	-	317,624	792,293	474,669
$ -	$ (45,471)	$ 1,295,318	$ 1,340,789	$ -	$ -	$ 687,112	$ 687,112

Combining Statement of Fiduciary Net Position
Private-purpose Trust Funds
June 30, 2018

	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	$ 5,995	$ 71,769	$ 173,390	$ (7,718)	$ 1,615	$ 245,060
Total assets	$ 9	$ 5,995	$ 71,769	$ 173,390	$ (7,718)	$ 1,615	$ 245,060
NET POSITION							
Held in trust for:							
Reserved for scholarships	$ 9	$ 5,995	$ 71,769	$ 173,390	$ (7,718)	$ 1,615	$ 245,060
Total net position	$ 9	$ 5,995	$ 71,769	$ 173,390	$ (7,718)	$ 1,615	$ 245,060

Combining Statement of Changes in Fiduciary Net Position
Private-purpose Trust Funds
For the Fiscal Year Ended June 30, 2017

	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	$ -	$ 37	$ 366	$ -	$ 1	$ -	$ 404
Miscellaneous	-	-	-	6,522	-	-	6,522
Total additions	$ -	$ 37	$ 366	$ 6,522	$ 1	$ -	$ 6,926
DEDUCTIONS							
Scholarships	$ -	$ 1,000	$ 2,000	$ 3,000	$ -	$ 1,000	$ 7,000
Total deductions	$ -	$ 1,000	$ 2,000	$ 3,000	$ -	$ 1,000	$ 7,000
Change in net position	$ -	$ (963)	$ (1,634)	$ 3,522	$ 1	$ (1,000)	$ (74)
Total net position - beginning	9	6,958	73,403	169,868	(7,719)	2,615	245,134
Total net position - ending	$ 9	$ 5,995	$ 71,769	$ 173,390	$ (7,718)	$ 1,615	$ 245,060

COUNTY OF WARREN, VIRGINIA

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2018

	Agency Funds					
	Special Welfare Fund	Undistributed Local Sales Tax Fund	Flexible Spending Fund	North Warren Fire Department Building Fund	North Warren Fire Department Fund	Shenandoah Farms Vol. Fire Department Fund
ASSETS						
Cash and cash equivalents	$ 19,459	$ -	$ 10,734	$ 69,782	$ 49,425	$ 123,063
Due from other governmental units	-	837,877	-	-	-	-
Total assets	$ 19,459	$ 837,877	$ 10,734	$ 69,782	$ 49,425	$ 123,063
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ 1,520	$ 2,561
Amounts held for social services clients	19,459	-	-	-	-	-
Due to general fund	-	675,359	5,000	-	-	-
Due to other governmental units	-	162,518	-	-	-	-
Amounts held for others	-	-	5,734	69,782	47,905	120,502
Total liabilities	$ 19,459	$ 837,877	$ 10,734	$ 69,782	$ 49,425	$ 123,063

South Warren Vol. Fire Department Fund	Shenandoah Shores Vol. Fire Department Fund	Linden Vol. Fire Department Fund	Fortsmouth Vol. Fire Department Fund	Skyline Regional Ciminal Justice Training Academy	Celebrate Shenandoah	Total
$ 28,584	$ (1,042)	$ (18,577)	$ 38,844	$ 146,281	$ 11,002	$ 477,555
-	-	-	-	-	-	837,877
$ 28,584	$ (1,042)	$ (18,577)	$ 38,844	$ 146,281	$ 11,002	$ 1,315,432
$ 13,946	$ 1,860	$ -	$ 912	$ 4,808	$ 11,002	$ 36,609
-	-	-	-	-	-	19,459
-	-	-	-	-	-	680,359
-	-	-	-	-	-	162,518
14,638	(2,902)	(18,577)	37,932	141,473	-	416,487
$ 28,584	$ (1,042)	$ (18,577)	$ 38,844	$ 146,281	$ 11,002	$ 1,315,432

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 17,419	$ 13,082	$ 11,042	$ 19,459
Total assets	$ 17,419	$ 13,082	$ 11,042	$ 19,459
LIABILITIES				
Amounts held for social services clients	$ 17,419	$ 13,082	$ 11,042	$ 19,459
Total liabilities	$ 17,419	$ 13,082	$ 11,042	$ 19,459
Undistributed Local Sales Tax Fund:				
ASSETS				
Due from other governmental units	$ 827,716	$ 4,694,255	$ 4,684,094	$ 837,877
Total assets	$ 827,716	$ 4,694,255	$ 4,684,094	$ 837,877
LIABILITIES				
Due to other governmental units	$ 160,080	$ 908,342	$ 905,904	$ 162,518
Due to general fund	667,636	3,785,913	3,778,190	675,359
Total liabilities	$ 827,716	$ 4,694,255	$ 4,684,094	$ 837,877
Flexible Spending Fund:				
ASSETS				
Cash and cash equivalents	$ 15,362	$ -	$ 4,628	$ 10,734
Total assets	$ 15,362	$ -	$ 4,628	$ 10,734
LIABILITIES				
Due to general fund	$ 5,000	$ -	$ -	$ 5,000
Amounts held for others	10,362	-	4,628	5,734
Total liabilities	$ 15,362	$ -	$ 4,628	$ 10,734
North Warren Fire Department Building Fund:				
ASSETS				
Cash and cash equivalents	$ 38,575	$ 31,207	$ -	$ 69,782
Total assets	$ 38,575	$ 31,207	$ -	$ 69,782
LIABILITIES				
Amounts held for others	$ 38,575	$ 31,207	$ -	$ 69,782
Total liabilities	$ 38,575	$ 31,207	$ -	$ 69,782
North Warren Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 32,580	$ 64,602	$ 47,757	$ 49,425
Total assets	$ 32,580	$ 64,602	$ 47,757	$ 49,425
LIABILITIES				
Amounts held for others	$ 30,812	$ 63,082	$ 45,989	$ 47,905
Accounts payable	1,768	1,520	1,768	1,520
Total liabilities	$ 32,580	$ 64,602	$ 47,757	$ 49,425
Shenandoah Farms Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 98,825	$ 91,441	$ 67,203	$ 123,063
Total assets	$ 98,825	$ 91,441	$ 67,203	$ 123,063
LIABILITIES				
Amounts held for others	$ 90,089	$ 91,441	$ 61,028	$ 120,502
Accounts payable	8,736	2,761	8,936	2,561
Total liabilities	$ 98,825	$ 94,202	$ 69,964	$ 123,063
South Warren Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 16,648	$ 68,179	$ 56,243	$ 28,584
Total assets	$ 16,648	$ 68,179	$ 56,243	$ 28,584
LIABILITIES				
Amounts held for others	$ 13,586	$ 68,179	$ 67,127	$ 14,638
Accounts payable	3,062	13,946	3,062	13,946
Total liabilities	$ 16,648	$ 82,125	$ 70,189	$ 28,584

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Shenandoah Shores Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ (2,676)	$ 64,602	$ 62,968	$ (1,042)
Total assets	$ (2,676)	$ 64,602	$ 62,968	$ (1,042)
LIABILITIES				
Amounts held for others	$ (3,801)	$ 64,602	$ 63,703	$ (2,902)
Accounts payable	1,125	1,860	1,125	1,860
Total liabilities	$ (2,676)	$ 66,462	$ 64,828	$ (1,042)
Linden Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ (25,597)	$ 64,602	$ 57,582	$ (18,577)
Total assets	$ (25,597)	$ 64,602	$ 57,582	$ (18,577)
LIABILITIES				
Amounts held for others	$ (26,399)	$ 64,602	$ 56,780	$ (18,577)
Accounts payable	802	-	802	-
Total liabilities	$ (25,597)	$ 64,602	$ 57,582	$ (18,577)
Fortsmouth Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 36,559	$ 64,602	$ 62,317	$ 38,844
Total assets	$ 36,559	$ 64,602	$ 62,317	$ 38,844
LIABILITIES				
Amounts held for others	$ 35,867	$ 64,602	$ 62,537	$ 37,932
Accounts payable	692	912	692	912
Total liabilities	$ 36,559	$ 65,514	$ 63,229	$ 38,844
Skyline Regional Criminal Justice Training Academy				
ASSETS				
Cash and cash equivalents	$ -	$ 576,316	$ 430,035	$ 146,281
Total assets	$ -	$ 576,316	$ 430,035	$ 146,281
LIABILITIES				
Amounts held for others	$ -	$ 576,316	$ 434,843	$ 141,473
Accounts payable	-	4,808	-	4,808
Total liabilities	$ -	$ 581,124	$ 434,843	$ 146,281
Celebrate Shenandoah				
ASSETS				
Cash and cash equivalents	$ -	$ 11,002	$ -	$ 11,002
Total assets	$ -	$ 11,002	$ -	$ 11,002
LIABILITIES				
Amounts held for others	$ -	$ 11,002	$ -	$ 11,002
Total liabilities	$ -	$ 11,002	$ -	$ 11,002
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	$ 227,695	$ 1,049,635	$ 799,775	$ 477,555
Due from other governmental units	827,716	4,694,255	4,684,094	837,877
Total assets	$ 1,055,411	$ 5,743,890	$ 5,483,869	$ 1,315,432
LIABILITIES				
Accounts payable	$ 16,185	$ 25,807	$ 16,385	$ 25,607
Amounts held for social services clients	17,419	13,082	11,042	19,459
Due to general fund	672,636	3,785,913	3,778,190	680,359
Due to other governmental units	160,080	908,342	905,904	162,518
Amounts held for others	189,091	1,035,033	796,635	427,489
Total liabilities	$ 1,055,411	$ 5,768,177	$ 5,508,156	$ 1,315,432

COUNTY OF WARREN, VIRGINIA **Exhibit 36**

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2018

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 6,519,327	$ 561,049	$ 436,202	$ 112,242	$ 183,936	$ 7,812,756
Due from other funds	-	83,015	-	-	-	83,015
Due from other governmental units	1,701,851	-	-	-	-	1,701,851
Total assets	$ 8,221,178	$ 644,064	$ 436,202	$ 112,242	$ 183,936	$ 9,597,622
LIABILITIES						
Accounts payable	$ 138,480	$ -	$ 13,100	$ -	$ -	$ 151,580
Accrued liabilities	4,747,827	130,605	-	-	-	4,878,432
Due to other funds	83,015	-	-	-	-	83,015
Due to primary government	3,251,856	-	-	-	-	3,251,856
Total liabilities	$ 8,221,178	$ 130,605	$ 13,100	$ -	$ -	$ 8,364,883
FUND BALANCES						
Committed:						
Education - capital improvements	$ -	$ -	$ 423,102	$ 112,242	$ -	$ 535,344
Assigned:						
Education	-	513,459	-	$ -	183,936	697,395
Total fund balances	$ -	$ 513,459	$ 423,102	112,242	$ 183,936	$ 1,232,739
Total liabilities and fund balances	$ 8,221,178	$ 644,064	$ 436,202	$ 112,242	$ 183,936	$ 9,597,622

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

Total fund balances per above		$ 1,232,739
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	$ 35,043,681	
Accumulated depreciation	(18,600,722)	16,442,959
The net pension asset is not an available resource and, therefore, is not reported in the funds - Nonprofessional group		681,603
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 governmental activities in the statement of net position.		136,756
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Deferred outflows - pension related	$ 5,683,909	
Deferred outflows - OPEB related	551,773	6,235,682
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred inflows - pension related	$ (6,361,116)	
Deferred inflows - OPEB related	(340,000)	(6,701,116)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	$ (1,588,302)	
Net pension liability - teachers cost-sharing pool	(45,117,000)	
Net OPEB liability	(9,948,700)	(56,654,002)
Net position of governmental activities		$ (38,625,379)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	$ 33,866	$ -	$ -	$ -	$ -	$ 33,866
Charges for services	353,838	1,198,425	-	-	-	1,552,263
Miscellaneous	214,113	-	-	34,250	-	248,363
Intergovernmental:						
Local government	22,562,712	-	290,000	-	150,000	23,002,712
Commonwealth	28,989,409	-	-	-	-	28,989,409
Federal	4,331,878	-	-	-	-	4,331,878
Total revenues	$ 56,485,816	$ 1,198,425	$ 290,000	$ 34,250	$ 150,000	$ 58,158,491
EXPENDITURES						
Current:						
Education	$ 54,196,334	$ 3,250,280	$ -	$ 542	$ 39,647	$ 57,486,803
Capital projects	192,890	-	257,528	-	-	450,418
Debt service:						
Principal retirement	227,000	-	-	-	-	227,000
Interest and other fiscal charges	378,059	-	-	-	-	378,059
Total expenditures	$ 54,994,283	$ 3,250,280	$ 257,528	$ 542	$ 39,647	$ 58,542,280
Excess (deficiency) of revenues over (under) expenditures	$ 1,491,533	$ (2,051,855)	$ 32,472	$ 33,708	$ 110,353	$ (383,789)
OTHER FINANCING SOURCES (USES)						
Transfers in	$ -	$ 1,491,533	$ -	$ -	$ -	$ 1,491,533
Transfers out	(1,491,533)	-	-	-	-	(1,491,533)
Total other financing sources (uses)	$ (1,491,533)	$ 1,491,533	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ (560,322)	$ 32,472	$ 33,708	$ 110,353	$ (383,789)
Fund balances - beginning	-	1,073,781	390,630	78,534	73,583	1,616,528
Fund balances - ending	$ -	$ 513,459	$ 423,102	$ 112,242	$ 183,936	$ 1,232,739

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		$ (383,789)
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	$ 218,706	
Depreciation expense	(882,700)	(663,994)
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.		
(Increase) decrease in net OPEB liabilities and related items	$ (15,127)	
(Increase) decrease in net pension liability and related items	1,617,121	
(Increase) decrease in compensated absences	(58,170)	1,543,824
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.		26,015
Change in net position of governmental activities		$ 522,056

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 40,000	$ 40,000	$ 33,866	$ (6,134)
Charges for services	356,791	356,791	353,838	(2,953)
Miscellaneous	143,510	209,057	214,113	5,056
Intergovernmental:				
Local government	23,421,164	23,613,164	22,562,712	(1,050,452)
Commonwealth	28,993,470	29,259,803	28,989,409	(270,394)
Federal	3,525,112	3,942,947	4,331,878	388,931
Total revenues	$ 56,480,047	$ 57,421,762	$ 56,485,816	$ (935,946)
EXPENDITURES				
Current:				
Education	$ 55,092,291	$ 55,776,532	$ 54,196,334	$ 1,580,198
Capital projects	-	-	192,890	(192,890)
Debt service:				
Principal retirement	-	-	227,000	(227,000)
Interest and other fiscal charges	-	259,974	378,059	(118,085)
Total expenditures	$ 55,092,291	$ 56,036,506	$ 54,994,283	$ 1,042,223
Excess (deficiency) of revenues over (under) expenditures	$ 1,387,756	$ 1,385,256	$ 1,491,533	$ 106,277
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 2,500	$ -	$ (2,500)
Transfers out	(1,387,756)	(1,387,756)	(1,491,533)	(103,777)
Total other financing sources (uses)	$ (1,387,756)	$ (1,385,256)	$ (1,491,533)	$ (106,277)
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

School Cafeteria Fund				Capital Improvements Fund			
Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1,312,244	1,312,244	1,198,425	(113,819)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	290,000	290,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 1,312,244	$ 1,312,244	$ 1,198,425	$ (113,819)	$ -	$ 290,000	$ 290,000	$ -
$ 2,700,000	$ 2,700,000	$ 3,250,280	$ (550,280)	$ -	$ -	$ -	$ -
-	-	-	-	-	694,556	257,528	437,028
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 2,700,000	$ 2,700,000	$ 3,250,280	$ (550,280)	$ -	$ 694,556	$ 257,528	$ 437,028
$ (1,387,756)	$ (1,387,756)	$ (2,051,855)	$ (664,099)	$ -	$ (404,556)	$ 32,472	$ 437,028
$ 1,387,756	$ 1,387,756	$ 1,491,533	$ 103,777	$ -	$ -	$ -	$ -
-	(2,500)	-	2,500	-	-	-	-
$ 1,387,756	$ 1,385,256	$ 1,491,533	$ 106,277	$ -	$ -	$ -	$ -
$ -	$ (2,500)	$ (560,322)	$ (557,822)	$ -	$ (404,556)	$ 32,472	$ 437,028
-	2,500	1,073,781	1,071,281	-	-	390,630	390,630
$ -	$ -	$ 513,459	$ 513,459	$ -	$ (404,556)	$ 423,102	$ 827,658

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	Vocational Building Fund				School Textbook Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Revenue from the use of money and property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	34,250	34,250	-	-	-	-
Intergovernmental:								
Local government	-	-	-	-	-	150,000	150,000	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	$ -	$ -	$ 34,250	$ 34,250	$ -	$ 150,000	$ 150,000	$ -
EXPENDITURES								
Current:								
Education	$ -	$ -	$ 542	$ (542)	$ -	$ 150,000	$ 39,647	$ 110,353
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	$ -	$ -	$ 542	$ (542)	$ -	$ 150,000	$ 39,647	$ 110,353
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 33,708	$ 33,708	$ -	$ -	$ 110,353	$ 110,353
OTHER FINANCING SOURCES (USES)								
Transfers in	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ 33,708	$ 33,708	$ -	$ -	$ 110,353	$ 110,353
Fund balances - beginning	-	-	78,534	78,534	-	-	73,583	73,583
Fund balances - ending	$ -	$ -	$ 112,242	$ 112,242	$ -	$ -	$ 183,936	$ 183,936

COUNTY OF WARREN, VIRGINIA **Exhibit 39**

Statement of Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
June 30, 2018

	Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 136,756
Total assets	$ 136,756
NET POSITION	
Unrestricted	$ 136,756
Total net position	$ 136,756

COUNTY OF WARREN, VIRGINIA **Exhibit 40**

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	Health Insurance Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	$ 5,800,882
Total operating revenues	$ 5,800,882
OPERATING EXPENSES	
Insurance claims and expenses	$ 5,774,867
Total operating expenses	$ 5,774,867
Operating income (loss)	$ 26,015
Change in net position	$ 26,015
Total net position - beginning	110,741
Total net position - ending	$ 136,756

COUNTY OF WARREN, VIRGINIA **Exhibit 41**

Statement of Cash Flows
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	5,800,882
Payments for claims		(5,774,867)
Net cash provided by (used for) operating activities	$	26,015
Net increase (decrease) in cash and cash equivalents	$	26,015
Cash and cash equivalents - beginning		110,741
Cash and cash equivalents - ending	$	136,756
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	26,015
Net cash provided by (used for) operating activities	$	26,015

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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	$ 27,214,952	$ 27,309,573	$ 27,304,963	$ (4,610)
Real and personal public service corporation taxes	7,271,899	7,271,899	6,243,456	(1,028,443)
Personal property taxes	10,958,780	10,958,780	11,263,526	304,746
Mobile home taxes	7,500	7,500	9,308	1,808
Machinery and tools taxes	1,300,000	1,432,997	1,393,692	(39,305)
Rollback taxes	-	-	45,159	45,159
Mineral rights	2,000	2,000	4,074	2,074
Penalties	500,000	500,000	500,862	862
Interest	400,000	400,000	369,521	(30,479)
Total general property taxes	$ 47,655,131	$ 47,882,749	$ 47,134,561	$ (748,188)
Other local taxes:				
Local sales and use taxes	$ 3,800,000	$ 3,800,000	$ 3,785,913	$ (14,087)
Consumers' utility taxes	760,000	760,000	728,834	(31,166)
E-911 telephone taxes	45,000	45,000	49,473	4,473
Business license taxes	800,000	800,000	811,476	11,476
Motor vehicle licenses	925,000	925,000	867,611	(57,389)
Taxes on recordation and wills	600,000	600,000	611,171	11,171
Hotel and motel room taxes	80,000	195,666	192,777	(2,889)
Meal taxes	925,000	947,737	947,737	-
Total other local taxes	$ 7,935,000	$ 8,073,403	$ 7,994,992	$ (78,411)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 45,000	$ 45,000	$ 41,636	$ (3,364)
Building and related permits	325,000	331,100	250,590	(80,510)
Zoning, subdivision fees and rezoning permits	30,000	30,000	30,209	209
Land use application fees	-	-	320	320
Transfer fees	1,500	1,500	1,834	334
Weapon permits	25,000	25,000	35,744	10,744
Bank franchise fees	10,000	10,000	20,982	10,982
Septage fees	95,000	95,000	82,775	(12,225)
Other fees	-	-	33,686	33,686
Total permits, privilege fees, and regulatory licenses	$ 531,500	$ 537,600	$ 497,776	$ (39,824)
Fines and forfeitures:				
Court fines and forfeitures	$ 110,000	$ 110,000	$ 73,803	$ (36,197)
Other fines	-	-	11,226	11,226
Total fines and forfeitures	$ 110,000	$ 110,000	$ 85,029	$ (24,971)
Revenue from use of money and property:				
Revenue from use of money	$ 100,000	$ 100,000	$ 40,042	$ (59,958)
Revenue from use of property	361,680	361,680	364,848	3,168
Total revenue from use of money and property	$ 461,680	$ 461,680	$ 404,890	$ (56,790)
Charges for services:				
Excess fees of clerk	$ 7,500	$ 7,500	$ 5,352	$ (2,148)
Sheriff's fees	-	-	2,396	2,396
Courthouse security fees	70,000	70,000	63,605	(6,395)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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: (Continued)				
Administrative fee	$ 200,000	$ 200,000	$ 137,028	$ (62,972)
Charges for Commonwealth's Attorney	4,200	4,200	4,154	(46)
Airport hangar rental fees and fuel sales	189,665	189,665	173,408	(16,257)
Charges for sanitation and waste removal	1,050,000	1,050,000	1,063,282	13,282
Other charges for services	22,500	22,500	22,276	(224)
Golf club membership dues, golf fees, shop sales	238,450	238,450	121,553	(116,897)
Parks and rec user fees	345,475	345,475	289,711	(55,764)
Charges for air show	-	-	8,832	8,832
Courthouse maintenance fees	60,000	60,000	44,663	(15,337)
Cost recovery	810,800	810,800	752,447	(58,353)
Charges for law library	24,000	24,000	9,893	(14,107)
Other court charges	-	-	4,238	4,238
Total charges for services	$ 3,022,590	$ 3,022,590	$ 2,702,838	$ (319,752)
Miscellaneous:				
Miscellaneous	$ 200,000	$ 771,900	$ 591,417	$ (180,483)
Sale of recyclable materials	75,000	75,000	86,324	11,324
Total miscellaneous	$ 275,000	$ 846,900	$ 677,741	$ (169,159)
Recovered costs:				
Other recovered costs	$ 138,503	$ 174,856	$ 132,465	$ (42,391)
Expenditure refunds	18,000	18,000	61,344	43,344
Total recovered costs	$ 156,503	$ 192,856	$ 193,809	$ 953
Total revenue from local sources	$ 60,147,404	$ 61,127,778	$ 59,691,636	$ (1,436,142)
Intergovernmental:				
Revenue from Local Government				
Town of Front Royal - project costs	$ -	$ 149,175	$ 149,175	$ -
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 60,000	$ 60,000	$ 61,157	$ 1,157
Mobile home titling tax	1,000	1,000	4,366	3,366
State recordation tax	150,000	150,000	152,345	2,345
Personal property tax relief funds	4,541,220	4,541,220	4,541,220	-
Communication taxes	900,000	900,000	814,346	(85,654)
Total noncategorical aid	$ 5,652,220	$ 5,652,220	$ 5,573,434	$ (78,786)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 408,408	$ 408,408	$ 419,327	$ 10,919
Sheriff	1,664,766	1,664,766	1,678,089	13,323
Commissioner of revenue	146,851	154,092	153,849	(243)
Treasurer	108,479	115,720	113,257	(2,463)
Registrar/electoral board	40,000	40,000	42,321	2,321
Clerk of the Circuit Court	304,583	310,605	314,630	4,025
Total shared expenses	$ 2,673,087	$ 2,693,591	$ 2,721,473	$ 27,882
Other categorical aid:				
Welfare administration and public assistance	$ 1,172,169	$ 1,172,169	$ 987,634	$ (184,535)
Children services act	1,040,442	1,040,442	938,262	(102,180)
Emergency medical services	40,300	40,367	42,922	2,555

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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)				
Other categorical aid: (Continued)				
Litter control grant	$ -	$ 15,731	$ 15,731	$ -
Technology trust funds	-	19,934	19,934	-
Abandoned vehicle program	20,000	20,000	12,750	(7,250)
VA domestic violence victims grant	45,000	45,000	45,000	-
Victim-witness grant	33,815	33,815	33,411	(404)
Fire programs funds	46,033	48,271	77,344	29,073
Juvenile crime control	35,000	35,000	36,630	1,630
Airport grants	-	27,263	27,263	-
Revenue sharing	-	990,708	990,708	-
Other categorical aid	283,948	442,996	396,350	(46,646)
Total other categorical aid	$ 2,716,707	$ 3,931,696	$ 3,623,939	$ (307,757)
Total categorical aid	$ 5,389,794	$ 6,625,287	$ 6,345,412	$ (279,875)
Total revenue from the Commonwealth	$ 11,042,014	$ 12,277,507	$ 11,918,846	$ (358,661)
Revenue from the Federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 50,000	$ 50,000	$ 54,867	$ 4,867
Total noncategorical aid	$ 50,000	$ 50,000	$ 54,867	$ 4,867
Categorical aid:				
Welfare administration and public assistance	$ 1,575,504	$ 1,575,504	$ 1,872,674	$ 297,170
Juvenile justice and delinquency prevention	-	24,065	24,462	397
Emergency management performance grant	-	9,278	9,278	-
Disaster grants - Public Assistance	-	3,463	3,463	-
Bulletproof vest program	-	3,390	3,390	-
Crime victims assistance	30,185	30,185	46,130	15,945
Ed Byrne justice assistance grant	-	-	1,456	1,456
Airport improvement program	-	252,443	252,443	-
Total categorical aid	$ 1,605,689	$ 1,898,328	$ 2,213,296	$ 314,968
Total revenue from the federal government	$ 1,655,689	$ 1,948,328	$ 2,268,163	$ 319,835
Total General Fund	$ 72,845,107	$ 75,502,788	$ 74,027,820	$ (1,474,968)
Special Revenue Funds:				
Drug Forfeiture Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Drug forfeiture funds	$ -	$ -	$ 8,921	$ 8,921
Total categorical aid	$ -	$ -	$ 8,921	$ 8,921
Total revenue from the Commonwealth	$ -	$ -	$ 8,921	$ 8,921
Total Drug Forfeiture Fund	$ -	$ -	$ 8,921	$ 8,921

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Proffers Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	$ -	$ -	$ 420,832	$ 420,832
Total miscellaneous	$ -	$ -	$ 420,832	$ 420,832
Total revenue from local sources	$ -	$ -	$ 420,832	$ 420,832
Total Proffers Fund	$ -	$ -	$ 420,832	$ 420,832
Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 1,893,550	$ 1,893,550	$ 1,873,082	$ (20,468)
Total general property taxes	$ 1,893,550	$ 1,893,550	$ 1,873,082	$ (20,468)
Miscellaneous:				
New construction fee	$ -	$ -	$ 130,476	$ 130,476
Total miscellaneous	$ -	$ -	$ 130,476	$ 130,476
Total revenue from local sources	$ 1,893,550	$ 1,893,550	$ 2,003,558	$ 110,008
Total Sanitary District Fund	$ 1,893,550	$ 1,893,550	$ 2,003,558	$ 110,008
Capital Projects Funds:				
School Bond Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 84,500	$ 84,500
Total revenue from use of money and property	$ -	$ -	$ 84,500	$ 84,500
Total revenue from local sources	$ -	$ -	$ 84,500	$ 84,500
Total School Bond Construction Fund	$ -	$ -	$ 84,500	$ 84,500
Total Primary Government	$ 74,738,657	$ 77,396,338	$ 76,545,631	$ (850,707)
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	$ 40,000	$ 40,000	$ 33,866	$ (6,134)
Total revenue from use of money and property	$ 40,000	$ 40,000	$ 33,866	$ (6,134)
Charges for services:				
Other charges for services	$ 356,791	$ 356,791	$ 353,838	$ (2,953)
Total charges for services	$ 356,791	$ 356,791	$ 353,838	$ (2,953)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Other miscellaneous	$ 143,510	$ 209,057	$ 214,113	$ 5,056
Total miscellaneous	$ 143,510	$ 209,057	$ 214,113	$ 5,056
Total revenue from local sources	$ 540,301	$ 605,848	$ 601,817	$ (4,031)
Intergovernmental:				
Revenues from local governments:				
Contribution from Warren, Virginia	$ 23,421,164	$ 23,613,164	$ 22,562,712	$ (1,050,452)
Total revenues from local governments	$ 23,421,164	$ 23,613,164	$ 22,562,712	$ (1,050,452)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 6,562,308	$ 6,562,308	$ 6,217,489	$ (344,819)
Basic school aid	13,688,291	13,688,291	13,618,509	(69,782)
Remedial summer education	22,383	22,383	2,984	(19,399)
Gifted and talented	157,712	157,712	157,261	(451)
Remedial education	495,214	495,214	493,799	(1,415)
Special education	215,535	321,346	318,558	(2,788)
Textbook payment	346,272	346,272	345,282	(990)
Vocational SOQ payments	353,197	353,197	314,647	(38,550)
Social security fringe benefits	867,414	867,414	864,935	(2,479)
Retirement fringe benefits	1,987,166	1,987,166	1,981,488	(5,678)
Group life insurance benefits	59,930	59,930	59,759	(171)
State lottery payments	864,638	864,638	862,954	(1,684)
Early reading intervention	95,654	95,654	151,473	55,819
Jail education	143,662	143,662	82,937	(60,725)
GED program	15,717	15,717	16,587	870
School food	50,978	50,978	51,085	107
Salary supplement	139,448	139,448	139,252	(196)
At risk payments	274,004	274,004	356,868	82,864
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	58,500	58,500	58,500	-
Mentor teacher program	5,476	5,476	10,755	5,279
English as a second language	139,075	139,075	89,046	(50,029)
K-3 initiative	553,992	553,992	551,694	(2,298)
Homebound education	1,488,797	1,488,797	1,484,543	(4,254)
Other state funds	150,107	310,629	501,004	190,375
Total categorical aid	$ 28,993,470	$ 29,259,803	$ 28,989,409	$ (270,394)
Total revenue from the Commonwealth	$ 28,993,470	$ 29,259,803	$ 28,989,409	$ (270,394)
Revenue from the federal government:				
Noncategorical aid:				
Interest rate subsidy - Qualified Energy Conservation Bonds	$ -	$ 259,974	$ 259,974	$ -
Total noncategorical aid	$ -	$ 259,974	$ 259,974	$ -
Categorical aid:				
Federal land use	$ -	$ -	$ 1,213	$ 1,213
Title I; Grants to local educational agencies	738,986	738,986	985,798	246,812
Title VI-B; Special education grants to states	1,156,961	1,156,961	1,122,625	(34,336)
Title VI-B; Special education preschool grants	29,588	29,588	27,840	(1,748)
Vocational education	77,177	77,177	84,004	6,827

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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: (Continued)				
Categorical aid: (Continued)				
Title II, Part D; Enhancing state grants	$ 173,824	$ 173,824	$ -	$ (173,824)
English language acquisition grant	11,798	11,798	5,023	(6,775)
Twenty-first century community learning centers	-	129,760	96,813	(32,947)
Title II Part A; Improving teacher quality state grants	-	28,101	119,320	91,219
National school lunch and breakfast program	1,336,778	1,336,778	1,629,268	292,490
Total categorical aid	$ 3,525,112	$ 3,682,973	$ 4,071,904	$ 388,931
Total revenue from the federal government	$ 3,525,112	$ 3,942,947	$ 4,331,878	$ 388,931
Total School Operating Fund	$ 56,480,047	$ 57,421,762	$ 56,485,816	$ (935,946)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	$ 1,312,244	$ 1,312,244	$ 1,198,425	$ (113,819)
Total charges for services	$ 1,312,244	$ 1,312,244	$ 1,198,425	$ (113,819)
Total revenue from local sources	$ 1,312,244	$ 1,312,244	$ 1,198,425	$ (113,819)
Total School Cafeteria Fund	$ 1,312,244	$ 1,312,244	$ 1,198,425	$ (113,819)
Vocational Building Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	$ -	$ -	$ 34,250	$ 34,250
Total miscellaneous	$ -	$ -	$ 34,250	$ 34,250
Total revenue from local sources	$ -	$ -	$ 34,250	$ 34,250
Total Vocational Building Fund	$ -	$ -	$ 34,250	$ 34,250
School Textbook Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Warren, Virginia	$ -	$ 150,000	$ 150,000	$ -
Total revenues from local governments	$ -	$ 150,000	$ 150,000	$ -
Total School Textbook Fund	$ -	$ 150,000	$ 150,000	$ -
Capital Improvements Fund				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Warren, Virginia	$ -	$ 290,000	$ 290,000	$ -
Total revenues from local governments	$ -	$ 290,000	$ 290,000	$ -
Total Capital Improvements Fund	$ -	$ 290,000	$ 290,000	$ -
Total Component Unit - School Board	$ 57,792,291	$ 59,174,006	$ 58,158,491	$ (1,015,515)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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	$ 248,050	$ 368,765	$ 360,654	$ 8,111
General and financial administration:				
County administrator	$ 703,565	$ 720,471	$ 712,107	$ 8,364
County attorney	227,789	227,789	194,755	33,034
Commissioner of revenue	661,624	668,865	623,755	45,110
Reassessment	137,559	277,904	277,904	-
Treasurer	536,964	544,205	531,706	12,499
Finance and purchasing	373,651	343,651	327,422	16,229
Total general and financial administration	$ 2,641,152	$ 2,782,885	$ 2,667,649	$ 115,236
Board of elections:				
Electoral board and officials	$ 289,407	$ 239,407	$ 210,973	$ 28,434
Total board of elections	$ 289,407	$ 239,407	$ 210,973	$ 28,434
Total general government administration	$ 3,178,609	$ 3,391,057	$ 3,239,276	$ 151,781
Judicial administration:				
Courts:				
Circuit court	$ 32,288	$ 32,288	$ 16,532	$ 15,756
General district court	26,318	26,318	18,139	8,179
Special magistrates	5,970	5,970	4,803	1,167
Clerk of the circuit court	527,390	565,324	559,133	6,191
Juvenile and domestic relations court	19,600	19,600	17,814	1,786
Sheriff - court security	1,057,228	983,943	976,731	7,212
Law library	47,582	48,564	47,410	1,154
Total courts	$ 1,716,376	$ 1,682,007	$ 1,640,562	$ 41,445
Commonwealth's attorney:				
Commonwealth's attorney	$ 785,545	$ 786,937	$ 777,937	$ 9,000
Total commonwealth's attorney	$ 785,545	$ 786,937	$ 777,937	$ 9,000
Total judicial administration	$ 2,501,921	$ 2,468,944	$ 2,418,499	$ 50,445
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	$ 4,135,900	$ 4,345,666	$ 4,365,489	$ (19,823)
E - 911 system	552,151	478,485	474,170	4,315
Total law enforcement and emergency services	$ 4,688,051	$ 4,824,151	$ 4,839,659	$ (15,508)
Fire and rescue services:				
Other fire and rescue costs	$ 274,254	$ 285,886	$ 319,907	$ (34,021)
Cost recovery fees	80,000	101,613	73,121	28,492
Cost recovery reimbursement to fire companies	75,000	75,000	11,119	63,881
Contributions to fire and rescue squads	957,774	946,500	968,327	(21,827)
Emergency services	2,894,672	3,017,439	3,029,415	(11,976)
Total fire and rescue services	$ 4,281,700	$ 4,426,438	$ 4,401,889	$ 24,549

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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	$ 4,250,000	$ 4,105,122	$ 4,105,122	$ -
Probation office	65,280	65,280	49,260	16,020
Juvenile detention center	423,598	418,614	418,614	-
Total correction and detention	$ 4,738,878	$ 4,589,016	$ 4,572,996	$ 16,020
Inspections:				
Building	$ 590,915	$ 592,015	$ 569,381	$ 22,634
Total inspections	$ 590,915	$ 592,015	$ 569,381	$ 22,634
Other protection:				
Animal control	$ 634,118	$ 635,066	$ 635,191	$ (125)
Medical examiner	500	500	500	-
Total other protection	$ 634,618	$ 635,566	$ 635,691	$ (125)
Total public safety	$ 14,934,162	$ 15,067,186	$ 15,019,616	$ 47,570
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Management of sanitary districts	$ 128,575	$ 228,175	$ 226,320	$ 1,855
Streets and highways	26,000	14,209	14,209	-
Total maintenance of highways, streets, bridges and sidewalks	$ 154,575	$ 242,384	$ 240,529	$ 1,855
Sanitation and waste removal:				
Refuse collection	$ 857,852	$ 843,133	$ 843,133	$ -
Refuse disposal	2,525,995	2,459,982	2,455,758	4,224
Total sanitation and waste removal	$ 3,383,847	$ 3,303,115	$ 3,298,891	$ 4,224
Maintenance of general buildings and grounds:				
General properties	$ 1,078,673	$ 1,332,226	$ 1,326,965	$ 5,261
Total maintenance of general buildings and grounds	$ 1,078,673	$ 1,332,226	$ 1,326,965	$ 5,261
Total public works	$ 4,617,095	$ 4,877,725	$ 4,866,385	$ 11,340
Health and welfare:				
Health:				
Local health department	$ 342,809	$ 342,809	$ 342,809	$ -
Total health	$ 342,809	$ 342,809	$ 342,809	$ -
Mental health and mental retardation:				
Northwestern community services	$ 333,298	$ 333,298	$ 333,298	$ -
Warren association for retarded citizens	2,500	2,500	2,500	-
Total mental health and mental retardation	$ 335,798	$ 335,798	$ 335,798	$ -
Welfare:				
Public assistance and welfare administration	$ 3,918,135	$ 3,918,280	$ 3,738,169	$ 180,111
Shenandoah area agency on aging	54,000	54,000	54,000	-
Warren county council on domestic violence	11,000	11,000	11,000	-
Other social services	47,489	73,454	73,454	-
Rental of property - Health and Human Services Complex	161,680	-	-	-
Property tax relief for the elderly and handicapped	-	-	371,449	(371,449)
Children Services Act	1,872,177	1,812,177	1,803,765	8,412
Total welfare	$ 6,064,481	$ 5,868,911	$ 6,051,837	$ (182,926)
Total health and welfare	$ 6,743,088	$ 6,547,518	$ 6,730,444	$ (182,926)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Contribution to local school board	$ 23,421,164	$ 24,053,164	$ 23,002,712	$ 1,050,452
Contributions to community college	35,056	35,056	35,056	-
Total education	$ 23,456,220	$ 24,088,220	$ 23,037,768	$ 1,050,452
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	$ 2,295,268	$ 2,312,121	$ 2,267,592	$ 44,529
Golf club operations	316,503	316,503	293,540	22,963
Total parks and recreation	$ 2,611,771	$ 2,628,624	$ 2,561,132	$ 67,492
Cultural enrichment:				
Browntown community center	$ 2,500	$ 2,500	$ 2,500	$ -
Blue ridge arts council	10,000	10,000	9,500	500
Heritage society	-	2,500	-	2,500
4-H center	3,000	3,000	3,000	-
Total cultural enrichment	$ 15,500	$ 18,000	$ 15,000	$ 3,000
Library:				
Contribution to Samuels Public Library	$ 973,682	$ 973,682	$ 973,682	$ -
Total library	$ 973,682	$ 973,682	$ 973,682	$ -
Total parks, recreation, and cultural	$ 3,600,953	$ 3,620,306	$ 3,549,814	$ 70,492
Community development:				
Planning and community development:				
Planning and zoning administration	$ 424,614	$ 551,354	$ 540,558	$ 10,796
Enterprise zone grant - IDA	1,711,586	-	-	-
Industrial development authority	108,117	108,117	108,117	-
Route 340/522 trolley	25,000	55,120	55,112	8
Other contributions	-	2,500	2,500	-
Other community development	-	7,425	7,425	-
Total planning and community development	$ 2,269,317	$ 724,516	$ 713,712	$ 10,804
Environmental management:				
Contribution to soil and water conservation district	$ 12,000	$ 12,000	$ 12,000	$ -
Other environmental management	25,000	25,000	16,475	8,525
Total environmental management	$ 37,000	$ 37,000	$ 28,475	$ 8,525
Airport:				
Air show	$ -	$ -	$ 27,072	$ (27,072)
Airport Commission operations	189,465	71,793	71,793	-
Total airport	$ 189,465	$ 71,793	$ 98,865	$ (27,072)
Cooperative extension program:				
VPI extension service	$ 119,566	$ 122,066	$ 112,230	$ 9,836
Total cooperative extension program	$ 119,566	$ 122,066	$ 112,230	$ 9,836
Total community development	$ 2,615,348	$ 955,375	$ 953,282	$ 2,093

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Retiree medical insurance and unemployment insurance	$ 114,868	$ 91,569	$ 83,306	$ 8,263
Route 340/522 Revenue Sharing Agreement Payment	236,831	237,251	237,176	75
Central equipment and maintenance	170,725	191,984	191,154	830
Other nondepartmental	277,210	8,763	-	8,763
Total nondepartmental	$ 799,634	$ 529,567	$ 511,636	$ 17,931
Capital projects:				
Economic development	$ 106,489	$ 106,489	$ 105,724	$ 765
Soccer fields	50,000	38,091	38,091	-
Fishnet property	150,000	477,282	478,241	(959)
Bing crosby stadium renovations	15,000	6,926	6,926	-
Route 522 beautification project	-	12,034	12,034	-
Eagles Landing road project	-	2,095	2,095	-
Airport capital projects	200	275,942	273,535	2,407
Eastham Park	25,000	3,449	3,449	-
Building improvement fund	133,960	20,291	22,274	(1,983)
Purchase of second street property	100,000	11,087	11,087	-
Revenue sharing projects	250,000	1,313,889	1,551,570	(237,681)
Leach Run Parkway	-	-	513,774	(513,774)
Health and Human Services building	50,000	29,674	29,674	-
WCPS Special Services renovation	-	143,619	143,619	-
Voter registration facility renovation	-	129,809	129,809	-
School renovations	100,000	1,327,088	1,341,560	(14,472)
Other capital projects	2,498,400	1,107,024	1,283,748	(176,724)
Total capital projects	$ 3,479,049	$ 5,004,789	$ 5,947,210	$ (942,421)
Debt service:				
Principal retirement	$ 5,831,999	$ 5,831,999	$ 5,831,999	$ -
Interest and other fiscal charges	2,197,029	5,874,795	5,875,465	(670)
Total debt service	$ 8,029,028	$ 11,706,794	$ 11,707,464	$ (670)
Total General Fund	$ 73,955,107	$ 78,257,481	$ 77,981,394	$ 276,087
Special Revenue Funds:				
Drug Forfeiture Fund:				
Public safety				
Other protection				
Drug forfeiture	$ -	$ 12,321	$ 12,321	$ -
Total other protection	$ -	$ 12,321	$ 12,321	$ -
Total public safety	$ -	$ 12,321	$ 12,321	$ -
Total Drug Forfeiture Fund	$ -	$ 12,321	$ 12,321	$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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	$ 1,758,550	$ 1,624,679	$ 1,520,728	$ 103,951
Total maintenance of highways, streets, bridges and sidewalks	$ 1,758,550	$ 1,624,679	$ 1,520,728	$ 103,951
Total public works	$ 1,758,550	$ 1,624,679	$ 1,520,728	$ 103,951
Debt service:				
Principal retirement	$ 30,000	$ 30,000	$ 30,000	$ -
Interest	5,000	6,690	6,690	-
Total debt service	$ 35,000	$ 36,690	$ 36,690	$ -
Total Sanitary District Fund	$ 1,793,550	$ 1,661,369	$ 1,557,418	$ 103,951
Capital Projects Fund:				
School Bond Construction Fund:				
Capital projects expenditures:				
School construction	$ -	$ -	$ 8,777,403	$ (8,777,403)
Total capital projects	$ -	$ -	$ 8,777,403	$ (8,777,403)
Total School Bond Construction Fund	$ -	$ -	$ 8,777,403	$ (8,777,403)
Total Primary Government	$ 75,748,657	$ 79,931,171	$ 88,328,536	$ (8,397,365)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	$ 41,850,501	$ 42,269,383	$ 40,980,307	$ 1,289,076
Administration, attendance and health	2,271,897	2,212,795	2,141,282	71,513
Pupil transportation	2,468,696	2,517,264	2,381,581	135,683
Operation and maintenance	6,775,385	6,969,871	6,934,958	34,913
Technology	1,725,812	1,807,219	1,758,206	49,013
Total education	$ 55,092,291	$ 55,776,532	$ 54,196,334	$ 1,580,198
Capital projects:				
School capital projects	$ -	$ -	$ 192,890	$ (192,890)
Total capital projects	$ -	$ -	$ 192,890	$ (192,890)
Debt service:				
Principal retirement	$ -	$ -	$ 227,000	$ (227,000)
Interest and other fiscal charges	-	259,974	378,059	(118,085)
Total debt service	$ -	$ 259,974	$ 605,059	$ (345,085)
Total School Operating Fund	$ 55,092,291	$ 56,036,506	$ 54,994,283	$ 1,042,223
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	$ 2,700,000	$ 2,700,000	$ 3,250,280	$ (550,280)
Total school food services	$ 2,700,000	$ 2,700,000	$ 3,250,280	$ (550,280)
Total education	$ 2,700,000	$ 2,700,000	$ 3,250,280	$ (550,280)
Total School Cafeteria Fund	$ 2,700,000	$ 2,700,000	$ 3,250,280	$ (550,280)
Vocational Building Fund:				
Education:				
Vocational building	$ -	$ -	$ 542	$ (542)
Total education	$ -	$ -	$ 542	$ (542)
Total Vocational Building Fund	$ -	$ -	$ 542	$ (542)
School Textbook Fund:				
Education:				
Textbook expenditures	$ -	$ 150,000	$ 39,647	$ 110,353
Total education	$ -	$ 150,000	$ 39,647	$ 110,353
Total School Textbook Fund	$ -	$ 150,000	$ 39,647	$ 110,353
Capital Improvements Fund:				
Capital projects expenditures:				
School capital projects	$ -	$ 694,556	$ 257,528	$ 437,028
Total Capital Improvements Fund	$ -	$ 694,556	$ 257,528	$ 437,028
Total Discretely Presented Component Unit - School Board	$ 57,792,291	$ 59,581,062	$ 58,542,280	$ 1,038,782

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.	1 - 6
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 - 10
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.	11 - 12
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.	13 - 18

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

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COUNTY OF WARREN, VIRGINIA **Table 1**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 23,980,653	$ 28,433,137	$ 33,051,889	$ 39,807,455	$ 41,283,508	$ 44,643,308	$ 50,608,195	$ 50,390,918	$ 47,493,851	$ 46,396,078
Restricted	671,806	404,906	404,906	472,751	462,122	501,786	392,770	609,053	1,102,483	1,368,387
Unrestricted	28,306,617	43,265,839	42,626,162	38,133,808	39,289,581	39,844,691	31,397,108	23,597,887	29,397,300	25,619,321
Total governmental activities net position	$ 52,959,076	$ 72,103,882	$ 76,082,957	$ 78,414,014	$ 81,035,211	$ 84,989,785	$ 82,398,073	$ 74,597,858	$ 77,993,634	$ 73,383,786
Primary government										
Net investment in capital assets	$ 23,980,653	$ 28,433,137	$ 33,051,889	$ 39,807,455	$ 41,283,508	$ 44,643,308	$ 50,608,195	$ 50,390,918	$ 47,493,851	$ 46,396,078
Restricted	671,806	404,906	404,906	472,751	462,122	501,786	392,770	609,053	1,102,483	1,368,387
Unrestricted	28,306,617	43,265,839	42,626,162	38,133,808	39,289,581	39,844,691	31,397,108	23,597,887	29,397,300	25,619,321
Total primary government net position	$ 52,959,076	$ 72,103,882	$ 76,082,957	$ 78,414,014	$ 81,035,211	$ 84,989,785	$ 82,398,073	$ 74,597,858	$ 77,993,634	$ 73,383,786

COUNTY OF WARREN, VIRGINIA

Table 2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government administration	$ 3,215,515	$ 3,151,069	$ 3,911,301	$ 4,763,989	$ 3,325,816	$ 3,851,326	$ 3,955,083	$ 3,833,474	$ 3,871,325	$ 3,897,066
Judicial administration	1,349,421	1,422,107	1,377,697	1,409,961	1,337,703	1,410,337	1,378,138	2,311,765	2,392,659	2,495,716
Public safety	11,053,220	11,282,726	11,302,344	12,298,117	12,715,103	14,381,005	13,964,875	15,056,861	14,860,539	15,249,315
Public works	4,578,357	4,742,144	5,226,893	4,770,471	5,184,861	6,365,453	6,462,172	8,652,338	10,922,208	8,335,668
Health and welfare	7,814,495	7,701,920	7,072,800	7,693,313	6,372,322	6,329,760	6,270,332	6,465,553	6,947,264	6,944,616
Education	19,282,393	19,142,956	20,702,750	19,409,698	20,616,162	21,089,704	22,694,712	33,441,555	22,500,264	25,533,790
Parks, recreation and cultural	4,339,242	2,755,644	3,681,010	3,154,449	3,321,806	3,488,039	3,802,849	3,565,915	3,713,029	3,946,163
Community development	1,258,578	1,194,165	1,200,522	1,257,830	1,215,861	1,020,028	1,444,078	1,287,614	1,348,846	1,473,827
Non-departmental	123,990	139,412	136,821	-	-	-	-	-	-	-
Interest on long-term debt	5,329,882	5,407,080	5,535,466	4,699,187	4,687,949	4,349,138	5,281,135	5,436,533	5,538,416	5,675,570
Total governmental activities expenses	$ 58,345,093	$ 56,939,223	$ 60,147,604	$ 59,457,015	$ 58,777,583	$ 62,284,790	$ 65,253,374	$ 80,051,608	$ 72,094,550	$ 73,551,731
Total primary government expenses	$ 58,345,093	$ 56,939,223	$ 60,147,604	$ 59,457,015	$ 58,777,583	$ 62,284,790	$ 65,253,374	$ 80,051,608	$ 72,094,550	$ 73,551,731
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 401,650	$ 459,098	$ 489,180	$ 477,385	$ 173,887	$ 258,425	$ 264,237	$ 267,603	$ 236,808	$ 180,987
Judicial administration	364,648	363,139	375,716	332,962	248,492	243,901	225,746	216,225	185,489	226,015
Public safety	1,924,180	1,901,618	1,919,051	2,299,296	1,266,792	1,341,592	937,881	1,053,953	1,211,691	1,104,443
Public works	1,123,668	1,068,864	951,891	891,139	855,074	965,738	982,071	1,045,223	1,096,644	1,148,332
Health and welfare	269,513	278,137	250,371	293,177	-	-	-	-	-	-
Parks, recreation and cultural	525,998	534,070	549,381	570,267	429,712	423,860	439,677	476,834	439,608	411,263
Community development	179,738	179,771	213,341	241,298	218,494	214,921	206,823	210,051	221,604	214,604
Operating grants and contributions	9,620,915	8,915,568	8,784,738	7,984,270	7,533,944	8,402,853	6,693,201	7,541,835	7,422,626	7,279,271
Capital grants and contributions	187,969	234,304	630,340	295,688	261,197	473,284	387,573	795,626	1,096,324	1,437,532
Total governmental activities program revenues	$ 14,598,279	$ 13,934,569	$ 14,164,009	$ 13,385,482	$ 10,987,592	$ 12,324,574	$ 10,137,209	$ 11,607,350	$ 11,910,794	$ 12,002,447
Total primary government program revenues	$ 14,598,279	$ 13,934,569	$ 14,164,009	$ 13,385,482	$ 10,987,592	$ 12,324,574	$ 10,137,209	$ 11,607,350	$ 11,910,794	$ 12,002,447
Net (expense) / revenue										
Governmental activities	$ (43,746,814)	$ (43,004,654)	$ (45,983,595)	$ (46,071,533)	$ (47,789,991)	$ (49,960,216)	$ (55,116,165)	$ (68,444,258)	$ (60,183,756)	$ (61,549,284)
Total primary government net expense	$ (43,746,814)	$ (43,004,654)	$ (45,983,595)	$ (46,071,533)	$ (47,789,991)	$ (49,960,216)	$ (55,116,165)	$ (68,444,258)	$ (60,183,756)	$ (61,549,284)

COUNTY OF WARREN, VIRGINIA

Table 2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 30,117,767	$ 49,583,450	$ 33,922,048	$ 34,768,063	$ 35,453,198	$ 40,170,018	$ 43,218,932	$ 46,462,723	$ 48,028,934	$ 49,130,661
Local sales and use taxes	2,837,283	2,838,297	2,931,450	3,281,603	6,351,573	3,765,595	3,459,402	3,339,288	3,707,397	3,785,913
Taxes on recordation and wills	450,074	486,031	418,073	321,394	579,111	460,515	371,886	451,634	470,302	611,171
Communication taxes (2)	928,624	-	-	-	-	-	-	-	-	-
Consumer utility taxes	681,492	670,372	683,604	687,180	692,508	708,592	696,551	649,156	764,170	728,834
Business licenses taxes	1,017,697	749,297	569,485	906,752	928,778	858,661	773,355	765,773	837,612	811,476
Meals tax (1)	628,516	667,916	690,672	724,799	757,306	824,351	874,721	917,662	940,928	947,737
Other local taxes	908,094	624,143	775,901	890,048	788,039	913,505	1,099,486	1,132,119	1,120,689	1,109,861
Unrestricted grants and contributions (2)	4,541,517	5,458,531	5,312,483	5,781,049	5,818,324	5,789,093	5,672,161	5,672,279	5,781,070	5,628,301
Unrestricted revenues from use of money and property	1,088,900	861,058	459,208	392,301	373,583	374,038	323,996	519,420	741,230	489,390
Miscellaneous	1,176,499	210,365	4,199,746	649,401	372,120	470,422	359,978	503,214	1,187,200	1,229,050
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	230,775	-	-
Transfers	-	-	-	-	35,740	-	-	-	-	-
Total governmental activities	$ 44,376,463	$ 62,149,460	$ 49,962,670	$ 48,402,590	$ 52,150,280	$ 54,334,790	$ 56,850,468	$ 60,644,043	$ 63,579,532	$ 64,472,394
Total primary government	$ 44,376,463	$ 62,149,460	$ 49,962,670	$ 48,402,590	$ 52,150,280	$ 54,334,790	$ 56,850,468	$ 60,644,043	$ 63,579,532	$ 64,472,394
Change in Net Position										
Governmental activities	$ 629,649	$ 19,144,806	$ 3,979,075	$ 2,331,057	$ 4,360,289	$ 4,374,574	$ 1,734,303	$ (7,800,215)	$ 3,395,776	$ 2,923,110
Total primary government	$ 629,649	$ 19,144,806	$ 3,979,075	$ 2,331,057	$ 4,360,289	$ 4,374,574	$ 1,734,303	$ (7,800,215)	$ 3,395,776	$ 2,923,110

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"
(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.
(3) The County implemented GASB Statement 63 and 65, effective July 1, 2012 - the implementation required the reclassification of certain expense items
(4) 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 3**

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

	2009	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018
General fund										
Unreserved	$ 15,452,280	$ 17,195,830								
Total general fund	$ 15,452,280	$ 17,195,830								
All other governmental funds										
Reserved	$ 22,703,534	$ 12,954,446								
Unreserved, reported in:										
Special revenue funds	26,645	(54,216)								
Capital projects funds	12,970,305	26,672,946								
Total all other governmental funds	$ 35,700,484	$ 39,573,176								
General fund										
Nonspendable			$ -	$ -	$ -	$ -	$ -	$ 31,374	$ 30,312	$ 29,550
Unassigned			13,566,706	13,757,149	17,132,916	16,693,295	15,505,815	15,710,784	15,736,735	13,528,579
Total general fund			$ 13,566,706	$ 13,757,149	$ 17,132,916	$ 16,693,295	$ 15,505,815	$ 15,742,158	$ 15,767,047	$ 13,558,129
All other governmental funds										
Restricted			$ 4,994,702	$ 726,981	$ 462,122	$ 1,274,248	$ 50,257,532	$ 41,433,694	$ 12,500,725	$ 4,073,726
Committed			27,769,270	23,205,218	22,852,130	24,285,633	21,044,453	16,328,334	19,035,093	20,108,849
Assigned			195,965	195,965	153,514	153,514	153,514	-	-	-
Unassigned			-	-	(183,904)	(183,904)	-	-	-	-
Total all other governmental funds			32,959,937	24,128,164	23,283,862	25,529,491	71,455,499	57,762,028	31,535,818	24,182,575
Total fund balance, governmental funds			$ 46,526,643	$ 37,885,313	$ 40,416,778	$ 42,222,786	$ 86,961,314	$ 73,504,186	$ 47,302,865	$ 37,740,704

(1) The County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. The classification of fund balance commencing with fiscal year 2011 will report the fund balance in accordance with this reporting standard.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
General property taxes	$ 30,304,803	$ 47,236,991	$ 33,878,123	$ 34,090,051	$ 36,109,920	$ 39,547,607	$ 43,189,446	$ 45,985,664	$ 48,137,667	$ 49,007,643
Other local taxes (1)	7,451,780	6,036,056	6,069,186	6,811,776	10,097,315	7,531,219	7,275,401	7,255,632	7,841,098	7,994,992
Permits, privilege fees and regulatory licenses	508,254	506,320	555,982	527,806	665,598	679,907	685,234	818,327	525,014	497,776
Fines and forfeitures	42,395	48,014	49,216	24,776	80,083	97,416	100,564	103,259	103,806	85,029
Revenue from use of money and property	1,086,205	861,058	459,208	392,301	373,913	374,038	324,091	519,420	741,230	489,390
Charges for services	1,915,160	1,800,540	2,237,108	2,408,251	2,446,770	2,671,114	2,270,637	2,348,303	2,763,023	2,702,838
Miscellaneous	1,172,533	227,306	4,199,744	649,404	372,110	470,423	359,882	1,025,720	1,357,198	1,229,049
Recovered costs	677,069	553,957	317,422	14,514	83,270	72,885	139,172	65,608	93,762	193,809
Intergovernmental:										
Local government	-	-	-	-	-	-	-	501,468	375,200	149,175
Commonwealth	11,526,007	12,217,113	11,787,400	11,954,053	11,745,823	12,385,077	10,565,562	10,834,673	11,132,178	11,927,767
Federal	2,819,257	2,380,365	2,940,161	2,106,954	1,867,311	2,280,153	2,187,373	2,151,099	2,792,642	2,268,163
Total revenues	$ 57,503,463	$ 71,867,720	$ 62,493,550	$ 58,979,886	$ 63,842,113	$ 66,109,839	$ 67,097,362	$ 71,609,173	$ 75,862,818	$ 76,545,631
Expenditures										
General government administration	$ 2,521,049	$ 2,450,952	$ 3,023,745	$ 2,671,164	$ 2,680,167	$ 2,905,847	$ 3,123,371	$ 3,211,580	$ 2,902,896	$ 3,239,276
Judicial administration	1,152,773	1,208,840	1,387,022	1,448,578	1,534,198	1,578,791	1,611,596	2,242,720	2,285,963	2,418,499
Public safety	9,675,347	9,606,720	10,192,987	10,453,211	11,689,025	13,538,746	13,807,508	14,728,230	14,471,085	15,031,937
Public works	4,146,798	4,251,706	4,127,601	4,199,431	4,720,519	4,906,211	5,427,334	5,209,182	5,191,279	6,387,113
Health and welfare	7,351,875	7,280,066	6,688,564	6,706,491	6,245,724	6,213,147	6,313,085	6,444,670	6,628,743	6,730,444
Education	18,875,998	18,901,332	20,687,963	18,643,244	19,150,024	20,039,108	21,498,329	20,728,369	20,228,390	23,037,768
Parks, recreation and cultural	2,277,426	2,565,936	2,779,555	2,828,558	3,036,924	3,451,896	3,410,727	3,299,722	3,437,329	3,549,814
Community development	975,573	856,205	781,834	734,419	792,613	977,696	1,055,488	1,046,953	1,093,351	953,282
Non-departmental	172,356	182,337	197,336	249,404	235,430	250,523	269,080	276,784	515,049	511,636
Capital projects	8,887,092	19,454,905	13,537,702	11,760,452	3,507,383	5,000,468	7,531,305	24,512,900	33,472,111	14,724,613
Debt service										
Principal	1,525,382	3,711,768	4,490,955	3,458,550	3,499,383	11,010,125	5,470,583	6,607,594	5,649,214	5,861,999
Interest	4,819,350	4,964,661	5,231,529	6,758,827	4,478,371	4,591,060	5,429,201	6,554,940	6,018,728	5,882,155
Total expenditures	$ 62,381,019	$ 75,435,428	$ 73,126,793	$ 69,912,329	$ 61,569,761	$ 74,463,618	$ 74,947,607	$ 94,863,644	$ 101,894,138	$ 88,328,536
Excess of revenues over (under) expenditures	$ (4,877,556)	$ (3,567,708)	$ (10,633,243)	$ (10,932,443)	$ 2,272,352	$ (8,353,779)	$ (7,850,245)	$ (23,254,471)	$ (26,031,320)	$ (11,782,905)
Other financing sources (uses)										
Transfers in	$ 6,429,432	$ 22,414,429	$ 15,793,316	$ 12,805,447	$ 5,321,020	$ 7,009,008	$ 8,363,969	$ 13,313,568	$ 8,684,074	$ 4,112,437
Transfers out	(6,429,432)	(22,375,833)	(15,721,064)	(12,360,880)	(5,061,907)	(6,849,221)	(8,139,798)	(13,260,255)	(8,854,074)	(4,110,393)
Issuance of bonds	46,775,450	11,192,300	-	77,000,000	-	10,000,000	48,325,000	8,691,000	-	-
Issuance of line of credit	-	-	-	-	-	-	-	-	-	2,218,700
Premium on bonds issued	-	-	-	10,859,925	-	-	3,298,094	-	-	-
Discount on bonds issued	(40,000)	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	(23,000,000)	(2,450,000)	-	(86,013,379)	-	-	-	-	-	-
Issuance capital leases	495,000	403,054	318,628	-	-	-	741,508	409,650	-	-
Sale of capital assets	-	-	-	-	-	-	-	643,380	-	-
Total other financing sources (uses)	$ 24,230,450	$ 9,183,950	$ 390,880	$ 2,291,113	$ 259,113	$ 10,159,787	$ 52,588,773	$ 9,797,343	$ (170,000)	$ 2,220,744
Net change in fund balances	$ 19,352,894	$ 5,616,242	$ (10,242,363)	$ (8,641,330)	$ 2,531,465	$ 1,806,008	$ 44,738,528	$ (13,457,128)	$ (26,201,320)	$ (9,562,161)
Debt service as a percentage of noncapital expenditures	10.71%	15.22%	16.08%	16.85%	13.43%	22.07%	15.97%	17.88%	15.68%	15.40%

(1) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.
Includes all primary government funds except for the health insurance fund. Does not include financial activity of the component units.

(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 **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
2009	$ 2,521,049	$ 1,152,773	$ 9,675,347	$ 4,146,798	$ 7,351,875	$ 48,022,270	$ 2,277,426	$ 975,573	$ 172,356	$ 8,217,033	$ 84,512,500
2010	2,450,952	1,208,840	9,606,720	4,251,706	7,280,066	47,327,876	2,565,936	856,205	182,337	10,583,442	86,314,080
2011	3,023,745	1,387,022	10,192,987	4,127,601	6,688,564	47,736,047	2,779,555	781,834	197,336	11,356,255	88,270,946
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

(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
2009	$ 30,304,803	$ 7,451,780	$ 508,254	$ 42,395	$ 1,086,849	$ 3,310,229	$ 1,577,659	$ 677,069	$ 43,622,251	$ 88,581,289
2010	47,236,991	6,036,056	506,320	48,014	458,989	3,124,505	546,584	553,957	43,614,828	102,126,244
2011	33,878,123	6,069,186	555,982	49,216	424,507	3,509,824	4,452,764	17,463	42,024,470	90,981,535
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

(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.

(3) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

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

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
2009	$ 30,117,767	$ 2,837,283	$ 681,492	$ 450,074	$ 1,017,697	$ 628,516	$ 908,094	$ 36,640,923
2010	49,583,450	2,838,297	670,372	486,031	749,297	667,916	1,110,174	56,105,537
2011	33,922,049	2,931,450	683,604	313,489	569,485	690,672	880,485	39,991,234
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

(1) Prior to fiscal year 2009 meals tax revenue is reported in "other local taxes"

(2) As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

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
						Pers. Prop.	Mach. - Tools	Real Estate		
2009	$ 4,737,808,700	$ 422,529,586	$ 54,831,030	$ 71,830,670	$ 5,286,999,986	$ 0.60	$ 0.60	$ 0.07	$ 5,286,999,986	100.00%
2010	4,805,941,500	362,529,370	57,578,180	84,239,604	5,310,288,654	0.60	0.60	0.07	5,310,288,654	100.00%
2011	4,816,929,300	336,375,506	55,042,750	83,128,930	5,291,476,486	0.64	0.64	0.11	5,291,476,486	100.00%
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%

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
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

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)
2009	$ 0.45	$ 3.15	$ 0.45	$ 1.30
2010	0.46/0.46	4.00/4.00	0.46/0.46	1.30/1.30
2011	0.46/0.59	4.00/4.00	0.46/0.59	1.30/1.30
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

(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)
2009	$ 35,112,209	$ 33,718,512	96.03%	$ 1,099,484	$ 34,817,996	99.16%
2010	55,429,700	51,760,893	93.38%	2,358,090	54,118,983	97.64%
2011	37,294,301	35,493,841	95.17%	1,575,668	37,069,509	99.40%
2012	37,825,616	35,949,106	95.04%	1,884,294	37,833,400	100.02%
2013	38,819,912	36,920,536	95.11%	1,035,020	37,955,556	97.77%
2014	41,713,051	41,073,133	98.47%	616,218	41,689,351	99.94%
2015	44,253,098	43,363,126	97.99%	937,484	44,300,610	100.11%
2016	47,761,913	46,775,488	97.93%	862,129	47,637,617	99.74%
2017	51,446,487	49,128,746	95.49%	1,521,462	50,650,208	98.45%
2018	52,980,354	50,483,164	95.29%	-	50,483,164	95.29%

(1) Exclusive of penalties and interest.
(2) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.
(3) Includes personal property tax relief from the Commonwealth of Virginia.
(4) In fiscal year 2010 the County implemented semi-annual tax billings - tax levy includes calendar year 2009 and first half of 2010 assessment - tax collections includes personal property tax relief for calendar year 2009 only.
(5) Original assessments, does not include supplemental or abatement assessments

Principal Property Taxpayers - Real Estate
Last Ten Fiscal Years

Fiscal Year 2018				Fiscal Year 2017				Fiscal Year 2016			
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 (Baugh Northeast)	$ 64,942,100	1	1.58%	Sysco Mdse & Supply Chain Svcs	$ 64,942,100	1	1.60%	Sysco Mdse & Supply Chain Svcs	$ 64,942,100	1	1.61%
Family Dollar Services Inc	57,633,600	2	1.40%	Family Dollar Services Inc	57,633,600	2	1.42%	Family Dollar Services Inc	57,633,600	2	1.43%
Cole FG Front Royal VA LLC	37,869,800	3	0.92%	Cole FG Front Royal VA LLC	37,719,800	3	0.93%	Cole FG Front Royal VA LLC	37,719,800	3	0.93%
Interbake Foods LLC	21,678,700	4	0.53%	Interbake Foods LLC	21,678,700	4	0.53%	Interbake Foods LLC	21,678,700	4	0.54%
Axalta (DuPont Performance Coatings)	20,164,700	5	0.49%	Axalta (DuPont Perf. Coatings)	20,164,700	5	0.50%	Axalta (DuPont Perf. Coatings)	20,164,700	5	0.50%
Walmart	18,495,800	6	0.45%	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	17,496,200	7	0.42%	Boisseau Family LC (The) et al	17,496,200	7	0.43%	Walmart	18,430,800	7	0.46%
Toray Plastics (America) The	16,620,900	8	0.40%	Toray Plastics (America) The	16,620,900	8	0.41%	Crooked Run LLC	14,880,300	8	0.37%
Crooked Run LLC	14,880,300	9	0.36%	Crooked Run LLC	14,880,300	9	0.37%	Toray Plastics (America) The	15,530,400	9	0.38%
Green Mountain Hospitality	12,158,600	10	0.30%	JCR Riverton Investors	13,006,300	10	0.32%	Green Mountain Hospitality	11,768,700	10	0.29%
	$ 281,940,700		6.85%		$ 282,573,400		6.95%		$ 280,213,800		6.94%

Fiscal Year 2015				Fiscal Year 2014				Fiscal Year 2013			
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.	$ 65,680,300	1	1.67%	Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.74%	Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.75%
Family Dollar Services Inc	57,413,750	2	1.46%	Family Dollar Services Inc	57,173,900	2	1.50%	Family Dollar Services Inc	57,173,900	2	1.51%
Cole FG Front Royal VA LLC	37,016,550	3	0.94%	Cole FG Front Royal VA LLC	36,313,300	3	0.95%	Cole FG Front Royal VA LLC	36,313,300	3	0.96%
Interbake Foods LLC	21,953,150	4	0.56%	Interbake Foods LLC	22,227,600	4	0.58%	Interbake Foods LLC	22,227,600	4	0.59%
Axalta (DuPont Perf. Coatings)	20,141,450	5	0.51%	Dupont E I De Nemours & Co.	20,118,200	5	0.53%	Dupont E I De Nemours & Co.	20,118,200	5	0.53%
Boisseau Family LC (The) et al	18,481,000	6	0.47%	Boisseau Family LC (The) et al	19,528,800	6	0.51%	Boisseau Family LC (The) et al	19,670,400	6	0.52%
Walmart	16,752,250	7	0.43%	Walmart	15,073,300	7	0.40%	Walmart	15,073,300	7	0.40%
Crooked Run LLC	14,795,500	8	0.38%	Crooked Run LLC	14,710,700	8	0.39%	Crooked Run LLC	14,710,700	8	0.39%
Toray Plastics (America) The	14,796,650	9	0.38%	Toray Plastics (America) The	14,062,900	9	0.37%	Toray Plastics (America) The	14,062,900	9	0.37%
Winchester Road (E&A) LLC	11,073,050	10	0.28%	Winchester Road (E&A) LLC	11,722,500	10	0.31%	Winchester Road (E&A) LLC	11,722,500	10	0.31%
	$ 278,103,650		7.09%		$ 277,349,700		7.27%		$ 277,491,300		7.31%

Principal Property Taxpayers - Real Estate
Last Ten Fiscal Years

Fiscal Year 2012				Fiscal Year 2011				Fiscal Year 2010			
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
Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.76%	Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.38%	Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.22%
Family Dollar Services Inc	57,173,900	2	1.51%	Family Dollar Services Inc	57,173,900	2	1.19%	Family Dollar Services Inc	55,554,000	2	1.16%
Cole FG Front Royal VA LLC	36,313,300	3	0.96%	Cole FG Front Royal VA LLC	36,313,300	3	0.75%	Cole FG Front Royal VA LLC	33,730,800	3	0.70%
Interbake Foods LLC	22,227,600	4	0.59%	Interbake Foods LLC	22,227,600	4	0.46%	Dupont E I De Nemours & Co.	21,757,100	5	0.45%
Dupont E I De Nemours & Co.	20,118,200	5	0.53%	Dupont E I De Nemours & Co.	20,118,200	5	0.42%	Interbake Foods LLC	21,036,200	4	0.44%
Boisseau Family LC (The) et al	19,658,000	6	0.52%	Boisseau Family LC (The) et al	19,658,000	6	0.41%	Boisseau Family LC (The) et al	19,424,400	6	0.40%
Walmart	15,073,300	7	0.40%	Crooked Run LLC	16,727,000	7	0.35%	Toray Plastics (America) The	15,194,000	9	0.32%
Crooked Run LLC	14,710,700	8	0.39%	Walmart	15,073,300	8	0.31%	Walmart	14,044,200	8	0.29%
Toray Plastics (America) The	14,072,900	9	0.37%	Toray Plastics (America) The	14,072,900	9	0.29%	Crooked Run LLC	13,891,600	7	0.29%
Winchester Road (E&A) LLC	11,722,500	10	0.31%	Winchester Road (E&A) LLC	11,627,600	10	0.24%	Winchester Cold Storage Co.	13,243,100	10	0.28%
	$ 277,488,900		7.34%		$ 279,410,300		5.80%		$ 266,747,100		6.78%

Fiscal Year 2009			
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.24%
Family Dollar Services Inc	55,554,000	2	1.17%
Cole FG Front Royal VA LLC	33,730,800	3	0.71%
Dupont E I De Nemours & Co.	21,757,100	5	0.46%
Interbake Foods LLC	21,036,200	4	0.44%
Boisseau Family LC (The) et al	19,424,400	6	0.41%
Toray Plastics (America) The	15,194,000	7	0.32%
Walmart	14,044,200	8	0.30%
Winchester Cold Storage Co.	13,243,100	9	0.28%
Crooked Run LLC	11,045,100	10	0.23%
	$ 263,900,600		5.57%

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

	Governmental Activities										
Fiscal Years	General Obligation Bonds	Lease Revenue and Revenue Bonds	Line of Credit	Premium on Bonds	Other Notes/ Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	Overlapping Debt (2)	Overlapping Percent
2009	$ 24,468,064	$ 92,040,450	$ -	$ 14,709,559	$ 535,424	$ 805,767	$ 132,559,264	9.58%	$ 3,611	n/a	n/a
2010	31,207,549	89,592,428	-	14,652,267	510,067	729,453	136,691,764	9.63%	3,651	n/a	n/a
2011	28,075,211	87,320,985	-	14,597,900	482,652	742,336	131,219,084	9.24%	3,482	n/a	n/a
2012	15,521,800	92,468,265	-	14,546,493	454,145	496,150	123,486,853	8.77%	3,243	n/a	n/a
2013	14,079,600	89,443,928	-	13,934,950	424,503	307,945	118,190,926	7.72%	3,113	n/a	n/a
2014	14,432,500	87,410,000	-	13,326,444	393,681	244,670	115,807,295	7.50%	3,000	n/a	n/a
2015	54,817,386	89,230,000	-	12,679,166	-	844,392	157,570,944	10.20%	4,042	n/a	n/a
2016	51,938,076	93,126,000	-	11,818,496	-	1,135,758	158,018,330	9.67%	4,043	15,274,979	37%
2017	50,029,634	89,566,000	-	10,983,988	-	954,986	151,534,608	9.13%	3,868	16,894,846	37%
2018	48,052,204	85,639,000	6,501,558	10,159,588	-	770,417	151,122,767	8.44%	3,820	16,894,846	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

COUNTY OF WARREN, VIRGINIA **Table 13**

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 Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2009	$ 131,218,073	$ 131,218,073	2.48%	$ 3,574
2010	135,452,244	135,452,244	2.55%	3,618
2011	129,994,096	129,994,096	2.46%	3,449
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

(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 Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Income	Median Age	September 30 School K-12 Membership	Unemployment Rate
2009	36,713	1,384,000	37,697	38	5,319	6.60%
2010	37,439	1,419,574	37,917	39	5,339	6.61%
2011	37,688	1,419,556	37,666	39	5,340	6.20%
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	1,564,066	40,118	41	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	2.80%

Source: US Census ACS 2017, Warren County Public Schools, Bureau of Economic Analysis, Bureau of Labor Statistics, VA Labor Market Information Oct. 2018

Note: Figures for population, personal income, and per capita income unavailable, 2011 figures used as an estimate

COUNTY OF WARREN, VIRGINIA **Table 15**

Principal Employers
Current Year

Employer	Industry	2018 Employees	2018 Rank	2018 % of Total Employment
Warren County School Board	Educational Services	500 - 999	1	2.5% - 5.0%
Valley Health System-WMH	Hospitals	250 - 499	2	1.3% - 2.5%
Family Dollar Services	Warehousing and Storage	250 - 499	3	1.3% - 2.5%
Warren County Government	General Government	250 - 499	4	1.3% - 2.5%
Axalta Coating Systems (Dupont)	Chemical Manufacturing	250 - 499	5	1.3% - 2.5%
Interbake Foods LLC	Food Manufacturing	250 - 499	6	1.3% - 2.5%
Wal-Mart	General Merchandise Stores	250 - 499	7	1.3% - 2.5%
Baugh Northeast (Sysco)	Administrative and Support Services	250 - 499	8	1.3% - 2.5%
Ferguson Enterprises Inc	Merchant Wholesalers, Durable Goods	250 - 499	9	1.3% - 2.5%
Jackson Furniture Company	Furniture Manufacturing and Distribution	100 - 249	10	0.5% - 1.3%

Total Employed 19,620

Source: Virginia Labor Market Services: Labor Force table October 2018, Warren Co. Top Employers

Table 16

Full-Time County Government Employees By Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary Government										
Department:										
General government	**29**	**30**	**32**	**32**	**32**	**32**	**34**	**34**	**34**	**34**
Board of Supervisors	0	0	0	0	0	0	0	0	0	0
County Administration	5	5	6	6	6	6	7	7	7	7
County Attorney's Office	2	3	3	3	3	3	3	3	3	3
Office of the Comissioner 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	6	6	7	7	7	7	7	7	7	7
Finance and Purchasing	4	4	4	4	4	4	5	5	5	5
Elections	2	2	2	2	2	2	2	2	2	2
Judicial administration	**17**	**16**	**15**	**15**	**16**	**16**	**16**	**18**	**19**	**19**
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	9	8	7	7	8	8	8	9	9	9
Law Library	0	0	0	0	0	0	0	0	1	1
Commonwealth's Attorney	8	8	8	8	8	8	8	9	9	9
Public safety	**124**	**126**	**125**	**125**	**128**	**130**	**109**	**111**	**112**	**118**
Sheriff's Office	53	55	53	53	54	54	53	53	54	54
Court Security	0	0	2	2	2	2	0	0	0	0
E-911 System	6	6	6	6	6	6	6	7	7	7
Volunteer Fire and Rescue	0	0	0	0	0	0	0	0	0	0
Court Services	31	31	31	31	31	31	10	10	10	10
Probation	1	1	1	1	1	1	1	1	1	1
Building Inspections	9	7	6	6	6	6	6	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	20	22	22	22	24	26	29	29	29	35
Cost Recovery	0	0	0	0	0	0	0	0	0	0
Public works	**8**	**6**	**5**	**5**	**7**	**8**	**10**	**11**	**12**	**12**
Public Works/Sanitary Districts	0	0	0	0	0	0	0	0	1	1
Streets and Highways	0	0	0	0	0	0	0	0	0	0
Refuse Collection	4	2	1	0	0	0	0	0	0	0
Refuse Disposal	2	2	2	3	3	4	5	5	5	5
Building and Grounds	2	2	2	2	4	4	5	6	6	6
Health and welfare	**39**	**39**	**39**	**39**	**39**	**39**	**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	38	38	38	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
Culture and recreation	**15**	**15**	**15**	**14**	**14**	**16**	**18**	**18**	**19**	**19**
Parks and recreation	15	15	15	14	14	16	18	18	19	19
Library Museum Cultural Enrichment	0	0	0	0	0	0	0	0	0	0
Community development	**5**	**5**	**5**	**5**	**4**	**4**	**5**	**5**	**6**	**6**
Planning and Zoning	4	4	4	4	3	3	4	4	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	237	237	236	235	240	245	234	239	244	250
Component Unit - School Board										
Function:										
Education - full-time	759	754	754	754	748	750	720	723	742	742
Total Full-Time Employees	**996**	**991**	**990**	**989**	**988**	**995**	**954**	**962**	**986**	**992**

Source: Figures taken from Warren County Fiscal Year 2015-2016 Budget book, Warren County Fiscal Year 2016-2017 Budget book, and payroll reports.

Operating Indicators By Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Sheriffs department:										
Physical arrests	749	534	603	779	467	454	369	438	403	457
Traffic violations	1,507	1,097	853	1,358	1,163	1,523	1,385	1,304	1,111	1,188
Court security manhours worked	4,228	7,538	7,506	7,520	7,420	7,419	5,083	5,136	4,447	4,848
Prisoner transports	694	856	826	959	1,315	579	579	748	445	456
DUIs	92	68	64	84	61	64	73	84	49	49
Fire and rescue:										
Number of calls answered****	8,241	7,745	8,357	7,163	5,666	8,137	5,526	5,867	5,962	6,300
Building Inspections:										
Permits issued	2403	1793	1827	1815	2106	2097	2178	2634	2567	2274
Public works										
General maintenance:										
Trucks/vehicles	2	2	2	3	3	3	3	3	5	3
Landfill:										
Refuse collected (tons/day)	84.69	78.41	76.44	78.51	78.51	89.96	94.11	99.45	103.64	105.13
Culture and recreation										
Parks and recreation attendees/participants:										
Youth sports participants	1,552	1,640	2,439	2,134	2,663	2,254	3,453	4,292	3,007	2,500
Adult sports participants (individuals)	403	172	281	237	241	360	443	644	790	1,055
Adult sports participants (teams)	26	32	26	26	20	22	18	9	4	-
Dance and crafts - youth and adult	50	50	50	50	50	50	160	233	236	837
Trips	322	228	336	102	108	431	178	550	609	404
CPR, Lifeguard, Dog Obedience classe	38	57	43	26	26	101	30	21	35	9
Open special events	73	109	112	423	1,942	2,351	1,793	1,729	1,988	2,069
Library:										
Volumes in collection				103,570	X	X	X	X	X	X
Total volumes borrowed	268,021			345,100	X	X	X	X	X	X
Turnover rate of an item				3	X	X	X	X	X	X
Number of borrowers	22,321			20,341	X	X	X	X	X	X
Number of new borrowers added**	500	500	500	500	X	X	X	X	X	X
Family and children's programs attendance				13,116	X	X	X	X	X	X
Number of adult and family programs				87	X	X	X	X	X	X
Number of children's programs				306	X	X	X	X	X	X
Electronic materials				6,294	X	X	X	X	X	X
Public computer usage				50,001	X	X	X	X	X	X
Reference questions				11,525	X	X	X	X	X	X
Library visits				189,020	X	X	X	X	X	X
Component Unit - School Board										
Education:										
School age population***	NA	7,922	7,847	7,847	7,706	7,675	7,567	7,500	7,466	7,385
Actual school enrollment	5,317	5,368	5,318	5,318	5,498	5,477	5,398	5,309	5,313	5,186

Source: Recreation & Parks, Fire and Rescue, Sheriff's Department annual report, Soild Waste receiving facilities' record, and Warren County Fiscal Year 2016-2017 and 2017-2018 Budget Book.

***Note: Source from Virginia Department of Education and the Weldon Cooper Center, 2010-2015 numbers available.

****Note: 2013 low because of not receiving all the CAD sheets from dispatch

Capital Asset Statistics By Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013
General government					
Vehicles	4	3	6	6	6
Public safety - insured vehicles					
Law enforcement					
Vehicles	52	55	61	57	57
Other public safety					
Vehicles	3	2	3	3	3
Building inspections					
Vehicles	6	5	5	5	5
Animal control					
Vehicles	4	5	5	4	4
Emergency services					
Vehicles	11	12	13	13	13
Public works					
Refuse					
Vehicles	2	2	2	1	1
Buildings and Grounds					
Vehicles	0	0	0	2	2
Health and welfare					
Department of Social Services					
Vehicles	8	8	8	8	8
Parks, recreation and cultural					
Parks and recreation					
Vehicles	13	12	13	13	13
Community development					
Planning and Zoning					
Vehicles	1	1	1	1	1
Other					
Vehicles	1	1	1	1	1

Source: Finance Department motor vehicle insurance reports

2014	2015	2016	2017	2018
6	6	4	6	5
65	67	68	74	69
3	3	2	0	0
5	6	6	6	6
4	5	4	4	5
14	15	20	17	21
1	2	2	5	4
2	2	2	2	2
8	8	8	8	8
14	17	22	23	21
1	1	1	1	1
1	1	2	4	6

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

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, 2018, 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 September 6, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
September 6, 2019

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, 2018. 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, 2018.

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, Farmer, Cox Associates

Charlottesville, Virginia
September 6, 2019

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950117/0950116	$ 5,624
Temporary Assistance for Needy Families	93.558	0400117/0400118	286,876
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117/0500118	415
Low-Income Home Energy Assistance	93.568	0600417/0600418	31,784
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117/0760118	39,740
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116/0900117	704
Children's Health Insurance Program	93.767	0540117/0540118	17,733
Foster Care - Title IV-E	93.658	1100117/1100118	216,281
Adoption Assistance	93.659	1120117/1120118	232,670
Social Services Block Grant	93.667	1000117/1000118	216,105
Chafee Foster Care Independence Program	93.674	9150117/9150118	1,800
Medical Assistance Program	93.778	1200117/1200118	425,601
Total Department Health and Human Services			$ 1,475,333
Department of Agriculture:			
Pass-Through Payments:			
Department of Education:			
Child Nutrition Cluster:			
Food distribution - Summer Food Service Program for Children	10.559	10.559/2018	$ 1,616
School Breakfast Program	10.553	201717IN109941/201818N109941	366,665
Food distribution - National School Lunch Program	10.555	201717IN109941/201818N109941	187,204
Department of Education:			
National School Lunch Program	10.555	201717IN109941/201818N109941	1,073,388
Subtotal CFDA 10.555			$ 1,260,592
Subtotal Child Nutrition Cluster			$ 1,628,873
Schools and Roads - Grants to States	10.665	10.665/2018	$ 1,213
Child and Adult Care Food Program	10.558	10.558/2018	395
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040117/0040118/0010118/0010117	397,341
Total Department of Agriculture			$ 2,027,822

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	not applicable	$ 3,390
Pass-Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	16VAGX0039	$ 46,130
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16DJBX0482	1,456
Juvenile Justice and Delinquency Prevention	16.540	16JFFX0036	24,462
Total Department of Justice			$ 75,438
Department of Transportation:			
Direct Payments:			
Airport Improvement Program	20.106	not applicable	$ 252,443
Total Department of Transportation			$ 252,443
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	EMW-2016-SS-00083	$ 5,748
Emergency Management Performance Grants	97.042	EMP-2017-EP-00006	6,993
Total Department of Homeland Security			$ 12,741
Department of Education:			
Pass-Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A160046/S010A170046	$ 985,798
Special Education Cluster:			
Special Education Grants to States	84.027	H027A160107/H027A170107	1,122,625
Special Education Preschool Grants	84.173	H173A160112/H173A170112	27,840
Subtotal Special Education Cluster			$ 1,150,465
Career and Technical Education: Basic Grants to States	84.048	V048A160046/V048A170046	$ 84,004
English Language Acquisition State Grants	84.365	S365A140046/S365A150046/S365A160046	5,023
Twenty-First Century Community Learning Centers	84.287	S287C170047/S287C160047	96,813
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	S367A160044/S367A170044	119,320
Total Department of Education			$ 2,441,423
Total Expenditures of Federal Awards			$ 6,285,200

See accompanying notes to Schedule of Expenditures of Federal Awards.

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, 2018. 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 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Loan Balances

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

Note 7 - 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		$ 2,268,163
Less: Department of the Interior - Payments in lieu of taxes	15.226	(54,867)
Total Primary Government		$ 2,213,296
Component Unit - Warren County School Board:		
School operating fund		$ 4,331,878
Less: Federal Interest Rate Subsidy - Qualified Energy Conservation Bonds		(259,974)
Total Component Unit - Warren County School Board		$ 4,071,904
Total expenditures of federal awards per basic financial statements		$ 6,285,200
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards		$ 6,285,200

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 - IDA
Internal control over financial reporting:	
Material weakness(es) identified?	No
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
93.778	Medical Assistance Program
84.010	Title I: Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None