2019

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

COUNTY of WARREN
VIRGINIA

County of Warren, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019

Prepared By:

Finance Department

COUNTY OF WARREN, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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COUNTY OF WARREN

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Douglas P. Stanley
County Administrator

BOARD OF SUPERVISORS

*****

CHAIRMAN
Walter J. Mabe
Shenandoah District

VICE CHAIR
Cheryl L. Cullers
South River District

Tony F. Carter
Happy Creek District

Archie A. Fox
Fork District

Delores R. Oates
North River District

*****

Douglas P. Stanley
County Administrator

February 25, 2020

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, 2019. This report was prepared by the County's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

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

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

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

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

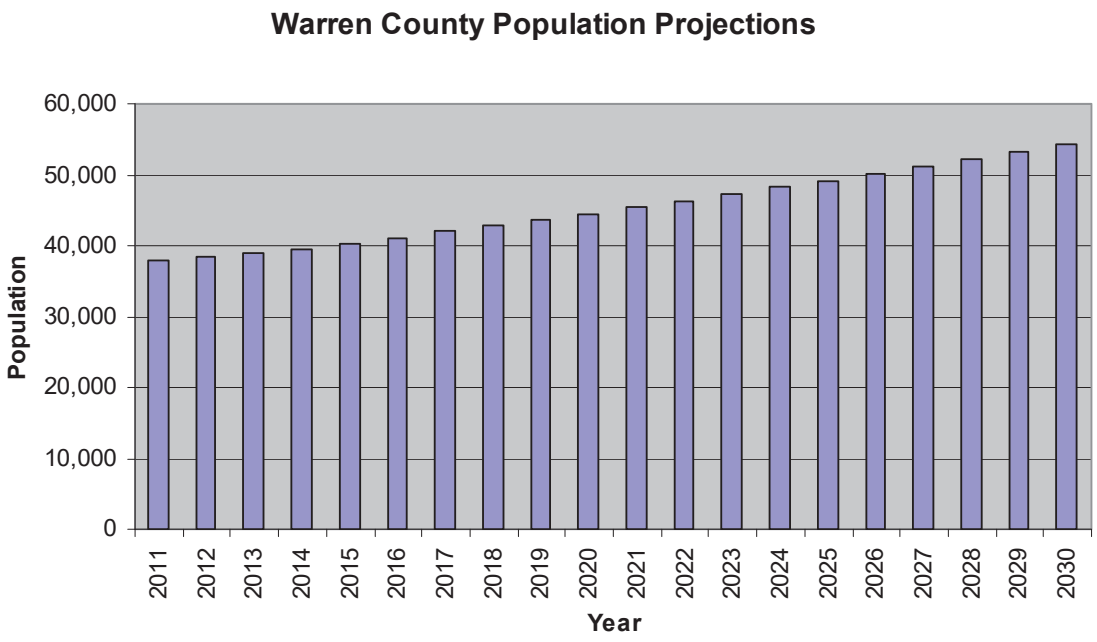
COUNTY DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION

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

The County's unemployment rate in September 2019 was 2.5%, an improvement over the 2.8% of September 2018. The rate of 2.5% was slightly lower than the unemployment rate of 2.7% for Virginia but significantly lower than the national average of 3.3%.

The total reported value of new construction for permits issued in FY 2019 increased significantly from FY 2018 from $87,703,958.11 to $147,691,592.57, which represents an increase of approximately 59.38%. The increase is attributable to the start of construction of the new Warren Memorial Hospital. There has still been a slowing in new home construction and a lack of any significant new commercial/industrial permit activity. The FY 2019 figure is significantly higher than the 10-year average of $77,047,445.87. The number of total building permits was slightly down in FY 2019 over FY 2018 from 2,274 to 2,121, a decrease of 6.73%.

Since the 2010 Census, Warren County's population has increased from 37,575 to the most recent 2019 population estimate of 39,936, an increase of 2,361 persons (6.3%). Warren County's estimated population of 39,936 is up slightly from the 2017 count of 39,630 (1.00%). 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 three 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 taxes. 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, an 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 several projects that will enhance the County's tax base.

Equus – Virginia Inland Port Logistics Center

- Equus received approval for a conditional use permit for a 324,000 SF warehouse facility to be located on a 20-acre site on Route 340/522 just north of the RSW Regional Jail
- They anticipate starting site work mid-2020
- Upon completion, the facility will provide an estimated 50-100 new jobs

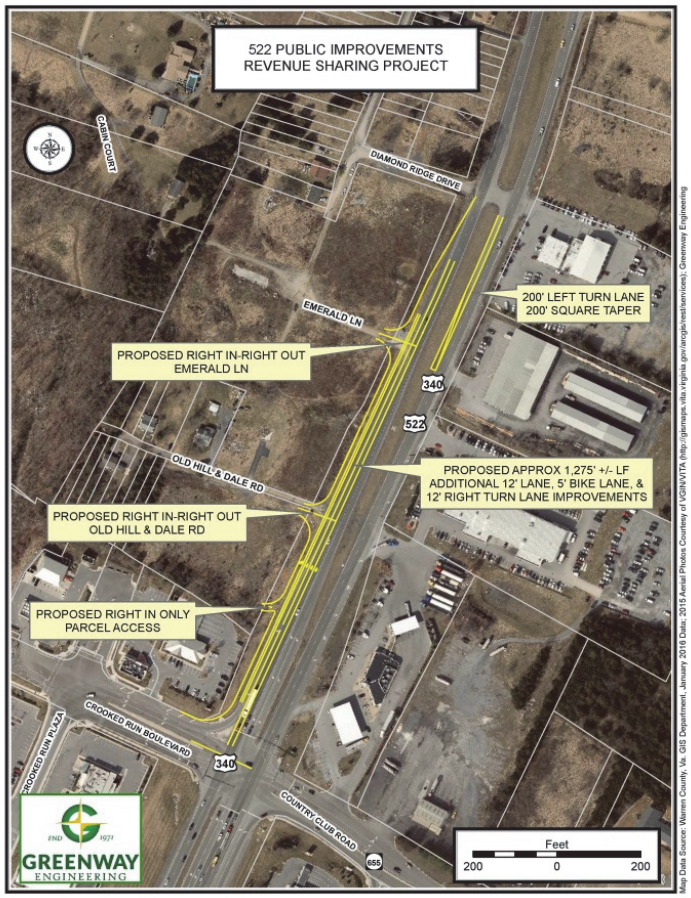
ELP Riverton – Multi-tenant Building

- Proposed 6,100 SF building
- Five Guys and Chipotle signed on as tenants

Commercial development has grown significantly over the past fifteen years as the Crooked Run (220,000 SF) and Riverton Commons (450,000 SF) shopping centers have been developed. 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, and in 2019, a Taco Bell and a Valvoline auto care facility were constructed on the last two vacant pads in the Riverton Commons shopping center.

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 project has opened up 3-4 additional commercial pads just north along the west side of Route 340-522.

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.

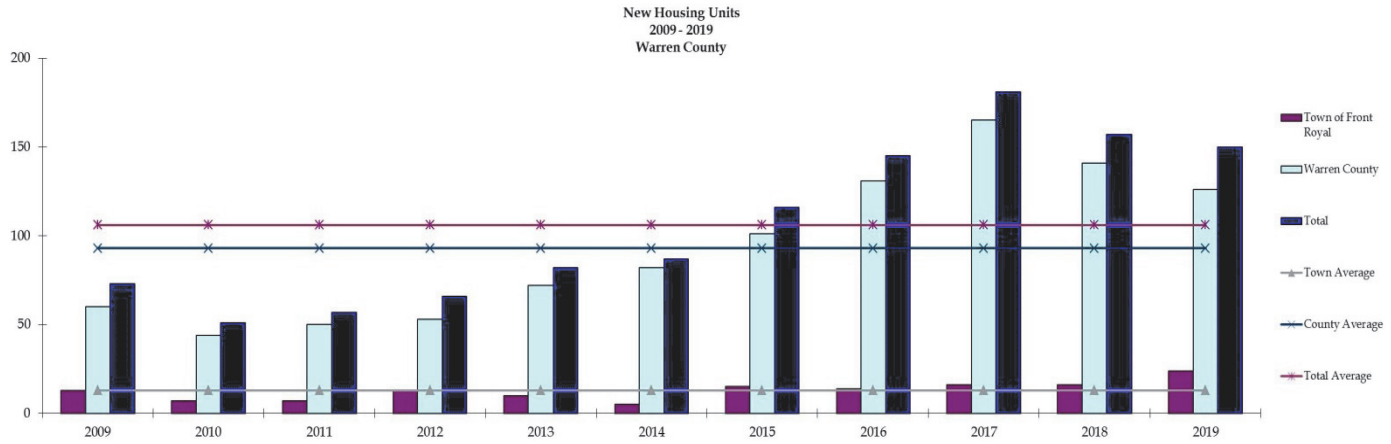


The County is still working with the developer of Crooked Run on Phase II, which will necessitate the construction of a bridge structure and access road. In early 2019, the developer submitted a revised concept plan to incorporate more of a mix of uses including high-density residential, workforce and senior housing, as well as commercial uses. Based on public input, the developer ultimately pulled the application and requested that the County cancel the revenue sharing project for the bridge and access road. The County anticipates that they will look to revise their development plans in the future.

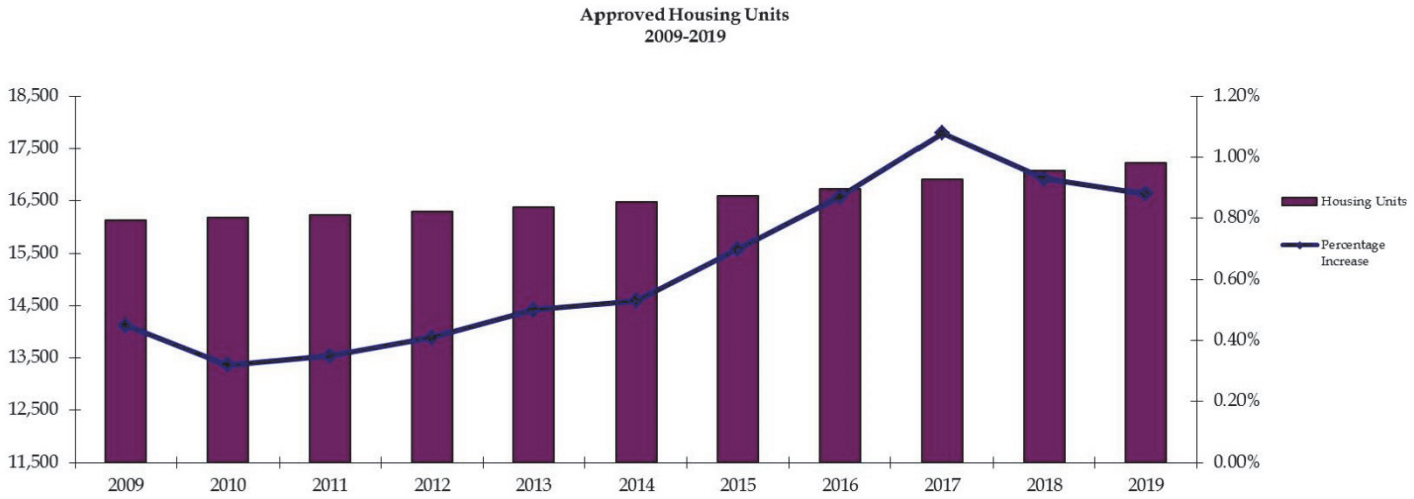
Riverton Commons and Crooked Run Shopping Centers

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 calendar year 2017. In 2019, the County had a total of 150 new home starts. Of that number, 24 were inside Town limits and the remaining 126 outside Town limits. As a comparison, in 2018 there were a total of 157 new home starts. The 150 starts represent the second consecutive year of decreased construction. The annual growth rate in housing stock dropped to 0.88%.

The following charts show the increase in the number of units and the percentage growth in the County since 2009.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Average
Front Royal	13	7	7	13	10	5	15	14	16	16	24	13
Warren County	60	44	50	53	72	82	101	131	165	141	126	93
Total	73	51	57	66	82	87	116	145	181	157	150	106

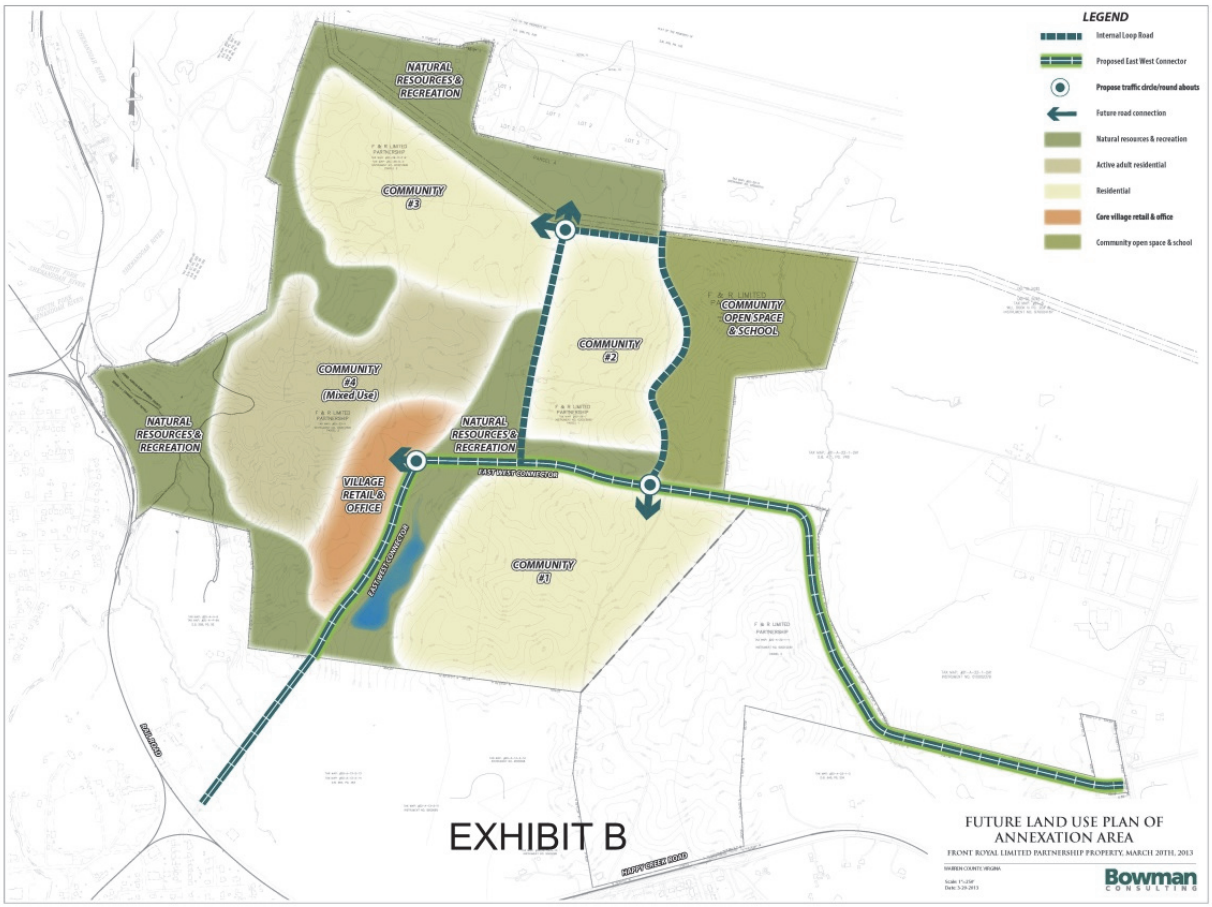


	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Approved Housing Units	16,133	16,184	16,241	16,307	16,389	16,476	16,592	16,737	16,918	17,075	17,225
Annual % Increase	0.45%	0.32%	0.35%	0.41%	0.50%	0.53%	0.70%	0.87%	1.08%	0.93%	0.88%

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

Financial Management-

The Front Royal/Warren County Economic Development Authority (EDA) continues to pursue completion of its FY18 and FY19 audits. Recently Yount, Hyde and Barbour, the EDA's auditor for the last decade, informed the EDA that they were pulling out of performing these audits. The EDA is now advertising for a new auditor, and they have two contract accountants that have worked hard during 2019 to sort out the fraudulent transactions to assist with the preparation of the audit. Once they contract with a new auditor, they plan to have the FY18 audit by June 30, 2020.

EDA staff has made great progress in pursuing delinquent USDA Microloan and IRP accounts, and has brought several of these accounts back to current on their payments. Several clients have paid off their loans. The EDA plans to form a loan review committee of five citizens as instructed by the USDA and will start entertaining new loan applicants in 2020.

The EDA has submitted proposed budgets for FY21 and the remainder of FY20 to the Warren County Board of Supervisors. The budgets include conservative line item estimates on servicing debt and continued operations.

EDA Owned Properties-

The EDA installed a new roof system on its 1325 Progress Drive Building for its tenant, Visionary Optics, and they are working with the tenant to accommodate their future expansion plans. They are also working to remove the solar panels at 400 Kendrick Lane so that roof repairs can be made. Once that is done, repairs will be completed to the drywall and plaster inside the vacant Kendrick Lane units to get them ready to rent to supplement the EDA's income. In early 2020, the EDA sold its 404 Fairground Road property to Jack Donohue and Dan Beller. The property will serve as the headquarters for Mr. Donohue's business Timberworks and will also offer office space for start-up and small businesses in Warren County. This was a business retention win, as Timberworks said this was the only property in the County that would work for their operations. The EDA currently has a signed contract in place for 506 East Main Street, which is on track to close by the end of February 2020, and they also have a Letter of Intent for the apartments at 514 East Main Street.

Prospects-

Throughout 2019, the EDA entertained several prospects for its properties and buildings. They have had multiple prospects for all EDA properties and are very optimistic about business attraction in 2020. The EDA works very closely with the Virginia Economic Development Partnership (VEDP) on business attraction prospects and business retention issues with existing companies, many of whom are considering expansions. The EDA has also established working relationships with the Virginia Inland Port and Lord Fairfax Community College and will work with them in the coming year to offer resources to new prospects and existing businesses.

Regional Economic Development Efforts-

Throughout 2019 and into 2020, the EDA has been working with Frederick, Page, Shenandoah, and Clarke Counties on a regional workforce initiative to attract highly skilled workers to the region. They are working on a framework and budget for implementation of a marketing strategy to attract top talent to the region.

The EDA is also working with the students and faculty of Randolph Macon Academy and their unmanned aerial vehicle program to provide aerial video and pictures of Stephens Industrial Park and the 426 Baugh Drive building. They have provided not only video footage and still images, but also 3-D modeling of the 23 acre and 53 acre parcels at the Avtex site that can calculate cut and fill needed for each lot. These will be very useful in the marketing efforts for those properties.

Establishing working relationships with regional groups and resources will be a key component to success in 2020. Many of these relationships had fallen apart over the last few years.

Leach Run Parkway-

Although work on the road is completed and the road has been open for over two years, work continues with the contractor on "punch list" items, mainly establishing sustainable grass and sod along several areas of the project including the bio retention ponds. The Department of Environmental Quality (DEQ) will visit the site this spring to see if the grass is established well enough to control future erosion. If so, they will sign the Notice of Termination needed to close the project.

VEDP's Site Characterization Project-

In 2019, the VEDP undertook an effort to study 466 sites across Virginia that have at least 25 contiguous acres or more to determine their level of development and "shovel readiness" for new economic development projects. They developed a Tier ranking system to rate each site. Warren County has four sites in the program. The EDA plans to invest in increasing the Tier ranking of its sites so they will be more competitive with others in the state and the nation. These investments include a rezoning effort for two parcels in Happy Creek Technology Park as well as completing due diligence items for Stephens Industrial Park. These efforts will continue into 2020.

Business Retention-
Business retention is the most important aspect of any economic development authority's strategic plan. In 2019, the EDA, working in cooperation with Nancy Price from VEDP, visited several of the major employers in Front Royal and Warren County and identified several expansion opportunities. They also visited with companies that had challenges in workforce recruitment and training and were able to bring resources to the table for these businesses. For one major employer, the EDA made them aware of tax credits for which they were qualified relating to their usage of the Virginia Inland Port.

New Investors-
Throughout 2019, the EDA has seen more interest in Warren County from outside investors. It is a good sign that people see the economic opportunity Warren County and Front Royal have to offer. The EDA will continue to market Warren County to investors in the region and across the country to bring in more jobs and economic opportunity for the citizens in this community.

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.

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 the two 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 – June 2017

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 2018, the County completed the renovation of approximately 4,000 SF of space at the Health and Human Services Complex 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 moved into this space on April 1, 2019, and the County plans to relocate the Finance Department to the old Registrar space in the Government Center consolidate their offices. This will also allow for the relocation of the Children's Services Act (CSA) office from the rear of the Government Center to a portion of former the Finance offices to provide additional space including a conference room for their meetings, which require confidentiality.

Public Safety

In 2019, the radio system for the Warren County Sheriff's Office (WCSO) was merged with the Warren County Fire and Rescue Department (WCFRD) 150 MHz system. The expansion of the system included the purchase of necessary in-vehicle and portable radios. Benefits of the new 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 the Virginia State Police – not possible with the previous 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 WCFRD radio system was updated as part of the project. The improvements included 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 moved to IP versus the previous analog system, and with the addition of the WCSO system, the IP comparator provides for additional security. By combining the two projects, the County saved over $20,000 in labor.

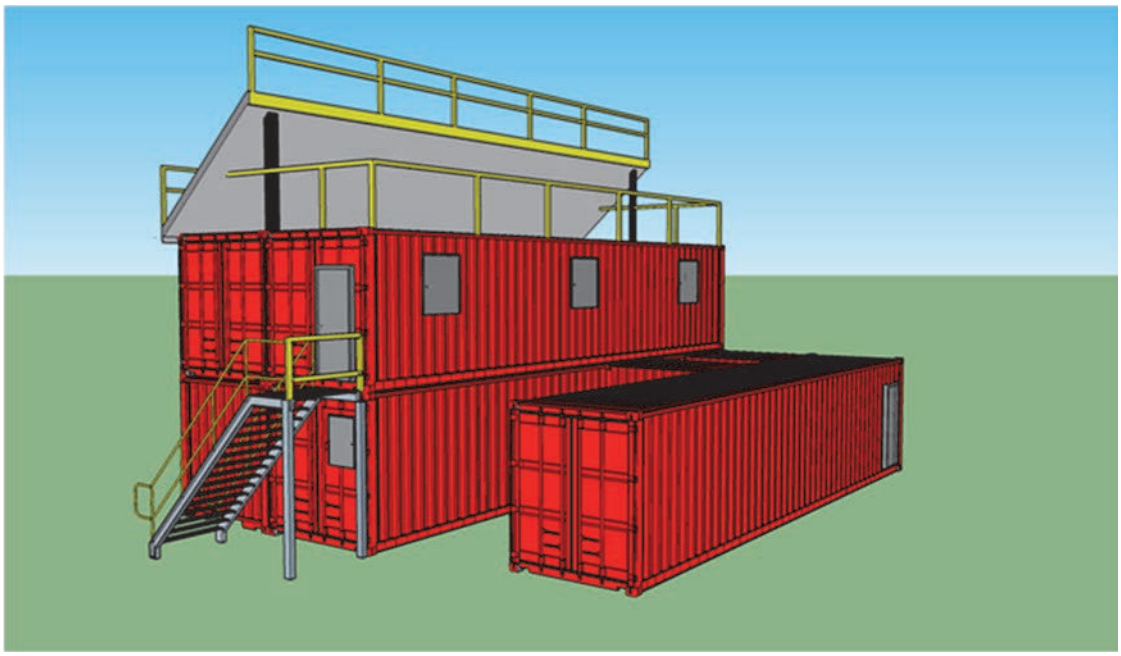
WCFRD and County Administration have been working with the Rivermont Volunteer Fire Department (Company #2) on the plans for a new fire station to replace the existing structure located at 714 Rivermont Drive. During the review the County, Rivermont Volunteer Fire Department, and Fortsmouth Volunteer 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 Stokes 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 Volunteer Fire Station while not closing the Fortsmouth Station. The replacement of the Rivermont Station was included in the adopted FY 2018-2019 Capital Improvement Plan as priority #5 at an estimated cost of $5,615,000. The estimate was based on construction costs from the North Warren station, improving the quality of some of the finishes, increasing estimated site costs for water and sewer service, and adding inflation costs. Included in the estimate was the cost of roughing in the banquet area with the furniture, additional finishes, and commercial kitchen equipment being the responsibility of Rivermont Volunteer Fire Department. This is similar to how things were handled for the North Warren Volunteer Fire Station project that was completed in 2003.

Bids for the new Rivermont Fire Station were received on February 22, 2019. The project scope included 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 15,250 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 was designed to complement the vernacular of the local architecture and will have sufficient space to serve the County for decades to come.

A construction contract was awarded to H&W Construction Company, Inc., in the amount of $5,602,198.25. A Notice to Proceed was issued on June 17, 2019 with the date of substantial completion being September 9, 2020. Once completed the station will have a first due response area of 21.31 square miles, first due response area population of 3,170 with approximately 1,250 homes, and an assist area that is three to four times the size of the first due response area due to the new location.

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. In 2019 the County completed a site plan for the project and received a conditional use permit for the proposed facility. In the fall of 2019 the County bid the project, but the responses received exceeded the project budget. The County put the project back out to bid in early 2020 and will hopefully be moving forward with the project by summer 2020.



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)
- Replace the tipping room floor at the Transfer Station – (2018)
- Repave and stripe the Transfer Station – (2019)

The Shenandoah Farms compactor site is currently located on a rented site at the Shenandoah Farms Grocery Store. Due to the relatively small size of the site, there is not room to provide for adequate traffic flow, parking, and recycling bins. With the projected future growth of the area due to the undeveloped lots, the County 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 a facility entrance from the Virginia Department of Transportation. The County plans to obtain final site plan approval and start clearing, grubbing, and grading of the site in 2020. 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 2019, the County was able to repaving of the transfer station at a cost of $198,212. The project was completed during shut down days without impact to operations.

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

- Shenandoah Farms Compactor Site - $750,000 - $1,000,000
- Construction of maintenance building - $462,000

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 Rockland Park's development including the renovation of the bathhouse and construction of associated parking to serve the proposed baseball/softball field facility in 2020. 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 received a grant from the Warren Coalition which allowed for the installation of a swingset, 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 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 $0.655 for the 2019 tax year. The $0.655 rate was technically an increase over the $0.66 rate since the County had completed its reassessment, which provided an equalized rate of $0.595. The majority of the increase was designated for additional operating costs for the school system including funding of Phase I of the adopted compensation study recommendations. All other local tax rates and fees for services impacting FY 2018-2019 revenue remained the same as the previous year. At $0.655, Warren County has the third lowest real estate tax rate among its neighbors including Fauquier ($0.994), Rappahannock ($0.73), Clarke ($0.71), Page ($0.73), Shenandoah ($0.64), and Frederick ($0.61) Counties.

GOVERNMENT'S FINANCIAL POLICIES

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

OTHER INFORMATION

Management's Discussion and Analysis

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

Independent Audit

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

Certificate of Achievement

The County is a proud recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its FY 2018-2019 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 nine 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, General Services 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

Jim L. Allmendinger
Interim 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

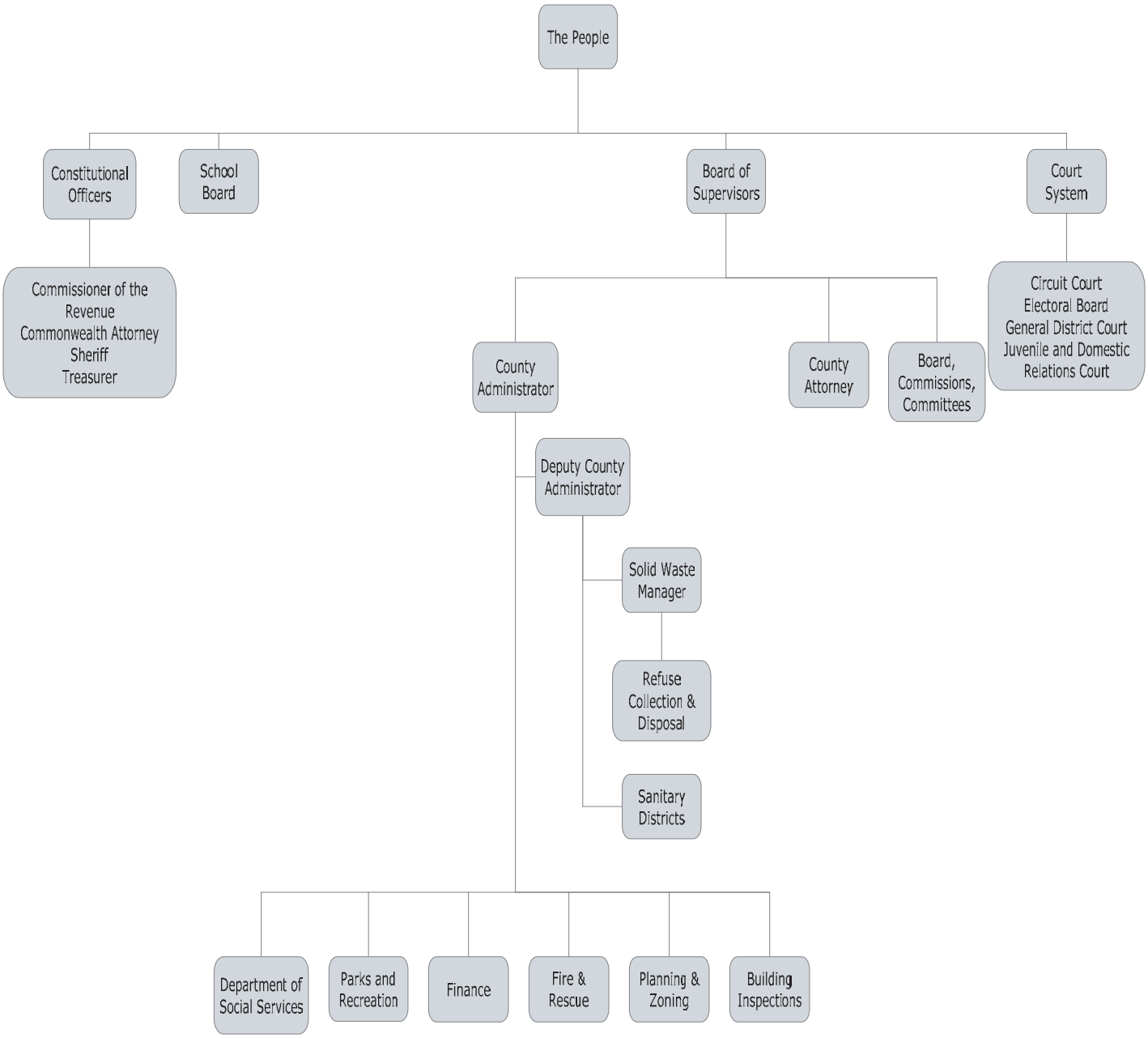
Catherine R. Bower, Chair
C. Douglas Rosen, Vice Chair
Donna L. McEathron
Arnold M. Williams, Jr.
James S. Wells

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


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

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

Auditors' Responsibility: (Continued)

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 EDA of the Town of Front Royal and the County of Warren, Virginia. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit – School Board, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of June 30, 2019, 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 2019, the County adopted new accounting guidance, GASB State No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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 25-33, 118-120, and 121-133 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Warren, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 February 24, 2020, 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
February 24, 2020

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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, 2019. 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 $82,212,198 (net position), an increase of $8,828,412.

- 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 $39,621,957, an increase of $4,586,592 from the prior year. The majority of the balance ($31,409,797) 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 $11,994,648.

- The County's total long-term obligations (Note 7) decreased by $1,970,622 during the current fiscal year after recording increases in lease revenue bonds that were issued to refund the lines of credit issued to finance Ressie Jeffries Elementary School, Health & Human Services Complex and Rivermont Fire Station, and an increase in the net Other Post-Employment Benefits (OPEB) liabilities. The decrease is primarily due to principal payments in the amount of $6,317,877 and decrease in the net pension liability.

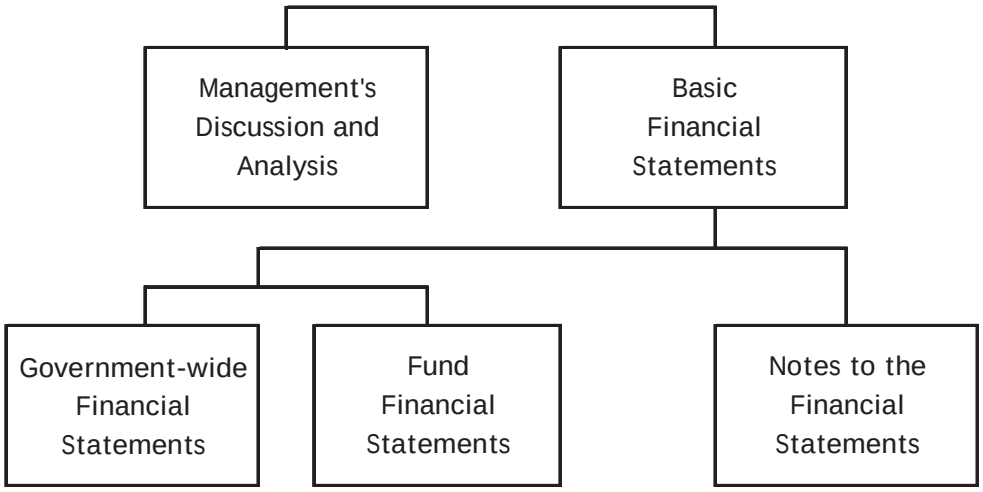
- The County implemented Government Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires the measurement and reporting of the health insurance benefits and group life insurance benefits (administered 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 39 through 41) 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 44 through 52) 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.

Government-Wide Financial Statements: (Continued)

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 39 through 41 of this report.

Fund Financial Statements

The fund financial statements (pages 44 through 52) 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 53 through 116 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 118 through 133 of this report.

Government-Wide Financial Analysis

The County of Warren's Net Position
Figure 2

	Governmental Activities	
	2019	**2018**
Current and other assets	$ 70,339,964	$ 61,727,885
Capital assets	190,144,879	190,329,040
Total assets	$ 260,484,843	$ 252,056,925
Deferred outflows of resources	$ 5,134,662	$ 5,434,934
Long-term liabilities outstanding	$ 160,707,853	$ 162,678,475
Other liabilities	3,525,002	4,002,818
Total liabilities	$ 164,232,855	$ 166,681,293
Deferred inflows of resources	$ 19,174,452	$ 17,426,780
Net position:		
Net investment in capital assets	$ 53,236,908	$ 46,396,078
Restricted	1,291,771	1,368,387
Unrestricted	27,683,519	25,619,321
Total net position	$ 82,212,198	$ 73,383,786

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 $82,212,198 as of June 30, 2019, compared to $73,383,786 as of June 30, 2018. 65% 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 ($27,683,519) 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 personal property taxes exceeded budgeted amounts by approximately $1.1 million.
- Collection of real estate property taxes exceeded budgeted amounts by approximately $725,000.
- Collection of revenue from use of money exceeded budgeted amounts by approximately $300,000.

Government-Wide Financial Analysis: (Continued)

County of Warren Changes in Net Position
Figure 3

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	$ 3,695,095	$ 3,285,644
Operating grants and contributions	7,277,890	7,279,271
Capital grants and contributions	1,090,036	1,437,532
General revenues:		
Property taxes	54,934,806	49,130,661
Other taxes	8,193,155	7,994,992
Grants and contributions not restricted to specific programs	5,562,228	5,628,301
Other	1,818,026	1,718,440
Total revenues	$ 82,571,236	$ 76,474,841
Expenses:		
General government administration	$ 4,857,024	$ 3,897,066
Judicial administration	2,499,541	2,495,716
Public safety	14,125,992	15,249,315
Public works	6,964,539	8,335,668
Health and welfare	7,111,589	6,944,616
Parks, recreation and cultural	3,826,634	3,946,163
Community development	1,539,067	1,473,827
Education	25,946,272	25,533,790
Interest and other fiscal charges	6,872,166	5,675,570
Total expenses	$ 73,742,824	$ 73,551,731
Increase in net position	$ 8,828,412	$ 2,923,110
Net position, July 1	73,383,786	70,460,676
Net position, June 30	$ 82,212,198	$ 73,383,786

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 2018-2019, unassigned fund balance of the General Fund was $11,994,648, a decrease of $1,553,931 from FY 2017-2018. The general fund portion of the governmental fund balances totaled $11,994,648, or 29%. Just about one half, or 44%, consisted of $18,482,146 in funds committed by the Board of Supervisors to fund capital and other special projects. The School Bond Construction fund balance of $2,442,735 represents the 3rd largest component, or 6% of the total governmental fund balances.

The nonmajor funds reported a collective increase of $171,254. The majority of the increase is reported in the sanitary districts fund ($247,870).

As of June 30, 2019, the governmental funds of County of Warren reported a combined fund balance of $42,064,692 (Exhibit 5), a increase of $4,323,988 from last year. This change mainly resulted from the issuance of revenue bonds to finance Ressie Jeffries Elementary School, Health & Human Services Complex and Rivermont Fire Station.

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 2018-2019, 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 $1,994,413. 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 $1,607,532. The total of these approved uses of fund balance totaled $3,601,945. Fund balance for the general fund was increased by $5,354,929, which was $8,956,874 more than projected. This increase was due mainly to the issuance of revenue bonds to finance Ressie Jeffries Elementary School, Health & Human Services Complex and Rivermont Fire Station.

Capital Asset and Debt Administration

Capital Assets

The County of Warren's investment in capital assets for its governmental activities as of June 30, 2019 totaled $190,144,879 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Capital Asset and Debt Administration: (Continued)

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

	Governmental Activities	
	2019	2018
Land	$ 14,193,099	$ 13,925,588
Buildings and improvements	171,441,408	151,811,665
Machinery and equipment	2,663,386	2,405,796
Non-depreciable capital assets	387,070	387,070
Construction in progress	1,459,916	21,798,921
Total	$ 190,144,879	$ 190,329,040

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, 2019, the County of Warren had total bonds outstanding of $138,809,806. 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	
	2019	2018
General obligation, revenue and lease revenue bonds	$ 138,809,806	$ 133,691,204
Total	$ 138,809,806	$ 133,691,204

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

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

Economic Factors and Next Year's Budgets and Rates

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

Increasing the industrial/commercial tax base in an effort to minimize the tax burden on residents continues to be a top priority of the County. Over the past twenty years a number of large industrial projects have opened in the Route 340/522 Corridor of the County 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	0	$ 0	76,800SF	$ 12,000,000
Interbake	6,000,000	29,000,000	397	13.56/hr.+	199,210SF	35,000,000
Baugh SYSCO	5,732,456	41,638,624	368	11.55/hr.+	830,000SF	47,371,080
Ferguson	4,215,000	34,000,000	416	12.16/hr.+	625,000SF	38,215,000
Toray	0	90,000,000	176	40,000+	78,000SF	90,000,000
Interchange Group	500,000	3,000,000	59	30,000+	48,000SF	3,500,000
Family Dollar	750,000	420,000,000	344	12.32/hr.+	967,000SF	42,750,000
Kelley Park						
LeHew LLC	858,000	6,642,000	12	n/a	200,000SF	7,500,000
KIP LLC	595,800	3,000,000	25	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
Dominion Energy	3,500,000	1,016,000,000	50	85,000 ave	25,245SF	1,019,500,000
FDR Services	1,900,000	0	77	10.22/hr+	33,000SF	1
LeHew 14.1 Acres	1,514,500	4,000,000	165	n/a	30,000SF	5,514,500
Total	$ 32,040,756	$ 1,658,955,624	2165			$ 1,311,096,381

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. In 2019 a Taco Bell and a Valvoline auto care facility were constructed on the last two vacant pads in the Riverton Commons shopping center. The County has recently approved site plans for a multi-tenant building to include a Five Guys and Chipotle restaurants to replace a former Chevy Chase Bank branch at the Riverton Commons Shopping Center. It is expected that construction on these facilities will commence by spring 2020 and be completed by the end of summer.

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 including a 5,166 SF Royal Farms convenience store which opened in July 2018 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. In early 2019, the developer submitted a revised concept plan to incorporate more of a mix of uses including high-density residential, workforce and senior housing, as well as commercial uses. Based on public input, the developer ultimately pulled the application and requested that the County cancel the revenue sharing project. We anticipate that they will look to revise their development plans in the future.

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 decade. While new home starts reached an all-time high in calendar year 2004 with 425 permits issued, the average since 2009 has been 106 permits per year. The housing construction market bottomed out in 2010 with 51 new home starts. Since that time the County saw a steady increase each year to 181 starts in CY 2017. 2018 and 2019 represented two years in a row of a decrease down to 150 permits 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 opened in 2019.

Unemployment:

- The County's unemployment rate in September 2019 was 2.5% which was improved over the 2.8% of September 2018. The rate of2.5% was slightly lower than the unemployment rate of 2.7% for Virginia but significantly lower than the national average of 3.3%.

- The County added approximately 631 new jobs in 2019.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities

The FY 2019-2020 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 2019-2020 budget was adopted with a real estate tax rate for calendar year 2019 of $0.655 per $100 of assessed value. 2019 was a reassessment year for Warren County which saw the average assessed value in the County increase by approximately 10.4%. This required the County to equalize the rate down to $0.595, which represented an increase of $0.066. 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 $53,406,629.

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

Government-wide Financial Statements

COUNTY OF WARREN, VIRGINIA **Exhibit 1**

Statement of Net Position
June 30, 2019

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Cash and cash equivalents	$ 28,122,202	$ 5,580,401
Receivables (net of allowance for uncollectibles):		
Taxes receivable	24,736,110	-
Accounts receivable	527,858	170,725
External parties	5,000	-
Due from component unit	3,236,447	-
Due from other governmental units	2,016,964	1,070,570
Prepaid items	221,892	-
Restricted assets:		
Cash and cash equivalents	11,473,491	-
Net pension asset	-	634,502
Capital assets (net of accumulated depreciation):		
Land	14,193,099	1,656,064
Non-depreciable assets	387,070	-
Buildings and improvements	168,212,107	13,097,988
Improvements other than buildings	3,229,301	-
Machinery and equipment	2,663,386	1,727,361
Construction in progress	1,459,916	-
Total assets	$ 260,484,843	$ 23,937,611
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	$ 3,901,227	$ -
Pension related items	1,092,993	5,429,016
OPEB related items	140,442	694,910
Total deferred outflows of resources	$ 5,134,662	$ 6,123,926
LIABILITIES		
Accounts payable	$ 2,375,440	$ 260,518
Accrued liabilities	-	2,555,070
Customers' deposits	8,494	-
Accrued interest payable	1,137,442	-
Due to primary government	-	3,236,447
Unearned revenue	3,626	-
Long-term liabilities:		
Due within one year	7,733,178	162,255
Due in more than one year	152,974,675	54,451,792
Total liabilities	$ 164,232,855	$ 60,666,082
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	$ 18,025,502	$ -
Pension related items	670,950	5,508,811
OPEB related items	478,000	738,900
Total deferred inflows of resources	$ 19,174,452	$ 6,247,711
NET POSITION		
Net investment in capital assets	$ 53,236,908	$ 16,481,413
Restricted:		
Public safety	70,322	-
Proffers	1,221,449	-
Unrestricted	27,683,519	(53,333,669)
Total net position	$ 82,212,198	$ (36,852,256)

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, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 4,857,024	$ 368,873	$ 336,085	$ -
Judicial administration	2,499,541	262,090	762,978	-
Public safety	14,125,992	1,321,886	2,106,784	165,210
Public works	6,964,539	1,151,032	9,915	760,215
Health and welfare	7,111,589	-	4,016,421	-
Education	25,946,272	-	-	-
Parks, recreation, and cultural	3,826,634	361,368	11,799	7,673
Community development	1,539,067	229,846	33,908	156,938
Interest and other fiscal charges on long-term debt	6,872,166	-	-	-
Total governmental activities	$ 73,742,824	$ 3,695,095	$ 7,277,890	$ 1,090,036
Total primary government	$ 73,742,824	$ 3,695,095	$ 7,277,890	$ 1,090,036
COMPONENT UNIT:				
School Board	$ 57,692,737	$ 1,722,444	$ 33,164,507	$ 316,814
Total component unit	$ 57,692,737	$ 1,722,444	$ 33,164,507	$ 316,814

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
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	School Board
$ (4,152,066)	
(1,474,473)	
(10,532,112)	
(5,043,377)	
(3,095,168)	
(25,946,272)	
(3,445,794)	
(1,118,375)	
(6,872,166)	
$ (61,679,803)	
	$ (22,488,972)
	$ (22,488,972)
$ 54,934,806	$ -
3,925,330	-
735,999	-
831,320	-
895,786	-
1,015,726	-
788,994	-
985,531	45,296
762,143	89,003
-	23,993,905
5,562,228	133,891
70,352	-
$ 70,508,215	$ 24,262,095
$ 8,828,412	$ 1,773,123
73,383,786	(38,625,379)
$ 82,212,198	$ (36,852,256)

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2019

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 9,563,486	$ 18,482,146	$ -	$ -	$ 28,045,632
Receivables (net of allowance for uncollectibles):					
Taxes receivable	23,102,347	-	-	1,633,763	24,736,110
Accounts receivable	527,858	-	-	-	527,858
External parties	5,000	-	-	-	5,000
Due from other funds	60,456	-	-	-	60,456
Due from component unit	3,236,447	-	-	-	3,236,447
Due from other governmental units	2,016,964	-	-	-	2,016,964
Prepaid items	219,913	-	-	1,979	221,892
Restricted assets:					
Cash and cash equivalents	6,698,497	-	2,442,735	2,332,259	11,473,491
Total assets	$ 45,430,968	$ 18,482,146	$ 2,442,735	$ 3,968,001	$ 70,323,850
LIABILITIES					
Accounts payable	$ 2,338,117	$ -	$ -	$ 37,323	$ 2,375,440
Customers' deposits	8,494	-	-	-	8,494
Due to other funds	-	-	-	60,456	60,456
Unearned revenue	3,626	-	-	-	3,626
Total liabilities	$ 2,350,237	$ -	$ -	$ 97,779	$ 2,448,016
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	$ 24,167,673	$ -	$ -	$ 1,643,469	$ 25,811,142
Total deferred inflows of resources	$ 24,167,673	$ -	$ -	$ 1,643,469	$ 25,811,142
FUND BALANCES					
Nonspendable:					
Prepaid items	$ 219,913	$ -	$ -	$ 1,979	$ 221,892
Restricted:					
Construction	6,698,497	-	2,442,735	1,221,449	10,362,681
Public safety	-	-	-	70,322	70,322
Committed:					
Capital improvements (Note 14)	-	18,482,146	-	-	18,482,146
Sanitary districts - roads, etc.	-	-	-	933,003	933,003
Unassigned	11,994,648	-	-	-	11,994,648
Total fund balances	$ 18,913,058	$ 18,482,146	$ 2,442,735	$ 2,226,753	$ 42,064,692
Total liabilities, deferred inflows of resources and fund balances	$ 45,430,968	$ 18,482,146	$ 2,442,735	$ 3,968,001	$ 70,323,850

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, 2019

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 42,064,692
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	$ 233,281,185	
Accumulated depreciation	(43,136,306)	190,144,879
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable property taxes		7,785,634
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	$ 3,901,227	
Pension related items	1,092,993	
OPEB related items	140,442	5,134,662
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (670,950)	
OPEB related items	(478,000)	(1,148,950)
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.		76,576
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	$ (138,809,806)	
Issuance premium	(9,346,450)	
Accrued interest payable	(1,137,442)	
Line of credit	(586,270)	
Note payable	(398,812)	
Capital lease obligations	(581,938)	
Compensated absences	(1,371,961)	
Landfill closure & postclosure liability	(651,220)	
Net pension liability	(1,924,696)	
Net OPEB liabilities	(7,036,700)	(161,845,295)
Net position of governmental activities		$ 82,212,198

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, 2019

	General	Special Projects	School Bond Construction	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	$ 49,831,070	$ -	$ -	$ 2,067,028	$ 51,898,098
Other local taxes	8,193,155	-	-	-	8,193,155
Permits, privilege fees, and regulatory licenses	565,796	-	-	-	565,796
Fines and forfeitures	94,467	-	-	-	94,467
Revenue from the use of money and property	911,703	-	73,829	-	985,532
Charges for services	2,977,561	-	-	-	2,977,561
Miscellaneous	518,730	-	-	243,413	762,143
Recovered costs	911,569	-	-	-	911,569
Intergovernmental:					
Local government	157,705	-	-	-	157,705
Commonwealth	11,466,997	-	-	10,495	11,477,492
Federal	2,294,957	-	-	-	2,294,957
Total revenues	$ 77,923,710	$ -	$ 73,829	$ 2,320,936	$ 80,318,475
EXPENDITURES					
Current:					
General government administration	$ 3,812,613	$ -	$ -	$ -	$ 3,812,613
Judicial administration	2,465,679	-	-	-	2,465,679
Public safety	14,738,171	-	-	13,242	14,751,413
Public works	4,876,149	-	-	1,653,981	6,530,130
Health and welfare	6,835,174	-	-	-	6,835,174
Education	24,658,726	-	-	133,891	24,792,617
Parks, recreation, and cultural	3,699,590	-	-	-	3,699,590
Community development	798,721	-	-	-	798,721
Nondepartmental	913,208	-	-	-	913,208
Capital projects	5,305,441	-	336,433	-	5,641,874
Debt service:					
Principal retirement	13,901,283	-	-	30,000	13,931,283
Interest and other fiscal charges	5,671,278	-	-	6,679	5,677,957
Total expenditures	$ 87,676,033	$ -	$ 336,433	$ 1,837,793	$ 89,850,259
Excess (deficiency) of revenues over (under) expenditures	$ (9,752,323)	$ -	$ (262,604)	$ 483,143	$ (9,531,784)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 4,069,902	$ 3,072,385	$ -	$ 61,907	$ 7,204,194
Transfers out	(2,818,422)	(4,011,976)	-	(373,796)	(7,204,194)
Issuance of revenue bonds	11,248,000	-	-	-	11,248,000
Issuance of note payable	400,000	-	-	-	400,000
Issuance of line of credit	1,954,931	-	-	-	1,954,931
Sale of capital assets	252,841	-	-	-	252,841
Total other financing sources (uses)	$ 15,107,252	$ (939,591)	$ -	$ (311,889)	$ 13,855,772
Net change in fund balances	$ 5,354,929	$ (939,591)	$ (262,604)	$ 171,254	$ 4,323,988
Fund balances - beginning	13,558,129	19,421,737	2,705,339	2,055,499	37,740,704
Fund balances - ending	$ 18,913,058	$ 18,482,146	$ 2,442,735	$ 2,226,753	$ 42,064,692

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, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 4,323,988
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	$ 5,122,894	
Depreciation expense	(5,124,566)	(1,672)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		
Sale of capital asset		(182,491)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		3,036,709
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	$ (14,641)	
Issuance of lease revenue bonds	(11,248,000)	
Issuance of note payable	(400,000)	
Issuance of line of credit	(1,954,931)	
Increase (decrease) in deferred amount on refunding	(313,239)	
Principal payments	14,189,284	258,473
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	$ (6,041)	
(Increase) decrease in net OPEB liabilities	53,600	
(Increase) decrease in net pension liability	561,969	
Increase (decrease) in deferred outflows/inflows related to measurement of net pension liability	268,424	
Increase (decrease) in deferred outflows/inflows related to measurement of net OPEB liabilities	(318,366)	
Bond premium amortization	813,138	
(Increase) decrease in compensated absences	(29,797)	1,342,927
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 premiums, internal service fund - reported as charges for services on Exhibit 2	$ 57,270	
Insurance claims, internal service fund - reported as expense in the respective function on Exhibit 2	(6,792)	50,478
Change in net position of governmental activities		$ 8,828,412

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

COUNTY OF WARREN, VIRGINIA **Exhibit 7**

Statement of Net Position
Internal Service Fund
June 30, 2019

		Health Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$	76,576
Total assets	$	76,576
NET POSITION		
Unrestricted	$	76,576
Total net position	$	76,576

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, 2019

		Health Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	$	57,270
Total operating revenues	$	57,270
OPERATING EXPENSES		
Insurance claims and expenses	$	6,792
Total operating expenses	$	6,792
Operating income (loss)	$	50,478
Income before transfers	$	50,478
Change in net position	$	50,478
Total net position - beginning		26,098
Total net position - ending	$	76,576

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

Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2019

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	57,270
Payments for claims		(6,792)
Net cash provided by (used for) operating activities	$	50,478
Net increase (decrease) in cash and cash equivalents	$	50,478
Cash and cash equivalents - beginning		26,098
Cash and cash equivalents - ending	$	76,576
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	50,478
Net cash provided by (used for) operating activities	$	50,478

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 256,736	$ 620,825
Due from other governmental units	-	893,926
Prepaid expenses	-	1,954
Total assets	$ 256,736	$ 1,516,705
LIABILITIES		
Accounts payable	$ -	$ 18,564
Amounts held for social services clients	-	26,222
Due to general fund	-	726,947
Due to other governmental units	-	171,979
Amounts held for others	-	572,993
Total liabilities	$ -	$ 1,516,705
NET POSITION		
Held in trust for scholarships	$ 256,736	

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, 2019

		Private-Purpose Trust
ADDITIONS		
Revenue from the use of money	$	26,486
Miscellaneous		5,690
Total additions	$	32,176
DEDUCTIONS		
Scholarships	$	20,500
Total deductions	$	20,500
Change in net position	$	11,676
Net position - beginning		245,060
Net position - ending	$	256,736

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

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, 2019 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, Skyline Regional Criminal Justice Training Academy and Celebrate Shenandoah.

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

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

D. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

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

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):

   - Debt service interest
   - Treasurer
   - Various capital projects
   - Sheriff
   - Golf club operations
   - Circuit Court
   - Medical Examiner
   - Various public works departments

   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 $832,202 at June 30, 2019.

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, 2019, leave liabilities of the County amounted to $842,985 of outstanding vacation accruals, $365,716 of outstanding compensatory time and $163,260 of outstanding sick accruals, representing a net increase of $29,797. At June 30, 2019, leave liabilities of the Schools amounted to $850,174 of outstanding vacation accruals, $271,786 of personal leave time and $500,587 of outstanding sick accruals, representing a net increase of $34,245.

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

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

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

L. Fund Balance

The County reports fund balance in accordance with GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

M. Net Position

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 (asset) and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability (asset) and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

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

P. Pensions

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

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

Q. Other Postemployment Benefits (OPEB)

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

Health Insurance (Single-employer Defined Benefit Plan)

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

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 $11,473,491 (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.

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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, 2019 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	$ 3,806,936	$ -	$ -	$ -	$ -
State Non-Arbitrage Program	9,546,230	-	-	-	-
Fixed Income - Municipal/Public Bonds	-	856,486	1,376,914	202,698	5,069
Fixed Income - U.S. Agency Securities	-	-	1,361,077	-	-
Fixed Income - U.S. Treasury Notes	-	-	2,325,940	-	-
Total	$ 13,353,166	$ 856,486	$ 5,063,931	$ 202,698	$ 5,069

Interest Rate Risk

Investment Type	Fair Value	Investment Maturity*		
		Less than 1	1 -5 Years	5 - 10 Years
U.S. Government Money Market Fund	$ 3,806,936	$ 3,806,936	$ -	$ -
State Non-Arbitrage Program	9,546,230	9,546,230	-	-
Fixed Income - U.S. Treasury Notes	2,325,940	999,360	1,326,580	-
Fixed Income - Municipal/Public Bonds	2,441,167	460,817	1,980,350	-
Fixed Income - U.S. Agency Securities	1,361,077	9,964	1,351,113	-
Total investments	$ 19,481,350	$ 14,823,307	$ 4,658,043	$ -

* Weighted average maturity in years.

External Investment Pools

The value of the positions in the external investment pools (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Money Market Fund	$ 3,806,936	$ 3,806,936	$ -	$ -
Fixed Income - Municipal/Public Bonds	2,441,167	2,441,167	-	-
Fixed Income - U.S. Agency Securities	1,361,077	1,361,077	-	-
Fixed Income - U.S. Treasury Notes	2,325,940	2,325,940	-	-
Total	$ 9,935,120	$ 9,935,120	$ -	$ -

NOTE 3—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund balances at June 30, 2019 were as follows:

Fund	Interfund receivable	Interfund payable
Major funds:		
General	$ 60,456	$ -
School operating fund	-	83,015
School cafeteria fund	83,015	-
Nonmajor governmental funds:		
Sanitary districts	-	60,456
Total	$ 143,471	$ 143,471

Interfund receivables and payables represent obligations between funds.

Interfund transfers for the year ended June 30, 2019 were as follows:

Fund	Transfer In	Transfer Out
Major governmental funds:		
General	$ 4,069,902	$ 2,818,422
Special projects	3,072,385	4,011,976
School operating fund	-	1,581,276
School cafeteria fund	1,581,276	-
Nonmajor governmental funds:		
Sanitary districts	61,907	373,796
Total	$ 8,785,470	$ 8,785,470

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, 2019, were as follows:

	Due From	Due To
Primary government:		
General	$ -	$ 3,236,447
Component units:		
Warren County School Board	$ 3,236,447	$ -

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

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

Contributions from the Primary Government to the School Board Component Unit for school operations for the year ended June 30, 2019 were as follows:

	Contributions To	Contributions From
Primary government:		
General	$ -	$ 24,620,089
Proffers fund	-	133,891
School Board component unit:		
School operating fund	24,753,980	-
	$ 24,753,980	$ 24,753,980

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from/to other governmental units are as follows at June 30, 2019:

	Primary Government	Component Unit
	General Fund	School Board
Commonwealth of Virginia:		
Virginia Public Assistance funds	$ 117,756	$ -
Local sales tax	721,947	-
State sales tax	-	803,443
Shared expenses - constitutional officers	289,558	-
Recordation tax refunds	35,473	-
Miscellaneous grants	46,235	1,563
Comprehensive services act	179,362	-
Rolling stock	49,644	-
VDOT Revenue Sharing	165,256	-
VA Dept. Conservation and Recreation grant	100,769	-
Communication tax	120,581	-
Federal Government:		
Virginia Public Assistance funds	174,579	-
Crime victim assistance grant	15,804	-
School operating fund grants	-	265,564
Total due from other governmental units	$ 2,016,964	$ 1,070,570

NOTE 6—CAPITAL ASSETS:

Primary Government

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 13,925,588	$ 450,000	$ 182,489	$ 14,193,099
Construction in progress	21,798,921	3,759,791	24,098,796	1,459,916
Other non-depreciable assets	387,070	-	-	387,070
Total capital assets not being depreciated	$ 36,111,579	$ 4,209,791	$ 24,281,285	$ 16,040,085
Capital assets being depreciated:				
Buildings and improvements	$ 178,819,390	$ 23,133,029	$ -	$ 201,952,419
Improvements other than buildings	3,637,030	965,768	-	4,602,798
Machinery, equipment and vehicles	9,772,781	913,102	-	10,685,883
Total capital assets being depreciated	$ 192,229,201	$ 25,011,899	$ -	$ 217,241,100
Less: accumulated depreciation:				
Buildings and improvements	$ 29,477,254	$ 4,263,058	$ -	$ 33,740,312
Improvements other than buildings	1,167,501	205,996	-	1,373,497
Machinery, equipment and vehicles	7,366,985	655,512	-	8,022,497
Total accumulated depreciation	$ 38,011,740	$ 5,124,566	$ -	$ 43,136,306
Net capital assets governmental activities	$ 190,329,040	$ 24,097,124	$ 24,281,285	$ 190,144,879

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Component Unit—School Board

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
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	$ 180,480	$ -	$ 25,022,119
Machinery, equipment and vehicles	8,545,978	642,985	9,549	9,179,414
Total capital assets being depreciated	$ 33,387,617	$ 823,465	$ 9,549	$ 34,201,533
Less: accumulated depreciation:				
Buildings and improvements	$ 11,461,383	$ 462,748	$ -	$ 11,924,131
Machinery, equipment and vehicles	7,139,339	322,263	9,549	7,452,053
Total accumulated depreciation	$ 18,600,722	$ 785,011	$ 9,549	$ 19,376,184
Net capital assets component unit school board	$ 16,442,959	$ 38,454	$ -	$ 16,481,413

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, 2019, is that school financed assets in the net amount of $130,977,891 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	660,664
Public works	226,500
Health and welfare	341,950
Education	3,105,400
Parks, recreation and cultural	192,733
Community Development	270,614
Total Governmental activities	$ 5,124,566
Component Unit School Board	$ 785,011

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, 2019.

	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities Obligations:					
Primary Government:					
Direct borrowings and placements:					
General obligation bonds	$ 48,052,204	$ -	$ 2,046,398	$ 46,005,806	$ 2,130,174
Lease revenue bonds	76,905,000	11,248,000	3,795,000	84,358,000	4,239,000
Revenue bonds	8,734,000	-	288,000	8,446,000	303,000
Note payable	-	400,000	1,188	398,812	6,795
Line of credit	6,501,558	1,954,931	7,870,219	586,270	-
Compensated absences	1,342,164	671,082	641,285	1,371,961	137,196
Net OPEB liabilities	7,090,300	655,800	709,400	7,036,700	-
Net pension liability	2,486,665	3,565,079	4,127,048	1,924,696	-
Landfill postclosure costs	636,579	14,641	-	651,220	-
Capital leases	770,417	-	188,479	581,938	115,567
Totals	$ 152,518,887	$ 18,509,533	$ 19,667,017	$ 151,361,403	$ 6,931,732
Premium on bonds	$ 10,159,588	$ -	$ 813,138	$ 9,346,450	$ 801,446
Total for financial statement presentation - Primary Government	$ 162,678,475	$ 18,509,533	$ 20,480,155	$ 160,707,853	$ 7,733,178
Component Unit - School Board:					
Compensated absences	$ 1,588,302	$ 794,151	$ 759,906	$ 1,622,547	$ 162,255
Net pension liability	45,117,000	9,150,000	10,993,000	43,274,000	-
Net OPEB liabilities	9,948,700	1,179,100	1,410,300	9,717,500	-
Total School Board	$ 56,654,002	$ 11,123,251	$ 13,163,206	$ 54,614,047	$ 162,255

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, 2019 are as follows:

	Amount Outstanding
Direct Borrowings and Placements	
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.	$ 6,216,106
$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.	1,299,700
$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.	38,490,000
Total general obligation bonds	$ 46,005,806
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.	$ 31,260,000
$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.	5,105,000

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit–School Board (Continued)

Details of the primary government's debt at June 30, 2019 are as follows: (Continued)

	Amount Outstanding
Direct Borrowings and Placements (Continued)	
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.	$ 5,445,000
$11,248,000 lease revenue bonds Series 2019, issued April 24, 2019, payable in variable amounts; with a fixeed interest rate of 3.58%, through April 1, 2044. The bonds were issued to current refund the lines of credit issued to finance Ressie Jeffries Elementary School, Health & Human Services Complex and Rivermont Fire Station.	11,248,000
Total lease revenue bonds	$ 84,358,000
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.	$ 8,206,000
$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.	240,000
Total revenue bonds	$ 8,446,000
Note payable:	
$400,000 note payable to partially finance the purchase of land in April 2019. The note bears interest at a rate of 4.25% and is payable in monthly installments through April 1, 2024.	$ 398,812
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.	$ 586,270

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government and Component Unit–School Board (Continued)

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

	County Obligations					
	Direct Borrowings and Placements					
	Bonds Payable		Notes Payable		Capital Leases	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 6,672,174	$ 5,849,804	$ 6,795	$ 16,818	$ 115,567	$ 17,064
2021	6,785,880	5,599,886	7,089	16,524	106,890	13,926
2022	7,037,748	5,305,565	7,397	16,216	110,045	12,772
2023	7,343,802	4,991,939	7,717	15,896	113,293	7,524
2024	7,674,838	4,643,921	369,814	12,992	44,016	4,180
2025-2029	41,690,364	17,576,674	-	-	92,127	4,264
2030-2034	35,009,000	9,428,145	-	-	-	-
2035-2039	20,867,000	2,806,077	-	-	-	-
2040-2044	5,729,000	153,356	-	-	-	-
Total	$ 138,809,806	$ 56,355,367	$ 398,812	$ 78,446	$ 581,938	$ 59,730

NOTE 8—CAPITAL LEASES:

Primary Government

Capital leases

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

The future minimum lease obligations and the net present value of minimum lease payments at June 30, 2019 were as follows:

Year Ended June 30,	Governmental Activities
2020	$ 132,631
2021	120,816
2022	122,817
2023	120,817
2024	48,196
2025	48,196
2026	48,195
Total minimum lease payments	$ 641,668
Less: amount representing interest	59,730
Present value of minimum lease payments	$ 581,938

NOTE 8—CAPITAL LEASES: (CONTINUED)

Primary Government: (Continued)

The capital lease agreements outstanding at June 30, 2019 represented capital assets as follows:

Asset(s) Description	Cost	Accumulated Depreciation	Book Value
Equipment	$ 1,216,984	$ 555,997	$ 660,987
Total	$ 1,216,984	$ 555,997	$ 660,987

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.

Benefit Structures

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

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

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTE 9—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	123	91
Inactive members:		
Vested inactive members	41	28
Non-vested inactive members	45	84
Inactive members active elsewhere in VRS	124	39
Total inactive members	210	151
Active members	239	110
Total covered employees	572	352

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 8.84% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $978,882 and $957,477 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 4.27% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $72,021 and $81,242 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 9—PENSION PLAN: (CONTINUED)

Net Pension Liability (Asset)

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

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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 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.

NOTE 9—PENSION PLAN: (CONTINUED)

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

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

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

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

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

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

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%.

NOTE 9—PENSION PLAN: (CONTINUED)

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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 41,771,616	$ 39,284,951	$ 2,486,665
Changes for the year:			
Service cost	$ 1,211,705	$ -	$ 1,211,705
Interest	2,854,513	-	2,854,513
Differences between expected and actual experience	(248,388)	-	(248,388)
Contributions - employer	-	957,477	(957,477)
Contributions - employee	-	553,248	(553,248)
Net investment income	-	2,896,521	(2,896,521)
Benefit payments, including refunds	(1,985,707)	(1,985,707)	-
Administrative expenses	-	(24,860)	24,860
Other changes	-	(2,587)	2,587
Net changes	$ 1,832,123	$ 2,394,092	$ (561,969)
Balances at June 30, 2018	$ 43,603,739	$ 41,679,043	$ 1,924,696

NOTE 9—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 9,019,490	$ 9,701,093	$ (681,603)
Changes for the year:			
Service cost	$ 197,650	$ -	$ 197,650
Interest	609,221	-	609,221
Differences between expected and actual experience	111,904	-	111,904
Contributions - employer	-	81,242	(81,242)
Contributions - employee	-	90,635	(90,635)
Net investment income	-	706,784	(706,784)
Benefit payments, including refunds	(632,661)	(632,661)	-
Administrative expenses	-	(6,370)	6,370
Other changes	-	(617)	617
Net changes	$ 286,114	$ 239,013	$ 47,101
Balances at June 30, 2018	$ 9,305,604	$ 9,940,106	$ (634,502)

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

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 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)	$ 7,791,140	$ 1,924,696	$ (2,911,583)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	356,053	(634,502)	(1,474,121)

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, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of $148,484 and $(122,168), respectively. At June 30, 2019, 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	$ 114,111	$ 259,666	$ 58,869	$ -
Change in assumptions	-	68,230	-	-
Net difference between projected and actual earnings on pension plan investments	-	343,054	-	76,811
Employer contributions subsequent to the measurement date	978,882	-	72,021	-
Total	$ 1,092,993	$ 670,950	$ 130,890	$ 76,811

$978,882 and $72,021 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, 2020. 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)
2020	$ 4,799	$ 90,735
2021	(89,101)	878
2022	(439,706)	(100,740)
2023	(32,831)	(8,815)
2024	-	-
Thereafter	-	-

NOTE 9—PENSION PLAN: (CONTINUED)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $4,609,126 and $4,798,005 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of $43,274,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.36798% as compared to 0.36687% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of $2,369,000. 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, 2019, 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	$ -	$ 3,701,000
Change in assumptions	517,000	-
Net difference between projected and actual earnings on pension plan investments	-	918,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	172,000	813,000
Employer contributions subsequent to the measurement date	4,609,126	-
Total	$ 5,298,126	$ 5,432,000

$4,609,126 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, 2020. 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	
2020	$ (884,000)
2021	(1,239,000)
2022	(1,954,000)
2023	(522,000)
2024	(144,000)

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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
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 75 and 2.0% increase compounded from ages 75 to 90.

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

NOTE 9—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	$	11,759,992
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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

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

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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 66,103,000	$ 43,274,000	$ 24,379,000

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	VRS Pension Plans:			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government	$ 1,092,993	$ 670,950	$ 1,924,696	$ 148,484
Component Unit School Board				
School Board Nonprofessional	$ 130,890	$ 76,811	$ (634,502)	$ (122,168)
School Board Professional	5,298,126	5,432,000	43,274,000	2,369,000
	$ 5,429,016	$ 5,508,811	$ 42,639,498	$ 2,246,832

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

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

Primary Government - Deferred Inflows of Resources

General fund:		
Delinquent taxes not collected within 60 days	$	7,188,303
Prepaid property taxes - property taxes paid in advance		2,002,170
2nd half property tax assessments		14,977,199
Sanitary districts fund:		
Delinquent taxes not collected within 60 days		597,337
Prepaid property taxes - property taxes paid in advance		45,243
2nd half property tax assessments		1,000,890
Total deferred inflows of resources – governmental funds (Exhibit 3)	$	25,811,142

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 $651,220 reported as landfill closure care, postclosure care and corrective action liability at June 30, 2019, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. Closure, postclosure and corrective action liabilities represented $9,036, $372,152 and $270,032, respectively. The County has closed the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. 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)	$	4,122,134
School Capital Improvements		1,640,481
Enterprise Zone Set Aside (School Capital Improvements)		538,281
RSW Regional Jail		548,921
A.S. Rhodes Renovation Project		389,602
Ressie Jeffries Renovation Project		597,856
Sanitary Districts		1,882,265
VDOT (Revenue Sharing)		632,081
Dominion Reserve (Water Payment)		930,000
Landfill		108,279
Miscellaneous		2,099,755
Parks & Recreation		448,617
Fire and Rescue		1,100,275
Sheriff		73,201
Solid Waste		1,749,611
Elections		155,123
Social Services		77,333
Buildings & Grounds - Improvements		196,840
Reassessment		179
Vehicles		183,867
Gypsy Moth Program		94,538
Circuit Court		77,996
Planning		58,448
Rental of Property-HHSC		323,360
Septage Receiving Facility		208,413
Tourism		214,681
Juvenile Detention Facility		30,009
Total Special Projects Fund	$	18,482,146

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.

NOTE 15—RISK MANAGEMENT: (CONTINUED)

Primary Government: (Continued)

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS:

Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

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

Benefits Provided

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

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Plan Membership

At July 1, 2018 (measurement date), the following employees were covered by the benefit terms:

	County	School Board
Total active employees with coverage	140	685
Total inactive emploiyees or retirees with coverage	13	18
Total	153	703

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County and School Board. The County and School Board paid $83,900 and $56,400, respectively, in fiscal year 2019.

Total OPEB Liability

The County and School Board's total OPEB liabilities were measured as of July 1, 2018. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 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	3.62% as of July 1, 2018
Healthcare Cost Trend Rates	6.50% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%

Mortality rates for active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

Discount Rate

The discount rate represents the Municipal GO AA 20-year yield curve rate as of July 1, 2018. The final equivalent single discount rate used for this year's valuation is 3.62% 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.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Changes in Total OPEB Liability

	Primary Government-County Total OPEB Liability	Component Unit-School Board Total OPEB Liability
Balances at June 30, 2018	$ 6,250,300	$ 2,774,700
Changes for the year:		
Service cost	239,300	171,200
Interest	229,500	103,900
Difference between expected and actual experience	(467,600)	(285,500)
Changes in assumptions	(3,900)	(208,400)
Benefit payments	(83,900)	(56,400)
Net changes	(86,600)	(275,200)
Balances at June 30, 2019	$ 6,163,700	$ 2,499,500

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 (2.62%) or one percentage point higher (4.62%) than the current discount rate:

County Rate			School Board Rate		
1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
$ 6,864,700	$ 6,163,700	$ 5,542,600	$ 2,716,200	$ 2,499,500	$ 2,300,700

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Sensitivity of the Total OPEB Liability to Changes in the 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 (5.50%) or one percentage point higher (7.50%) than the current healthcare cost trend rate used of 6.50%:

County Rates			School Board Rates		
1% Decrease (5.50%)	Healthcare Cost Trend (6.50%)	1% Increase (7.50%)	1% Decrease (5.50%)	Healthcare Cost Trend (6.50%)	1% Increase (7.50%)
$ 5,418,400	$ 6,163,700	$ 7,046,800	$ 2,225,000	$ 2,499,500	$ 2,823,000

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

For the year ended June 30, 2019, the County and School Board recognized OPEB expense in the amount of $401,100 and $215,900, respectively. At June 30, 2019, the County and School Board had the following deferred inflows of resources related to OPEB.

	Deferred Inflows of Resources
County:	
Differences between expected and actual experience	$ 394,700
Change of assumptions	3,300
Total	$ 398,000
School Board:	
Differences between expected and actual experience	$ 247,900
Change of assumptions	181,000
Total	$ 428,900

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

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

Year Ended June 30	County	School Board
2020	$ (73,500)	$ (65,000)
2021	(73,500)	(65,000)
2022	(73,500)	(65,000)
2023	(73,500)	(65,000)
2024	(73,500)	(65,000)
Thereafter	(30,500)	(103,900)

Group Life Insurance:

Plan Description

The Group Life Insurance (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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI 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 GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI 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 GLI Program OPEB.

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

Eligible Employees

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

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,279 effective July 1, 2018.

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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were $59,442 and $56,808 for the years ended June 30, 2019 and June 30, 2018, respectively and $167,954 ($157,754 professional and $10,200 nonprofessional) and $166,395 ($156,196 professional and $10,199 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, 2019, the County reported a liability of $873,000, School Board-Professional employees $2,383,000 and the School Board Nonprofessional employees $156,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion for the County was .05745% as compared to .05580% at June 30, 2017. At June 30, 2018, the participating employer's proportion for the School Board-Professional was .15689% as compared to .15701% at June 30, 2017. The employer's proportion for the School-Nonprofessional employees was .01032% as compared to .01077% at June 30, 2017.

For the year ended June 30, 2019, the County, School Board-Professional employees and School Board-Nonprofessional employees recognized GLI OPEB expense of $13,000, $18,000 and $0. 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, 2019, 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	$ 43,000	$ 16,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	28,000
Change in assumptions	-	36,000
Changes in proportion	38,000	-
Employer contributions subsequent to the measurement date	59,442	-
Total	$ 140,442	$ 80,000

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	$ 116,000	$ 43,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	78,000
Change in assumptions	-	99,000
Changes in proportion	16,000	-
Employer contributions subsequent to the measurement date	157,754	-
Total	$ 289,754	$ 220,000

School Board - Nonprofessional:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,000	$ 2,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	5,000
Change in assumptions	-	7,000
Changes in proportion	-	7,000
Employer contributions subsequent to the measurement date	10,200	-
Total	$ 18,200	$ 21,000

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)

$59,442, $157,754 and $10,200 (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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

		School Board	
Year Ended June 30	County	Professional	Nonprofessional
2020	$ (6,000)	$ (32,000)	$ (3,000)
2021	(6,000)	(32,000)	(3,000)
2022	(6,000)	(32,000)	(3,000)
2023	2,000	(10,000)	(2,000)
2024	9,000	11,000	(1,000)
Thereafter	8,000	7,000	(1,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	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 – 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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 – 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

Actuarial Assumptions (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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 the measurement date of June 30, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	$	1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

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%.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (Continued)

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 ended June 30, 2018, 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, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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	$ 1,140,000	$ 873,000	$ 655,000
School Board - Professional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 3,114,000	$ 2,383,000	$ 1,789,000
School Board - Nonprofessional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 204,000	$ 156,000	$ 117,000

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Plan Description

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

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

Eligible Employees

The Teacher Employee Retiree HIC 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 include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

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

HIC Program Notes

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

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, 2019 was 1.20% 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, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were $363,956 and $366,378 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the school division reported a liability of $4,679,000 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, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .36852% as compared to .36649% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $383,000. Since there was a change in proportionate share between measurement dates, 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, 2019, 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
Differences between expected and actual experience	$ -	$ 23,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,000
Change in assumptions	-	41,000
Change in proportion	23,000	2,000
Employer contributions subsequent to the measurement date	363,956	-
Total	$ 386,956	$ 69,000

$363,956 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, 2020. 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	
2020	$ (10,000)
2021	(10,000)
2022	(9,000)
2023	(7,000)
2024	(8,000)
Thereafter	(2,000)

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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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, 2018, 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	$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	$	1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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

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 ended June 30, 2018, 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 which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 5,226,000	$ 4,679,000	$ 4,214,000

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate OPEB Information

VRS OPEB Plans:	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
Group Life Insurance Program (Note 16):				
County	$ 140,442	$ 80,000	$ 873,000	$ 13,000
County Stand-Alone Plan (Note 16)	-	398,000	6,163,700	401,100
Totals	$ 140,442	$ 478,000	$ 7,036,700	$ 414,100
Component Unit School Board				
Group Life Insurance Program (Note 16):				
School Board Nonprofessional	$ 18,200	$ 21,000	$ 156,000	$ -
School Board Professional	289,754	220,000	2,383,000	18,000
Teacher Health Insurance Credit Program (Note 16)	386,956	69,000	4,679,000	383,000
School Stand-Alone Plan (Note 16)	-	428,900	2,499,500	215,900
Totals	$ 694,910	$ 738,900	$ 9,717,500	$ 616,900

NOTE 17—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No, 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

NOTE 18—ADOPTION OF ACCOUNTING PRINCIPLE:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

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.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 48,293,388	$ 48,761,779	$ 49,831,070	$ 1,069,291
Other local taxes	8,325,000	8,390,726	8,193,155	(197,571)
Permits, privilege fees, and regulatory licenses	581,500	636,611	565,796	(70,815)
Fines and forfeitures	110,000	110,000	94,467	(15,533)
Revenue from the use of money and property	581,680	581,680	911,703	330,023
Charges for services	3,155,255	3,155,255	2,977,561	(177,694)
Miscellaneous	310,000	538,612	518,730	(19,882)
Recovered costs	218,122	884,867	911,569	26,702
Intergovernmental:				
Local government	-	157,705	157,705	-
Commonwealth	10,860,854	11,652,916	11,466,997	(185,919)
Federal	1,721,205	1,929,213	2,294,957	365,744
Total revenues	$ 74,157,004	$ 76,799,364	$ 77,923,710	$ 1,124,346
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	$ 235,145	$ 926,882	$ 919,699	$ 7,183
County administrator	714,358	715,682	700,293	15,389
County attorney	260,593	232,593	214,382	18,211
Commissioner of revenue	696,688	696,688	635,865	60,823
Reassessment	137,550	287,671	286,286	1,385
Treasurer	528,772	525,324	527,748	(2,424)
Finance and purchasing	341,172	341,172	325,424	15,748
Electoral board and officials	303,639	224,905	202,916	21,989
Total general government administration	$ 3,217,917	$ 3,950,917	$ 3,812,613	$ 138,304
Judicial administration				
Circuit court	$ 25,170	$ 25,170	$ 28,301	$ (3,131)
General district court	26,318	24,318	18,888	5,430
Special magistrates	5,970	5,970	4,104	1,866
Clerk of the circuit court	535,351	597,812	591,866	5,946
Juvenile and domestic relations court	19,600	17,875	17,859	16
Sheriff - courts	1,029,383	974,174	971,896	2,278
Law library	48,772	48,772	47,729	1,043
Commonwealth's attorney	792,263	792,652	785,036	7,616
Total judicial administration	$ 2,482,827	$ 2,486,743	$ 2,465,679	$ 21,064
Public safety				
Sheriff - law enforcement	$ 3,739,125	$ 3,982,781	$ 4,074,616	$ (91,835)
Work release program	696,209	592,696	584,491	8,205
E - 911 system	566,101	547,998	542,115	5,883
Cost recovery fees	75,000	115,116	78,958	36,158
Other fire and rescue costs	378,100	438,567	420,072	18,495
Cost recovery reimbursement to fire companies	75,000	75,000	-	75,000
Contributions to fire and rescue squads	980,982	961,895	961,895	-
Emergency services	3,212,956	3,086,958	3,064,103	22,855
Regional jail	4,250,000	3,265,275	3,265,275	-
Probation office	66,320	67,639	63,230	4,409
Juvenile detention center	376,996	382,242	382,242	-
Building	595,801	662,168	650,795	11,373
Animal control	642,201	652,914	649,639	3,275
Medical examiner	500	500	740	(240)
Total public safety	$ 15,655,291	$ 14,831,749	$ 14,738,171	$ 93,578

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

Expenditures (Continued)	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public works				
Management of sanitary districts	$ 267,673	$ 390,416	$ 389,345	$ 1,071
Streets and highways	21,000	16,018	17,018	(1,000)
Refuse collection	867,215	867,151	867,451	(300)
Refuse disposal	2,659,777	2,377,221	2,379,156	(1,935)
General properties	1,081,113	1,248,460	1,223,179	25,281
Total public works	$ 4,896,778	$ 4,899,266	$ 4,876,149	$ 23,117
Health and welfare				
Local health department	$ 355,497	$ 355,497	$ 355,497	$ -
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	3,941,902	3,942,055	3,858,651	83,404
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	52,187	52,187	-
Rental of property - Health and Human Services Complex	161,680	-	-	-
Property tax relief for the elderly and handicapped	-	-	436,933	(436,933)
Children's Services Act	1,873,075	1,813,524	1,731,108	82,416
Total health and welfare	$ 6,780,441	$ 6,564,061	$ 6,835,174	$ (271,113)
Education				
Contribution to local school board	$ 24,635,578	$ 26,243,110	$ 24,620,089	$ 1,623,021
Contributions to community college	38,637	38,637	38,637	-
Total education	$ 24,674,215	$ 26,281,747	$ 24,658,726	$ 1,623,021
Parks, recreation, and cultural				
Programs and operations	$ 2,283,286	$ 2,304,276	$ 2,290,408	$ 13,868
Golf club operations	259,313	259,313	415,048	(155,735)
Browntown community center	2,500	2,500	2,500	-
Blue ridge arts council	10,000	10,000	9,500	500
4-H center	3,000	3,000	3,000	-
Contribution to Samuels Public Library	973,682	973,682	979,134	(5,452)
Total parks, recreation and cultural	$ 3,531,781	$ 3,552,771	$ 3,699,590	$ (146,819)
Community development				
Planning and zoning administration	$ 459,276	$ 459,991	$ 436,799	$ 23,192
Enterprise zone grant - IDA	1,711,586	-	-	-
Industrial development authority	54,117	54,117	54,117	-
Route 340/522 trolley	25,000	62,000	57,272	4,728
Other community development	-	20,985	17,323	3,662
Contribution to soil and water conservation district	12,000	12,000	12,000	-
Other environmental management	25,000	25,000	14,045	10,955
Airport Commission operations	189,465	98,064	98,064	-
VPI extension service	120,706	121,620	109,101	12,519
Total community development	$ 2,597,150	$ 853,777	$ 798,721	$ 55,056
Nondepartmental				
Retiree medical insurance and unemployment insurance	$ 259,240	$ 157,359	$ 109,115	$ 48,244
Route 340/522 Revenue Sharing Agreement Payment	236,831	236,831	239,708	(2,877)
Central equipment and maintenance	170,725	170,725	174,385	(3,660)
Other nondepartmental	350,790	391,489	390,000	1,489
Total nondepartmental	$ 1,017,586	$ 956,404	$ 913,208	$ 43,196

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts			
Expenditures (Continued)	**Original**	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
Capital projects				
Economic development	$ 106,489	$ 293,430	$ 293,430	$ -
Soccer fields	25,000	826	826	-
Fishnet property	150,000	372,924	372,853	71
Bing crosby stadium renovations	15,000	-	-	-
Route 522 beautification project	-	2,112	2,112	-
Airport capital projects	200	200,407	200,407	-
Eastham Park	5,000	171	171	-
Building improvement fund	133,960	42,413	41,179	1,234
Purchase of second street property	100,000	80,000	471,812	(391,812)
Revenue sharing projects	250,000	557,054	557,054	-
Simpsons Landing	25,000	24	24	-
Health and Human Services building	50,000	111,250	1,250	110,000
WCPS Special Services renovation	-	169,765	1,236,722	(1,066,957)
Voter registration facility renovations	-	51,289	1,083,640	(1,032,351)
School renovations	100,000	42,410	70,714	(28,304)
Other capital projects	2,538,455	1,139,706	973,247	166,459
Total capital projects	$ 3,499,104	$ 3,063,781	$ 5,305,441	$ (2,241,660)
Debt service				
Principal retirement	$ -	$ 13,901,283	$ 13,901,283	$ -
Interest	7,898,327	1,016,875	5,671,278	(4,654,403)
Total debt service	$ 7,898,327	$ 14,918,158	$ 19,572,561	$ (4,654,403)
Total expenditures	$ 76,251,417	$ 82,359,374	$ 87,676,033	$ (5,316,659)
Excess (deficiency) of revenues over (under) expenditures	$ (2,094,413)	$ (5,560,010)	$ (9,752,323)	$ (4,192,313)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 100,000	$ 4,583,600	$ 4,069,902	$ (513,698)
Transfers out	-	(3,286,206)	(2,818,422)	467,784
Issuance of revenue bonds	-	458,585	11,248,000	10,789,415
Issuance of note payable	-	-	400,000	400,000
Issuance of line of credit	-	31,435	1,954,931	1,923,496
Sale of capital assets	-	-	252,841	252,841
Total other financing sources (uses)	$ 100,000	$ 1,787,414	$ 15,107,252	$ 13,319,838
Net change in fund balances	$ (1,994,413)	$ (3,772,596)	$ 5,354,929	$ 9,127,525
Fund balances - beginning	1,994,413	3,772,596	13,558,129	9,785,533
Fund balances - ending	$ -	$ -	$ 18,913,058	$ 18,913,058

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 1,211,705	$ 1,198,533	$ 1,176,281	$ 1,258,260	$ 1,300,026
Interest	2,854,513	2,710,955	2,598,660	2,491,805	2,333,930
Differences between expected and actual experience	(248,388)	264,255	(332,064)	(626,648)	-
Changes in assumptions	-	(158,008)	-	-	-
Benefit payments, including refunds of employee contributions	(1,985,707)	(1,944,095)	(1,733,230)	(1,460,618)	(1,296,578)
Net change in total pension liability	$ 1,832,123	$ 2,071,640	$ 1,709,647	$ 1,662,799	$ 2,337,378
Total pension liability - beginning	41,771,616	39,699,976	37,990,329	36,327,530	33,990,152
Total pension liability - ending (a)	$ 43,603,739	$ 41,771,616	$ 39,699,976	$ 37,990,329	$ 36,327,530
Plan fiduciary net position					
Contributions - employer	$ 957,477	$ 911,215	$ 1,156,426	$ 1,111,161	$ 1,212,641
Contributions - employee	553,248	528,537	482,585	485,091	486,779
Net investment income	2,896,521	4,306,187	618,544	1,536,746	4,527,083
Benefit payments, including refunds of employee contributions	(1,985,707)	(1,944,095)	(1,733,230)	(1,460,618)	(1,296,578)
Administrative expense	(24,860)	(24,834)	(21,587)	(20,580)	(23,831)
Other	(2,587)	(3,839)	(260)	(327)	239
Net change in plan fiduciary net position	$ 2,394,092	$ 3,773,171	$ 502,478	$ 1,651,473	$ 4,906,333
Plan fiduciary net position - beginning	39,284,951	35,511,780	35,009,302	33,357,829	28,451,496
Plan fiduciary net position - ending (b)	$ 41,679,043	$ 39,284,951	$ 35,511,780	$ 35,009,302	$ 33,357,829
County's net pension liability - ending (a) - (b)	$ 1,924,696	$ 2,486,665	$ 4,188,196	$ 2,981,027	$ 2,969,701
Plan fiduciary net position as a percentage of the total pension liability	95.59%	94.05%	89.45%	92.15%	91.83%
Covered payroll	$ 10,904,355	$ 10,291,665	$ 9,824,708	$ 9,411,440	$ 9,756,199
County's net pension liability as a percentage of covered payroll	17.65%	24.16%	42.63%	31.67%	30.44%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 197,650	$ 196,224	$ 207,929	$ 362,362	$ 363,215
Interest	609,221	607,042	606,765	580,063	550,481
Differences between expected and actual experience	111,904	(173,660)	(246,769)	15,972	-
Changes in assumptions	-	(2,908)	-	-	-
Benefit payments, including refunds of employee contributions	(632,661)	(558,464)	(569,479)	(584,416)	(397,751)
Net change in total pension liability	$ 286,114	$ 68,234	$ (1,554)	$ 373,981	$ 515,945
Total pension liability - beginning	9,019,490	8,951,256	8,952,810	8,578,829	8,062,884
Total pension liability - ending (a)	$ 9,305,604	$ 9,019,490	$ 8,951,256	$ 8,952,810	$ 8,578,829
Plan fiduciary net position					
Contributions - employer	$ 81,242	$ 82,987	$ 144,630	$ 193,055	$ 330,326
Contributions - employee	90,635	91,718	90,844	122,376	152,969
Net investment income	706,784	1,077,002	153,305	411,657	1,232,240
Benefit payments, including refunds of employee contributions	(632,661)	(558,464)	(569,479)	(584,416)	(397,751)
Administrative expense	(6,370)	(6,467)	(5,842)	(5,814)	(6,502)
Other	(617)	(948)	(66)	(85)	65
Net change in plan fiduciary net position	$ 239,013	$ 685,828	$ (186,608)	$ 136,773	$ 1,311,347
Plan fiduciary net position - beginning	9,701,093	9,015,265	9,201,873	9,065,100	7,753,753
Plan fiduciary net position - ending (b)	$ 9,940,106	$ 9,701,093	$ 9,015,265	$ 9,201,873	$ 9,065,100
School Division's net pension liability (asset) - ending (a) - (b)	$ (634,502)	$ (681,603)	$ (64,009)	$ (249,063)	$ (486,271)
Plan fiduciary net position as a percentage of the total pension liability	106.82%	107.56%	100.72%	102.78%	105.67%
Covered payroll	$ 1,954,160	$ 1,973,870	$ 1,917,874	$ 2,519,459	$ 3,059,236
School Division's net pension liability (asset) as a percentage of covered payroll	-32.47%	-34.53%	-3.34%	-9.89%	-15.90%

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

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.36798%	0.36687%	0.36687%	0.37348%	0.38456%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 43,274,000	$ 45,117,000	$ 51,414,000	$ 47,008,000	$ 46,473,000
Employer's Covered Payroll	29,808,438	28,925,850	27,973,986	27,765,923	28,102,102
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	145.17%	155.97%	183.79%	169.30%	165.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension
For the Years Ended June 30, 2010 through 2019

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					
2019	$ 978,882	$ 978,882	$ -	$ 11,424,285	8.57%
2018	957,477	957,477	-	10,904,355	8.78%
2017	909,186	909,186	-	10,291,665	8.83%
2016	1,156,616	1,156,616	-	9,824,708	11.77%
2015	1,116,197	1,116,197	-	9,411,440	11.86%
2014	1,213,671	1,213,671	-	9,756,199	12.44%
2013	1,141,529	1,141,529	-	9,176,281	12.44%
2012	855,686	855,686	-	8,687,175	9.85%
2011	871,107	871,107	-	8,843,723	9.85%
2010	741,266	741,266	-	8,741,347	8.48%
Component Unit School Board (nonprofessional)					
2019	$ 72,021	$ 72,021	$ -	$ 1,957,816	3.68%
2018	81,242	81,242	-	1,954,160	4.16%
2017	93,424	93,424	-	1,973,870	4.73%
2016	144,913	144,913	-	1,917,874	7.56%
2015	196,770	196,770	-	2,519,459	7.81%
2014	330,703	330,703	-	3,059,236	10.81%
2013	319,901	319,901	-	2,959,307	10.81%
2012	240,422	240,422	-	2,917,748	8.24%
2011	227,316	227,316	-	2,758,693	8.24%
2010	214,337	214,337	-	2,787,217	7.69%
Component Unit School Board (professional) *					
2019	$ 4,609,126	$ 4,609,126	$ -	$ 30,329,689	15.20%
2018	4,798,005	4,798,005	-	29,808,438	16.10%
2017	4,624,709	4,624,709	-	28,925,850	15.99%
2016	3,906,383	3,906,383	-	27,973,986	13.96%
2015	4,026,059	4,026,059	-	27,765,923	14.50%

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

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:

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 Years Ended June 30, 2019 and 2018

	2019	2018
County:		
Total OPEB liability		
Service cost	$ 239,300	$ 233,500
Interest	229,500	217,600
Changes in assumptions	(3,900)	-
Differences between expected and actual experience	(467,600)	-
Benefit payments	(83,900)	(160,200)
Net change in total OPEB liability	$ (86,600)	$ 290,900
Total OPEB liability - beginning	6,250,300	5,959,400
Total OPEB liability - ending	$ 6,163,700	$ 6,250,300
Covered employee payroll	$ 7,462,700	$ 7,914,900
County's total OPEB liability (asset) as a percentage of covered employee payroll	82.59%	78.97%
School Board:		
Total OPEB liability		
Service cost	$ 171,200	$ 167,000
Interest	103,900	97,600
Changes in assumptions	(208,400)	-
Differences between expected and actual experience	(285,500)	-
Benefit payments	(56,400)	(126,700)
Net change in total OPEB liability	$ (275,200)	$ 137,900
Total OPEB liability - beginning	2,774,700	2,636,800
Total OPEB liability - ending	$ 2,499,500	$ 2,774,700
Covered employee payroll	$ 29,634,300	$ 28,969,300
School Boards total OPEB liability (asset) as a percentage of covered employee payroll	8.43%	9.58%

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

Notes to Required Supplementary Information - OPEB Health Insurance Plan
For the Year Ended June 30, 2019

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

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

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

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.62% as of July 1, 2018
Healthcare Trend Rate	The healthcare trend rate assumption 6.50% for fiscal year end 2019 and decreases 0.50% 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-2018.

Schedule of County's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 and 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:					
2018	0.05745%	$ 873,000	$ 10,904,583	8.01%	51.22%
2017	0.05580%	840,000	10,291,665	8.16%	48.86%
School Board - Professional:					
2018	0.15689%	$ 2,383,000	$ 29,831,844	7.99%	51.22%
2017	0.15701%	2,363,000	28,925,850	8.17%	48.86%
School Board - Nonprofessional:					
2018	0.01032%	$ 156,000	$ 1,961,389	7.95%	51.22%
2017	0.01077%	162,000	1,973,870	8.21%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2017 through June 30, 2019

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:					
2019	$ 59,442	$ 59,442	$ -	$ 11,431,136	0.52%
2018	56,808	56,808	-	10,904,583	0.52%
2017	53,517	53,517	-	10,291,665	0.52%
School Board - Professional:					
2019	$ 157,754	$ 157,754	$ -	$ 30,377,402	0.52%
2018	156,196	156,196	-	29,831,844	0.52%
2017	150,599	150,599	-	28,925,850	0.52%
School Board - Nonprofessional:					
2019	$ 10,200	$ 10,200	$ -	$ 1,961,498	0.52%
2018	10,199	10,199	-	1,961,389	0.52%
2017	10,328	10,328	-	1,973,870	0.52%

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

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:

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

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 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%

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 Employee Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2018 and 2017

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:					
2018	0.36852%	$ 4,679,000	$ 29,803,925	15.70%	8.08%
2017	0.36649%	4,649,000	28,925,850	16.07%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2017 through June 30, 2019

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:					
2019	$ 363,956	$ 363,956	$ -	$ 30,329,689	1.20%
2018	366,378	366,378	-	29,803,925	1.23%
2017	321,046	321,046	-	28,923,040	1.11%

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

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, 2019

	School Bond Construction Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 73,829	$ 73,829
Total revenues	$ -	$ -	$ 73,829	$ 73,829
EXPENDITURES				
Capital projects	$ -	$ -	$ 336,433	$ (336,433)
Total expenditures	$ -	$ -	$ 336,433	$ (336,433)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (262,604)	$ (262,604)
Net change in fund balances	$ -	$ -	$ (262,604)	$ (262,604)
Fund balances - beginning	-	-	2,705,339	2,705,339
Fund balances - ending	$ -	$ -	$ 2,442,735	$ 2,442,735

COUNTY OF WARREN, VIRGINIA **Exhibit 27**

Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

		Special Revenue Funds
ASSETS		
Receivables (net of allowance for uncollectibles):		
Taxes receivable	$	1,633,763
Prepaid items		1,979
Restricted assets:		
Cash and cash equivalents		2,332,259
Total assets	$	3,968,001
LIABILITIES		
Accounts payable	$	37,323
Due to other funds		60,456
Total liabilities	$	97,779
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	$	1,643,469
Total deferred inflows of resources	$	1,643,469
FUND BALANCES		
Nonspendable:		
Prepaid items	$	1,979
Restricted:		
Construction		1,221,449
Public safety		70,322
Sanitary districts - roads, etc.		933,003
Total fund balances	$	2,226,753
Total liabilities, deferred inflows of resources and fund balances	$	3,968,001

Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

		Special Revenue Funds
REVENUES		
General property taxes	$	2,067,028
Miscellaneous		243,413
Intergovernmental:		
Commonwealth		10,495
Total revenues	$	2,320,936
EXPENDITURES		
Current:		
Public safety	$	13,242
Public works		1,653,981
Education		133,891
Debt service:		
Principal retirement		30,000
Interest and other fiscal charges		6,679
Total expenditures	$	1,837,793
Excess (deficiency) of revenues over (under) expenditures	$	483,143
OTHER FINANCING SOURCES (USES)		
Transfers in	$	61,907
Transfers out		(373,796)
Total other financing sources (uses)	$	(311,889)
Net change in fund balances	$	171,254
Fund balances - beginning		2,055,499
Fund balances - ending	$	2,226,753

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Drug Forfeiture	Proffers	Sanitary Districts	Total
ASSETS				
Receivables (net of allowance for uncollectibles):				
Taxes receivable	$ -	$ -	$ 1,633,763	$ 1,633,763
Prepaid items	-	-	1,979	1,979
Restricted assets:				
Cash and cash equivalents	70,322	1,221,449	1,040,488	2,332,259
Total assets	$ 70,322	$ 1,221,449	$ 2,676,230	$ 3,968,001
LIABILITIES				
Accounts payable	$ -	$ -	$ 37,323	$ 37,323
Due to other funds	-	-	60,456	60,456
Total liabilities	$ -	$ -	$ 97,779	$ 97,779
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ -	$ -	$ 1,643,469	$ 1,643,469
Total deferred inflows of resources	$ -	$ -	$ 1,643,469	$ 1,643,469
FUND BALANCES				
Nonspendable:				
Prepaid items	$ -	$ -	$ 1,979	$ 1,979
Restricted:				
Construction	-	1,221,449	-	1,221,449
Public safety	70,322	-	-	70,322
Sanitary districts - roads, etc.	-	-	933,003	933,003
Total fund balances	$ 70,322	$ 1,221,449	$ 934,982	$ 2,226,753
Total liabilities, deferred inflows of resources and fund balances	$ 70,322	$ 1,221,449	$ 2,676,230	$ 3,968,001

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Drug Forfeiture	Proffers	Sanitary Districts	Total
REVENUES				
General property taxes	$ -	$ -	$ 2,067,028	$ 2,067,028
Miscellaneous	-	60,022	183,391	243,413
Intergovernmental:				
Commonwealth	10,495	-	-	10,495
Total revenues	$ 10,495	$ 60,022	$ 2,250,419	$ 2,320,936
EXPENDITURES				
Current:				
Public safety	$ 13,242	$ -	$ -	$ 13,242
Public works	-	-	1,653,981	1,653,981
Education	-	133,891	-	133,891
Debt service:				
Principal retirement	-	-	30,000	30,000
Interest and other fiscal charges	-	-	6,679	6,679
Total expenditures	$ 13,242	$ 133,891	$ 1,690,660	$ 1,837,793
Excess (deficiency) of revenues over (under) expenditures	$ (2,747)	$ (73,869)	$ 559,759	$ 483,143
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 61,907	$ 61,907
Transfers out	-	-	(373,796)	(373,796)
Total other financing sources (uses)	$ -	$ -	$ (311,889)	$ (311,889)
Net change in fund balances	$ (2,747)	$ (73,869)	$ 247,870	$ 171,254
Fund balances - beginning	73,069	1,295,318	687,112	2,055,499
Fund balances - ending	$ 70,322	$ 1,221,449	$ 934,982	$ 2,226,753

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, 2019

	Drug Forfeiture			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	$ -	$ -	$ -	$ -
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	10,495	10,495
Total revenues	$ -	$ -	$ 10,495	$ 10,495
EXPENDITURES				
Current:				
Public safety	$ -	$ 13,242	$ 13,242	$ -
Public works	-	-	-	-
Education	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	$ -	$ 13,242	$ 13,242	$ -
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (13,242)	$ (2,747)	$ 10,495
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ (13,242)	$ (2,747)	$ 10,495
Fund balances - beginning	-	13,242	73,069	59,827
Fund balances - ending	$ -	$ -	$ 70,322	$ 70,322

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)
$ -	$ -	$ -	$ -	$ 1,791,319	$ 1,791,319	$ 2,067,028	$ 275,709
-	-	60,022	60,022	-	12,000	183,391	171,391
-	-	-	-	-	-	-	-
$ -	$ -	$ 60,022	$ 60,022	$ 1,791,319	$ 1,803,319	$ 2,250,419	$ 447,100
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	1,655,319	1,587,454	1,653,981	(66,527)
-	133,891	133,891	-	-	-	-	-
-	-	-	-	30,000	30,000	30,000	-
-	-	-	-	6,000	6,679	6,679	-
$ -	$ 133,891	$ 133,891	$ -	$ 1,691,319	$ 1,624,133	$ 1,690,660	$ (66,527)
$ -	$ (133,891)	$ (73,869)	$ 60,022	$ 100,000	$ 179,186	$ 559,759	$ 380,573
$ -	$ -	$ -	$ -	$ -	$ 61,907	$ 61,907	$ -
-	(63,594)	-	63,594	(100,000)	(372,288)	(373,796)	(1,508)
$ -	$ (63,594)	$ -	$ 63,594	$ (100,000)	$ (310,381)	$ (311,889)	$ (1,508)
$ -	$ (197,485)	$ (73,869)	$ 123,616	$ -	$ (131,195)	$ 247,870	$ 379,065
-	197,485	1,295,318	1,097,833	-	131,195	687,112	555,917
$ -	$ -	$ 1,221,449	$ 1,221,449	$ -	$ -	$ 934,982	$ 934,982

Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2019

	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	$ 5,495	$ 69,769	$ 181,492	$ (1,670)	$ 1,641	$ 256,736
Total assets	$ 9	$ 5,495	$ 69,769	$ 181,492	$ (1,670)	$ 1,641	$ 256,736
NET POSITION							
Held in trust for:							
Reserved for scholarships	$ 9	$ 5,495	$ 69,769	$ 181,492	$ (1,670)	$ 1,641	$ 256,736
Total net position	$ 9	$ 5,495	$ 69,769	$ 181,492	$ (1,670)	$ 1,641	$ 256,736

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2019

	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	$ -	$ -	$ -	$ 5,438	$ 21,048	$ -	$ 26,486
Miscellaneous	-	-	-	5,664	-	26	5,690
Total additions	$ -	$ -	$ -	$ 11,102	$ 21,048	$ 26	$ 32,176
DEDUCTIONS							
Scholarships	$ -	$ 500	$ 2,000	$ 3,000	$ 15,000	$ -	$ 20,500
Total deductions	$ -	$ 500	$ 2,000	$ 3,000	$ 15,000	$ -	$ 20,500
Change in net position	$ -	$ (500)	$ (2,000)	$ 8,102	$ 6,048	$ 26	$ 11,676
Total net position - beginning	9	5,995	71,769	173,390	(7,718)	1,615	245,060
Total net position - ending	$ 9	$ 5,495	$ 69,769	$ 181,492	$ (1,670)	$ 1,641	$ 256,736

COUNTY OF WARREN, VIRGINIA

Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2019

	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	$ 26,222	$ -	$ 9,548	$ 107,732	$ 19,032	$ 187,980
Due from other governmental units	-	893,926	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Total assets	$ 26,222	$ 893,926	$ 9,548	$ 107,732	$ 19,032	$ 187,980
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ 1,470	$ 2,036
Amounts held for social services clients	26,222	-	-	-	-	-
Due to general fund	-	721,947	5,000	-	-	-
Due to other governmental units	-	171,979	-	-	-	-
Amounts held for others	-	-	4,548	107,732	17,562	185,944
Total liabilities	$ 26,222	$ 893,926	$ 9,548	$ 107,732	$ 19,032	$ 187,980

South Warren Vol. Fire Department Fund	Shenandoah Shores Vol. Fire Department Fund	Linden Vol. Fire Department Fund	Fortsmouth Vol. Fire Department Fund	Skyline Regional Criminal Justice Training Academy	Celebrate Shenandoah	Total
$ 24,506	$ 4,369	$ (33,682)	$ 35,035	$ 229,081	$ 11,002	$ 620,825
-	-	-	-	-	-	893,926
-	-	-	-	1,954	-	1,954
$ 24,506	$ 4,369	$ (33,682)	$ 35,035	$ 231,035	$ 11,002	$ 1,516,705
$ 6,551	$ 292	$ 2,120	$ 1,786	$ 4,309	$ -	$ 18,564
-	-	-	-	-	-	26,222
-	-	-	-	-	-	726,947
-	-	-	-	-	-	171,979
17,955	4,077	(35,802)	33,249	226,726	11,002	572,993
$ 24,506	$ 4,369	$ (33,682)	$ 35,035	$ 231,035	$ 11,002	$ 1,516,705

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Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
ASSETS				
Cash and cash equivalents	$ 19,459	$ 68,356	$ 61,593	$ 26,222
Total assets	$ 19,459	$ 68,356	$ 61,593	$ 26,222
LIABILITIES				
Amounts held for social services clients	$ 19,459	$ 68,356	$ 61,593	$ 26,222
Total liabilities	$ 19,459	$ 68,356	$ 61,593	$ 26,222
Undistributed Local Sales Tax Fund:				
ASSETS				
Due from other governmental units	$ 837,877	$ 4,926,863	$ 4,870,814	$ 893,926
Total assets	$ 837,877	$ 4,926,863	$ 4,870,814	$ 893,926
LIABILITIES				
Due to other governmental units	$ 162,518	$ 954,945	$ 945,484	$ 171,979
Due to general fund	675,359	3,971,918	3,925,330	721,947
Total liabilities	$ 837,877	$ 4,926,863	$ 4,870,814	$ 893,926
Flexible Spending Fund:				
ASSETS				
Cash and cash equivalents	$ 10,734	$ -	$ 1,186	$ 9,548
Total assets	$ 10,734	$ -	$ 1,186	$ 9,548
LIABILITIES				
Due to general fund	$ 5,000	$ -	$ -	$ 5,000
Amounts held for others	5,734	-	1,186	4,548
Total liabilities	$ 10,734	$ -	$ 1,186	$ 9,548
North Warren Fire Department Building Fund:				
ASSETS				
Cash and cash equivalents	$ 69,782	$ 37,950	$ -	$ 107,732
Total assets	$ 69,782	$ 37,950	$ -	$ 107,732
LIABILITIES				
Amounts held for others	$ 69,782	$ 37,950	$ -	$ 107,732
Total liabilities	$ 69,782	$ 37,950	$ -	$ 107,732
North Warren Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 49,425	$ 64,602	$ 94,995	$ 19,032
Total assets	$ 49,425	$ 64,602	$ 94,995	$ 19,032
LIABILITIES				
Amounts held for others	$ 47,905	$ 64,602	$ 94,945	$ 17,562
Accounts payable	1,520	1,470	1,520	1,470
Total liabilities	$ 49,425	$ 66,072	$ 96,465	$ 19,032

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Shenandoah Farms Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 123,063	$ 116,171	$ 51,254	$ 187,980
Total assets	$ 123,063	$ 116,171	$ 51,254	$ 187,980
LIABILITIES				
Amounts held for others	$ 120,502	$ 116,171	$ 50,729	$ 185,944
Accounts payable	2,561	2,036	2,561	2,036
Total liabilities	$ 123,063	$ 118,207	$ 53,290	$ 187,980
South Warren Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 28,584	$ 59,711	$ 63,789	$ 24,506
Total assets	$ 28,584	$ 59,711	$ 63,789	$ 24,506
LIABILITIES				
Amounts held for others	$ 14,638	$ 59,711	$ 56,394	$ 17,955
Accounts payable	13,946	6,551	13,946	6,551
Total liabilities	$ 28,584	$ 66,262	$ 70,340	$ 24,506
Shenandoah Shores Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ (1,042)	$ 64,602	$ 59,191	$ 4,369
Total assets	$ (1,042)	$ 64,602	$ 59,191	$ 4,369
LIABILITIES				
Amounts held for others	$ (2,902)	$ 64,602	$ 57,623	$ 4,077
Accounts payable	1,860	292	1,860	292
Total liabilities	$ (1,042)	$ 64,894	$ 59,483	$ 4,369
Linden Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ (18,577)	$ 64,602	$ 79,707	$ (33,682)
Total assets	$ (18,577)	$ 64,602	$ 79,707	$ (33,682)
LIABILITIES				
Amounts held for others	$ (18,577)	$ 64,602	$ 81,827	$ (35,802)
Accounts payable	-	2,120	-	2,120
Total liabilities	$ (18,577)	$ 66,722	$ 81,827	$ (33,682)
Fortsmouth Volunteer Fire Department Fund:				
ASSETS				
Cash and cash equivalents	$ 38,844	$ 64,602	$ 68,411	$ 35,035
Total assets	$ 38,844	$ 64,602	$ 68,411	$ 35,035
LIABILITIES				
Amounts held for others	$ 37,932	$ 64,602	$ 69,285	$ 33,249
Accounts payable	912	1,786	912	1,786
Total liabilities	$ 38,844	$ 66,388	$ 70,197	$ 35,035

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Skyline Regional Criminal Justice Training Academy				
ASSETS				
Cash and cash equivalents	$ 146,281	$ 541,244	$ 458,444	$ 229,081
Prepaid expenses	-	1,954	-	1,954
Total assets	$ 146,281	$ 543,198	$ 458,444	$ 231,035
LIABILITIES				
Amounts held for others	$ 141,473	$ 541,244	$ 455,991	$ 226,726
Accounts payable	4,808	4,309	4,808	4,309
Total liabilities	$ 146,281	$ 545,553	$ 460,799	$ 231,035
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	$ 477,555	$ 1,081,840	$ 938,570	$ 620,825
Due from other governmental units	837,877	4,926,863	4,870,814	893,926
Prepaid expenses	-	1,954	-	1,954
Total assets	$ 1,315,432	$ 6,010,657	$ 5,809,384	$ 1,516,705
LIABILITIES				
Accounts payable	$ 25,607	$ 18,564	$ 25,607	$ 18,564
Amounts held for social services clients	19,459	68,356	61,593	26,222
Due to general fund	680,359	3,971,918	3,925,330	726,947
Due to other governmental units	162,518	954,945	945,484	171,979
Amounts held for others	427,489	1,013,484	867,980	572,993
Total liabilities	$ 1,315,432	$ 6,027,267	$ 5,825,994	$ 1,516,705

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2019

	School Operating Fund	School Cafeteria Fund	Capital Improvements Fund	Vocational Building Fund	School Textbook Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 4,823,339	$ 307,410	$ 105,467	$ 96,108	$ 143,110	$ 5,475,434
Accounts receivable	170,725	-	-	-	-	170,725
Due from other funds	-	83,015	-	-	-	83,015
Due from other governmental units	1,070,570	-	-	-	-	1,070,570
Total assets	$ 6,064,634	$ 390,425	$ 105,467	$ 96,108	$ 143,110	$ 6,799,744
LIABILITIES						
Accounts payable	$ 258,772	$ 1,746	$ -	$ -	$ -	$ 260,518
Accrued liabilities	2,486,400	68,670	-	-	-	2,555,070
Due to other funds	83,015	-	-	-	-	83,015
Due to primary government	3,236,447	-	-	-	-	3,236,447
Total liabilities	$ 6,064,634	$ 70,416	$ -	$ -	$ -	$ 6,135,050
FUND BALANCES						
Committed:						
Education - capital improvements	$ -	$ -	$ 105,467	$ 96,108	$ -	$ 201,575
Assigned:						
Education	-	320,009	-	$ -	143,110	463,119
Total fund balances	$ -	$ 320,009	$ 105,467	96,108	$ 143,110	$ 664,694
Total liabilities and fund balances	$ 6,064,634	$ 390,425	$ 105,467	$ 96,108	$ 143,110	$ 6,799,744

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above		$ 664,694
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	$ 35,857,597	
Accumulated depreciation	(19,376,184)	16,481,413
The net pension asset is not an available resource and, therefore, is not reported in the funds - Nonprofessional group		634,502
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in School Board activities in the statement of net position.		104,967
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 5,429,016	
OPEB related items	694,910	6,123,926
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (5,508,811)	
OPEB related items	(738,900)	(6,247,711)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	$ (1,622,547)	
Net pension liability - professional group	(43,274,000)	
Net OPEB liability	(9,717,500)	(54,614,047)
Net position of governmental activities		$ (36,852,256)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	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	$ 45,296	$ -	$ -	$ -	$ -	$ 45,296
Charges for services	513,648	1,208,796	-	-	-	1,722,444
Miscellaneous	89,003	-	-	-	-	89,003
Intergovernmental:						
Local government	24,753,980	-	-	-	-	24,753,980
Commonwealth	29,012,212	-	-	-	-	29,012,212
Federal	4,464,910	-	-	-	-	4,464,910
Total revenues	$ 58,879,049	$ 1,208,796	$ -	$ -	$ -	$ 60,087,845
EXPENDITURES						
Current:						
Education	$ 56,455,238	$ 2,983,522	$ -	$ 16,134	$ 40,826	$ 59,495,720
Capital projects	216,351	-	317,635	-	-	533,986
Debt service:						
Principal retirement	258,000	-	-	-	-	258,000
Interest and other fiscal charges	368,184	-	-	-	-	368,184
Total expenditures	$ 57,297,773	$ 2,983,522	$ 317,635	$ 16,134	$ 40,826	$ 60,655,890
Excess (deficiency) of revenues over (under) expenditures	$ 1,581,276	$ (1,774,726)	$ (317,635)	$ (16,134)	$ (40,826)	$ (568,045)
OTHER FINANCING SOURCES (USES)						
Transfers in	$ -	$ 1,581,276	$ -	$ -	$ -	$ 1,581,276
Transfers out	(1,581,276)	-	-	-	-	(1,581,276)
Total other financing sources (uses)	$ (1,581,276)	$ 1,581,276	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ (193,450)	$ (317,635)	$ (16,134)	$ (40,826)	$ (568,045)
Fund balances - beginning	-	513,459	423,102	112,242	183,936	1,232,739
Fund balances - ending	$ -	$ 320,009	$ 105,467	$ 96,108	$ 143,110	$ 664,694

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		$ (568,045)
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	$ 823,465	
Depreciation expense	(785,011)	38,454
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	$ (24,563)	
(Increase) decrease in net pension liability (asset) and related items	2,393,311	
(Increase) decrease in compensated absences	(34,245)	2,334,503
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(31,789)
Change in net position of governmental activities		$ 1,773,123

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	$ 40,000	$ 40,000	$ 45,296	$ 5,296
Charges for services	356,791	356,791	513,648	156,857
Miscellaneous	83,510	229,928	89,003	(140,925)
Intergovernmental:				
Local government	24,635,578	26,377,001	24,753,980	(1,623,021)
Commonwealth	28,957,227	29,199,514	29,012,212	(187,302)
Federal	3,525,112	3,929,870	4,464,910	535,040
Total revenues	$ 57,598,218	$ 60,133,104	$ 58,879,049	$ (1,254,055)
EXPENDITURES				
Current:				
Education	$ 56,210,462	$ 57,902,813	$ 56,455,238	$ 1,447,575
Capital projects	-	216,351	216,351	-
Debt service:				
Principal retirement	-	258,000	258,000	-
Interest and other fiscal charges	-	368,184	368,184	-
Total expenditures	$ 56,210,462	$ 58,745,348	$ 57,297,773	$ 1,447,575
Excess (deficiency) of revenues over (under) expenditures	$ 1,387,756	$ 1,387,756	$ 1,581,276	$ 193,520
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	(1,387,756)	(1,387,756)	(1,581,276)	(193,520)
Total other financing sources (uses)	$ (1,387,756)	$ (1,387,756)	$ (1,581,276)	$ (193,520)
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)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1,429,964	1,429,964	1,208,796	(221,168)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 1,429,964	$ 1,429,964	$ 1,208,796	$ (221,168)	$ -	$ -	$ -	$ -
$ 2,817,720	$ 2,817,720	$ 2,983,522	$ (165,802)	$ -	$ -	$ -	$ -
-	-	-	-	-	-	317,635	(317,635)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 2,817,720	$ 2,817,720	$ 2,983,522	$ (165,802)	$ -	$ -	$ 317,635	$ (317,635)
$ (1,387,756)	$ (1,387,756)	$ (1,774,726)	$ (386,970)	$ -	$ -	$ (317,635)	$ (317,635)
$ 1,387,756	$ 1,387,756	$ 1,581,276	$ 193,520	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
$ 1,387,756	$ 1,387,756	$ 1,581,276	$ 193,520	$ -	$ -	$ -	$ -
$ -	$ -	$ (193,450)	$ (193,450)	$ -	$ -	$ (317,635)	$ (317,635)
-	-	513,459	513,459	-	-	423,102	423,102
$ -	$ -	$ 320,009	$ 320,009	$ -	$ -	$ 105,467	$ 105,467

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	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	-	-	-	-	-	-	-	-
Intergovernmental:								
Local government	-	-	-	-	-	-	-	-
Commonwealth	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EXPENDITURES								
Current:								
Education	$ -	$ -	$ 16,134	$ (16,134)	$ -	$ -	$ 40,826	$ (40,826)
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	$ -	$ -	$ 16,134	$ (16,134)	$ -	$ -	$ 40,826	$ (40,826)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ (16,134)	$ (16,134)	$ -	$ -	$ (40,826)	$ (40,826)
OTHER FINANCING SOURCES (USES)								
Transfers in	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ (16,134)	$ (16,134)	$ -	$ -	$ (40,826)	$ (40,826)
Fund balances - beginning	-	-	112,242	112,242	-	-	183,936	183,936
Fund balances - ending	$ -	$ -	$ 96,108	$ 96,108	$ -	$ -	$ 143,110	$ 143,110

COUNTY OF WARREN, VIRGINIA **Exhibit 39**

Statement of Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
June 30, 2019

	Health Insurance Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 104,967
Total assets	$ 104,967
NET POSITION	
Unrestricted	$ 104,967
Total net position	$ 104,967

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, 2019

		Health Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	$	6,210,015
Total operating revenues	$	6,210,015
OPERATING EXPENSES		
Insurance claims and expenses	$	6,246,005
Total operating expenses	$	6,246,005
Operating income (loss)	$	(35,990)
NONOPERATING REVENUES (EXPENSES)		
Interest income	$	4,201
Change in net position	$	(31,789)
Total net position - beginning		136,756
Total net position - ending	$	104,967

Statement of Cash Flows
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums	$	6,210,015
Payments for claims		(6,246,005)
Net cash provided by (used for) operating activities	$	(35,990)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	4,201
Net cash provided by (used for) investing activities	$	4,201
Net increase (decrease) in cash and cash equivalents	$	(31,789)
Cash and cash equivalents - beginning		136,756
Cash and cash equivalents - ending	$	104,967
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	(35,990)
Net cash provided by (used for) operating activities	$	(35,990)

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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	$ 28,004,850	$ 28,048,134	$ 28,772,249	$ 724,115
Real and personal public service corporation taxes	6,607,258	6,607,258	6,026,139	(581,119)
Personal property taxes	11,258,780	11,258,780	12,306,301	1,047,521
Mobile home taxes	7,500	7,500	8,240	740
Machinery and tools taxes	1,363,000	1,788,107	1,734,980	(53,127)
Rollback taxes	-	-	75,226	75,226
Mineral rights	2,000	2,000	3,087	1,087
Penalties	600,000	600,000	517,107	(82,893)
Interest	450,000	450,000	387,741	(62,259)
Total general property taxes	$ 48,293,388	$ 48,761,779	$ 49,831,070	$ 1,069,291
Other local taxes:				
Local sales and use taxes	$ 3,950,000	$ 3,950,000	$ 3,925,330	$ (24,670)
Consumers' utility taxes	760,000	760,000	735,999	(24,001)
E-911 telephone taxes	45,000	45,000	-	(45,000)
Business license taxes	850,000	850,000	831,320	(18,680)
Motor vehicle licenses	940,000	940,000	895,786	(44,214)
Taxes on recordation and wills	630,000	630,000	595,099	(34,901)
Hotel and motel room taxes	200,000	200,000	193,895	(6,105)
Meal taxes	950,000	1,015,726	1,015,726	-
Total other local taxes	$ 8,325,000	$ 8,390,726	$ 8,193,155	$ (197,571)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 45,000	$ 45,000	$ 41,877	$ (3,123)
Building and related permits	375,000	430,111	296,685	(133,426)
Zoning, subdivision fees and rezoning permits	30,000	30,000	42,919	12,919
Land use application fees	-	-	270	270
Transfer fees	1,500	1,500	1,581	81
Weapon permits	25,000	25,000	28,130	3,130
Bank franchise fees	10,000	10,000	22,044	12,044
Septage fees	95,000	95,000	87,850	(7,150)
Other fees	-	-	44,440	44,440
Total permits, privilege fees, and regulatory licenses	$ 581,500	$ 636,611	$ 565,796	$ (70,815)
Fines and forfeitures:				
Court fines and forfeitures	$ 110,000	$ 110,000	$ 87,721	$ (22,279)
Other fines	-	-	6,746	6,746
Total fines and forfeitures	$ 110,000	$ 110,000	$ 94,467	$ (15,533)
Revenue from use of money and property:				
Revenue from use of money	$ 220,000	$ 220,000	$ 530,079	$ 310,079
Revenue from use of property	361,680	361,680	381,624	19,944
Total revenue from use of money and property	$ 581,680	$ 581,680	$ 911,703	$ 330,023

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Excess fees of clerk	$ 7,500	$ 7,500	$ 4,026	$ (3,474)
Sheriff's fees	-	-	2,396	2,396
Courthouse security fees	58,000	58,000	73,220	15,220
Administrative fee	225,000	225,000	268,765	43,765
Charges for Commonwealth's Attorney	4,200	4,200	4,025	(175)
Airport hangar rental fees and fuel sales	189,870	189,870	185,075	(4,795)
Charges for sanitation and waste removal	1,150,000	1,150,000	1,061,121	(88,879)
Other charges for services	22,500	22,500	20,494	(2,006)
Golf club membership dues, golf fees, shop sales	238,450	238,450	80,323	(158,127)
Parks and rec user fees	356,935	356,935	281,045	(75,890)
Courthouse maintenance fees	40,000	40,000	47,317	7,317
Cost recovery	838,800	838,800	935,316	96,516
Charges for law library	24,000	24,000	10,757	(13,243)
Other court charges	-	-	3,681	3,681
Total charges for services	$ 3,155,255	$ 3,155,255	$ 2,977,561	$ (177,694)
Miscellaneous:				
Miscellaneous	$ 225,000	$ 453,612	$ 434,635	$ (18,977)
Sale of recyclable materials	85,000	85,000	84,095	(905)
Total miscellaneous	$ 310,000	$ 538,612	$ 518,730	$ (19,882)
Recovered costs:				
Other recovered costs	$ 200,122	$ 866,867	$ 870,699	$ 3,832
Expenditure refunds	18,000	18,000	40,870	22,870
Total recovered costs	$ 218,122	$ 884,867	$ 911,569	$ 26,702
Total revenue from local sources	$ 61,574,945	$ 63,059,530	$ 64,004,051	$ 944,521
Intergovernmental:				
Revenue from Local Government				
Town of Front Royal - project costs	$ -	$ 157,705	$ 157,705	$ -
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	$ 60,000	$ 60,000	$ 57,059	$ (2,941)
Mobile home titling tax	1,000	1,000	345	(655)
State recordation tax	150,000	150,000	152,063	2,063
Personal property tax relief funds	4,541,220	4,541,220	4,541,220	-
Communication taxes	900,000	900,000	755,473	(144,527)
Total noncategorical aid	$ 5,652,220	$ 5,652,220	$ 5,506,160	$ (146,060)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 408,408	$ 408,408	$ 420,119	$ 11,711
Sheriff	1,664,766	1,664,766	1,703,155	38,389
Commissioner of revenue	146,851	146,851	157,015	10,164

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Shared expenses: (Continued)				
Treasurer	$ 108,479	$ 108,479	$ 117,880	$ 9,401
Registrar/electoral board	40,000	40,000	42,436	2,436
Clerk of the Circuit Court	304,583	304,583	314,815	10,232
Total shared expenses	$ 2,673,087	$ 2,673,087	$ 2,755,420	$ 82,333
Other categorical aid:				
Welfare administration and public assistance	$ 1,226,406	$ 1,226,406	$ 1,086,228	$ (140,178)
Children services act	1,040,442	1,040,442	936,567	(103,875)
Emergency medical services	42,855	151,662	154,489	2,827
Technology trust funds	-	28,043	28,043	-
Abandoned vehicle program	20,000	20,000	8,600	(11,400)
VA domestic violence victims grant	45,000	45,000	45,000	-
Victim-witness grant	16,000	16,000	11,577	(4,423)
Fire programs funds	77,344	77,344	80,077	2,733
Juvenile crime control	35,000	35,000	36,631	1,631
Airport grants	-	29,408	29,408	-
Revenue sharing	-	612,665	612,665	-
Other categorical aid	32,500	45,639	176,132	130,493
Total other categorical aid	$ 2,535,547	$ 3,327,609	$ 3,205,417	$ (122,192)
Total categorical aid	$ 5,208,634	$ 6,000,696	$ 5,960,837	$ (39,859)
Total revenue from the Commonwealth	$ 10,860,854	$ 11,652,916	$ 11,466,997	$ (185,919)
Revenue from the Federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ 52,500	$ 52,500	$ 56,068	$ 3,568
Total noncategorical aid	$ 52,500	$ 52,500	$ 56,068	$ 3,568
Categorical aid:				
Welfare administration and public assistance	$ 1,620,705	$ 1,620,705	$ 1,993,625	$ 372,920
Juvenile justice and delinquency prevention	-	2,698	2,301	(397)
Emergency management performance grant	-	36,653	15,435	(21,218)
Disaster grants - Public Assistance	-	3,463	-	(3,463)
Bulletproof vest program	-	8,256	8,256	-
Department of historic resources grant	-	-	11,799	11,799
Crime victims assistance	48,000	48,000	50,535	2,535
Airport improvement program	-	156,938	156,938	-
Total categorical aid	$ 1,668,705	$ 1,876,713	$ 2,238,889	$ 362,176
Total revenue from the federal government	$ 1,721,205	$ 1,929,213	$ 2,294,957	$ 365,744
Total General Fund	$ 74,157,004	$ 76,799,364	$ 77,923,710	$ 1,124,346

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Drug Forfeiture Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Drug forfeiture funds	$ -	$ -	$ 10,495	$ 10,495
Total categorical aid	$ -	$ -	$ 10,495	$ 10,495
Total revenue from the Commonwealth	$ -	$ -	$ 10,495	$ 10,495
Total Drug Forfeiture Fund	$ -	$ -	$ 10,495	$ 10,495
Proffers Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	$ -	$ -	$ 60,022	$ 60,022
Total miscellaneous	$ -	$ -	$ 60,022	$ 60,022
Total revenue from local sources	$ -	$ -	$ 60,022	$ 60,022
Total Proffers Fund	$ -	$ -	$ 60,022	$ 60,022
Sanitary District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 1,791,319	$ 1,791,319	$ 2,067,028	$ 275,709
Total general property taxes	$ 1,791,319	$ 1,791,319	$ 2,067,028	$ 275,709
Miscellaneous:				
New construction fee	$ -	$ 12,000	$ 183,391	$ 171,391
Total miscellaneous	$ -	$ 12,000	$ 183,391	$ 171,391
Total revenue from local sources	$ 1,791,319	$ 1,803,319	$ 2,250,419	$ 447,100
Total Sanitary District Fund	$ 1,791,319	$ 1,803,319	$ 2,250,419	$ 447,100
Capital Projects Funds:				
School Bond Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 73,829	$ 73,829
Total revenue from use of money and property	$ -	$ -	$ 73,829	$ 73,829
Total revenue from local sources	$ -	$ -	$ 73,829	$ 73,829
Total School Bond Construction Fund	$ -	$ -	$ 73,829	$ 73,829
Total Primary Government	$ 75,948,323	$ 78,602,683	$ 80,318,475	$ 1,715,792

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	$ 40,000	$ 40,000	$ 45,296	$ 5,296
Total revenue from use of money and property	$ 40,000	$ 40,000	$ 45,296	$ 5,296
Charges for services:				
Other charges for services	$ 356,791	$ 356,791	$ 513,648	$ 156,857
Total charges for services	$ 356,791	$ 356,791	$ 513,648	$ 156,857
Miscellaneous:				
Other miscellaneous	$ 83,510	$ 229,928	$ 89,003	$ (140,925)
Total miscellaneous	$ 83,510	$ 229,928	$ 89,003	$ (140,925)
Total revenue from local sources	$ 480,301	$ 626,719	$ 647,947	$ 21,228
Intergovernmental:				
Revenues from local governments:				
Contribution from Warren, Virginia	$ 24,635,578	$ 26,243,110	$ 24,620,089	$ (1,623,021)
Other local government contributions	-	133,891	133,891	-
Total revenues from local governments	$ 24,635,578	$ 26,377,001	$ 24,753,980	$ (1,623,021)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 6,659,981	$ 6,659,981	$ 6,734,879	$ 74,898
Basic school aid	13,447,391	13,447,391	13,032,716	(414,675)
Remedial summer education	21,804	21,804	-	(21,804)
Gifted and talented	152,456	152,456	149,118	(3,338)
Remedial education	475,305	475,305	464,898	(10,407)
Homebound education	18,517	18,517	11,561	(6,956)
Textbook payment	300,997	300,997	294,406	(6,591)
Vocational SOQ payments	582,906	582,906	550,623	(32,283)
Social security fringe benefits	860,931	860,931	842,080	(18,851)
Retirement fringe benefits	1,901,222	1,901,222	1,859,593	(41,629)
Group life insurance benefits	59,787	59,787	58,478	(1,309)
State lottery payments	816,559	816,559	1,089,299	272,740
Early reading intervention	108,677	108,677	116,441	7,764
Jail education	136,093	136,093	131,853	(4,240)
GED program	15,717	15,717	16,710	993
School food	50,978	50,978	29,963	(21,015)
Special education - foster children	-	-	7,478	7,478
At risk payments	511,925	511,925	683,477	171,552
Technology	284,000	284,000	284,000	-
Standards of Learning algebra readiness	55,037	55,037	55,037	-
Mentor teacher program	10,755	12,755	11,286	(1,469)
English as a second language	58,878	58,878	89,682	30,804
K-3 initiative	536,627	536,627	524,377	(12,250)
Special education	1,470,757	1,470,757	1,438,553	(32,204)
Other state funds	419,927	660,214	535,704	(124,510)
Total categorical aid	$ 28,957,227	$ 29,199,514	$ 29,012,212	$ (187,302)
Total revenue from the Commonwealth	$ 28,957,227	$ 29,199,514	$ 29,012,212	$ (187,302)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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:				
Noncategorical aid:				
Interest rate subsidy - Qualified Energy Conservation Bonds	$ -	$ 254,000	$ 254,000	$ -
Total noncategorical aid	$ -	$ 254,000	$ 254,000	$ -
Categorical aid:				
Federal land use	$ -	$ -	$ 1,236	$ 1,236
Title I; Grants to local educational agencies	738,986	738,986	846,696	107,710
Title VI-B; Special education grants to states	1,156,961	1,157,961	1,209,538	51,577
Title VI-B; Special education preschool grants	29,588	29,588	30,340	752
Vocational education	77,177	77,177	88,256	11,079
Title II, Part D; Enhancing state grants	6,419	6,419	-	(6,419)
English language acquisition grant	11,798	11,798	12,547	749
Twenty-first century community learning centers	-	83,273	94,020	10,747
Title II Part A; Improving teacher quality state grants	167,405	233,890	191,197	(42,693)
National school lunch and breakfast program	1,336,778	1,336,778	1,737,080	400,302
Total categorical aid	$ 3,525,112	$ 3,675,870	$ 4,210,910	$ 535,040
Total revenue from the federal government	$ 3,525,112	$ 3,929,870	$ 4,464,910	$ 535,040
Total School Operating Fund	$ 57,598,218	$ 60,133,104	$ 58,879,049	$ (1,254,055)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	$ 1,429,964	$ 1,429,964	$ 1,208,796	$ (221,168)
Total charges for services	$ 1,429,964	$ 1,429,964	$ 1,208,796	$ (221,168)
Total revenue from local sources	$ 1,429,964	$ 1,429,964	$ 1,208,796	$ (221,168)
Total School Cafeteria Fund	$ 1,429,964	$ 1,429,964	$ 1,208,796	$ (221,168)
Total Component Unit - School Board	$ 59,028,182	$ 61,563,068	$ 60,087,845	$ (1,475,223)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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	$ 235,145	$ 926,882	$ 919,699	$ 7,183
General and financial administration:				
County administrator	$ 714,358	$ 715,682	$ 700,293	$ 15,389
County attorney	260,593	232,593	214,382	18,211
Commissioner of revenue	696,688	696,688	635,865	60,823
Reassessment	137,550	287,671	286,286	1,385
Treasurer	528,772	525,324	527,748	(2,424)
Finance and purchasing	341,172	341,172	325,424	15,748
Total general and financial administration	$ 2,679,133	$ 2,799,130	$ 2,689,998	$ 109,132
Board of elections:				
Electoral board and officials	$ 303,639	$ 224,905	$ 202,916	$ 21,989
Total board of elections	$ 303,639	$ 224,905	$ 202,916	$ 21,989
Total general government administration	$ 3,217,917	$ 3,950,917	$ 3,812,613	$ 138,304
Judicial administration:				
Courts:				
Circuit court	$ 25,170	$ 25,170	$ 28,301	$ (3,131)
General district court	26,318	24,318	18,888	5,430
Special magistrates	5,970	5,970	4,104	1,866
Clerk of the circuit court	535,351	597,812	591,866	5,946
Juvenile and domestic relations court	19,600	17,875	17,859	16
Sheriff - court security	1,029,383	974,174	971,896	2,278
Law library	48,772	48,772	47,729	1,043
Total courts	$ 1,690,564	$ 1,694,091	$ 1,680,643	$ 13,448
Commonwealth's attorney:				
Commonwealth's attorney	$ 792,263	$ 792,652	$ 785,036	$ 7,616
Total commonwealth's attorney	$ 792,263	$ 792,652	$ 785,036	$ 7,616
Total judicial administration	$ 2,482,827	$ 2,486,743	$ 2,465,679	$ 21,064
Public safety:				
Law enforcement and emergency services:				
Sheriff - law enforcement	$ 3,739,125	$ 3,982,781	$ 4,074,616	$ (91,835)
School resource officers	696,209	592,696	584,491	8,205
E - 911 system	566,101	547,998	542,115	5,883
Total law enforcement and emergency services	$ 5,001,435	$ 5,123,475	$ 5,201,222	$ (77,747)
Fire and rescue services:				
Other fire and rescue costs	$ 378,100	$ 438,567	$ 420,072	$ 18,495
Cost recovery fees	75,000	115,116	78,958	36,158
Cost recovery reimbursement to fire companies	75,000	75,000	-	75,000
Contributions to fire and rescue squads	980,982	961,895	961,895	-
Emergency services	3,212,956	3,086,958	3,064,103	22,855
Total fire and rescue services	$ 4,722,038	$ 4,677,536	$ 4,525,028	$ 152,508

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

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	$ 3,265,275	$ 3,265,275	$ -
Probation office	66,320	67,639	63,230	4,409
Juvenile detention center	376,996	382,242	382,242	-
Total correction and detention	$ 4,693,316	$ 3,715,156	$ 3,710,747	$ 4,409
Inspections:				
Building	$ 595,801	$ 662,168	$ 650,795	$ 11,373
Total inspections	$ 595,801	$ 662,168	$ 650,795	$ 11,373
Other protection:				
Animal control	$ 642,201	$ 652,914	$ 649,639	$ 3,275
Medical examiner	500	500	740	(240)
Total other protection	$ 642,701	$ 653,414	$ 650,379	$ 3,035
Total public safety	$ 15,655,291	$ 14,831,749	$ 14,738,171	$ 93,578
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Management of sanitary districts	$ 267,673	$ 390,416	$ 389,345	$ 1,071
Streets and highways	21,000	16,018	17,018	(1,000)
Total maintenance of highways, streets, bridges and sidewalks	$ 288,673	$ 406,434	$ 406,363	$ 71
Sanitation and waste removal:				
Refuse collection	$ 867,215	$ 867,151	$ 867,451	$ (300)
Refuse disposal	2,659,777	2,377,221	2,379,156	(1,935)
Total sanitation and waste removal	$ 3,526,992	$ 3,244,372	$ 3,246,607	$ (2,235)
Maintenance of general buildings and grounds:				
General properties	$ 1,081,113	$ 1,248,460	$ 1,223,179	$ 25,281
Total maintenance of general buildings and grounds	$ 1,081,113	$ 1,248,460	$ 1,223,179	$ 25,281
Total public works	$ 4,896,778	$ 4,899,266	$ 4,876,149	$ 23,117
Health and welfare:				
Health:				
Local health department	$ 355,497	$ 355,497	$ 355,497	$ -
Total health	$ 355,497	$ 355,497	$ 355,497	$ -
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	$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	$ 3,941,902	$ 3,942,055	$ 3,858,651	$ 83,404
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	52,187	52,187	-
Rental of property - Health and Human Services Complex	161,680	-	-	-
Property tax relief for the elderly and handicapped	-	-	436,933	(436,933)
Children's Services Act	1,873,075	1,813,524	1,731,108	82,416
Total welfare	$ 6,089,146	$ 5,872,766	$ 6,143,879	$ (271,113)
Total health and welfare	$ 6,780,441	$ 6,564,061	$ 6,835,174	$ (271,113)
Education:				
Contribution to local school board	$ 24,635,578	$ 26,243,110	$ 24,620,089	$ 1,623,021
Contributions to community college	38,637	38,637	38,637	-
Total education	$ 24,674,215	$ 26,281,747	$ 24,658,726	$ 1,623,021
Parks, recreation, and cultural:				
Parks and recreation:				
Programs and operations	$ 2,283,286	$ 2,304,276	$ 2,290,408	$ 13,868
Golf club operations	259,313	259,313	415,048	(155,735)
Total parks and recreation	$ 2,542,599	$ 2,563,589	$ 2,705,456	$ (141,867)
Cultural enrichment:				
Browntown community center	$ 2,500	$ 2,500	$ 2,500	$ -
Blue ridge arts council	10,000	10,000	9,500	500
4-H center	3,000	3,000	3,000	-
Total cultural enrichment	$ 15,500	$ 15,500	$ 15,000	$ 500
Library:				
Contribution to Samuels Public Library	$ 973,682	$ 973,682	$ 979,134	$ (5,452)
Total library	$ 973,682	$ 973,682	$ 979,134	$ (5,452)
Total parks, recreation, and cultural	$ 3,531,781	$ 3,552,771	$ 3,699,590	$ (146,819)
Community development:				
Planning and community development:				
Planning and zoning administration	$ 459,276	$ 459,991	$ 436,799	$ 23,192
Enterprise zone grant - IDA	1,711,586	-	-	-
Industrial development authority	54,117	54,117	54,117	-
Route 340/522 trolley	25,000	62,000	57,272	4,728
Other community development	-	20,985	17,323	3,662
Total planning and community development	$ 2,249,979	$ 597,093	$ 565,511	$ 31,582
Environmental management:				
Contribution to soil and water conservation district	$ 12,000	$ 12,000	$ 12,000	$ -
Other environmental management	25,000	25,000	14,045	10,955
Total environmental management	$ 37,000	$ 37,000	$ 26,045	$ 10,955
Airport:				
Airport Commission operations	$ 189,465	$ 98,064	$ 98,064	$ -
Total airport	$ 189,465	$ 98,064	$ 98,064	$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
VPI extension service	$ 120,706	$ 121,620	$ 109,101	$ 12,519
Total cooperative extension program	$ 120,706	$ 121,620	$ 109,101	$ 12,519
Total community development	$ 2,597,150	$ 853,777	$ 798,721	$ 55,056
Nondepartmental:				
Retiree medical insurance and unemployment insurance	$ 259,240	$ 157,359	$ 109,115	$ 48,244
Route 340/522 Revenue Sharing Agreement Payment	236,831	236,831	239,708	(2,877)
Central equipment and maintenance	170,725	170,725	174,385	(3,660)
Other nondepartmental	350,790	391,489	390,000	1,489
Total nondepartmental	$ 1,017,586	$ 956,404	$ 913,208	$ 43,196
Capital projects:				
Economic development	$ 106,489	$ 293,430	$ 293,430	$ -
Soccer fields	25,000	826	826	-
Fishnet property	150,000	372,924	372,853	71
Bing crosby stadium renovations	15,000	-	-	-
Route 522 beautification project	-	2,112	2,112	-
Airport capital projects	200	200,407	200,407	-
Eastham Park	5,000	171	171	-
Building improvement fund	133,960	42,413	41,179	1,234
Purchase of second street property	100,000	80,000	471,812	(391,812)
Revenue sharing projects	250,000	557,054	557,054	-
Simpsons Landing	25,000	24	24	-
Health and Human Services building	50,000	111,250	1,250	110,000
WCPS Special Services renovation	-	169,765	1,236,722	(1,066,957)
Voter registration facility renovation	-	51,289	1,083,640	(1,032,351)
School renovations	100,000	42,410	70,714	(28,304)
Other capital projects	2,538,455	1,139,706	973,247	166,459
Total capital projects	$ 3,499,104	$ 3,063,781	$ 5,305,441	$ (2,241,660)
Debt service:				
Principal retirement	$ -	$ 13,901,283	$ 13,901,283	$ -
Interest	7,898,327	1,016,875	5,671,278	(4,654,403)
Total debt service	$ 7,898,327	$ 14,918,158	$ 19,572,561	$ (4,654,403)
Total General Fund	$ 76,251,417	$ 82,359,374	$ 87,676,033	$ (5,316,659)
Special Revenue Funds:				
Drug Forfeiture Fund:				
Public safety:				
Other protection				
Drug forfeiture	$ -	$ 13,242	$ 13,242	$ -
Total other protection	$ -	$ 13,242	$ 13,242	$ -
Total public safety	$ -	$ 13,242	$ 13,242	$ -
Total Drug Forfeiture Fund	$ -	$ 13,242	$ 13,242	$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
Proffers Funds:				
Education				
Contribution to local school board	$ -	$ 133,891	$ 133,891	$ -
Total Proffers Funds	$ -	$ 133,891	$ 133,891	$ -
Sanitary Districts Fund:				
Public works				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	$ 1,655,319	$ 1,587,454	$ 1,653,981	$ (66,527)
Total maintenance of highways, streets, bridges and sidewalks	$ 1,655,319	$ 1,587,454	$ 1,653,981	$ (66,527)
Total public works	$ 1,655,319	$ 1,587,454	$ 1,653,981	$ (66,527)
Debt service:				
Principal retirement	$ 30,000	$ 30,000	$ 30,000	$ -
Interest	6,000	6,679	6,679	-
Total debt service	$ 36,000	$ 36,679	$ 36,679	$ -
Total Sanitary District Fund	$ 1,691,319	$ 1,624,133	$ 1,690,660	$ (66,527)
Capital Projects Fund:				
School Bond Construction Fund:				
Capital projects expenditures:				
School construction	$ -	$ -	$ 336,433	$ (336,433)
Total capital projects	$ -	$ -	$ 336,433	$ (336,433)
Total School Bond Construction Fund	$ -	$ -	$ 336,433	$ (336,433)
Total Primary Government	$ 77,942,736	$ 84,130,640	$ 89,850,259	$ (5,719,619)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	$ 41,911,576	$ 43,603,927	$ 41,990,152	$ 1,613,775
Administration, attendance and health	2,269,932	2,269,932	2,180,335	89,597
Pupil transportation	3,026,783	3,026,783	2,956,329	70,454
Operation and maintenance	7,096,062	7,096,062	7,270,169	(174,107)
Technology	1,906,109	1,906,109	2,058,253	(152,144)
Total education	$ 56,210,462	$ 57,902,813	$ 56,455,238	$ 1,447,575
Capital projects:				
School capital projects	$ -	$ 216,351	$ 216,351	$ -
Total capital projects	$ -	$ 216,351	$ 216,351	$ -
Debt service:				
Principal retirement	$ -	$ 258,000	$ 258,000	$ -
Interest and other fiscal charges	-	368,184	368,184	-
Total debt service	$ -	$ 626,184	$ 626,184	$ -
Total School Operating Fund	$ 56,210,462	$ 58,745,348	$ 57,297,773	$ 1,447,575

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	$ 2,817,720	$ 2,817,720	$ 2,983,522	$ (165,802)
Total school food services	$ 2,817,720	$ 2,817,720	$ 2,983,522	$ (165,802)
Total education	$ 2,817,720	$ 2,817,720	$ 2,983,522	$ (165,802)
Total School Cafeteria Fund	$ 2,817,720	$ 2,817,720	$ 2,983,522	$ (165,802)
Vocational Building Fund:				
Education:				
Vocational building	$ -	$ -	$ 16,134	$ (16,134)
Total education	$ -	$ -	$ 16,134	$ (16,134)
Total Vocational Building Fund	$ -	$ -	$ 16,134	$ (16,134)
School Textbook Fund:				
Education:				
Textbook expenditures	$ -	$ -	$ 40,826	$ (40,826)
Total education	$ -	$ -	$ 40,826	$ (40,826)
Total School Textbook Fund	$ -	$ -	$ 40,826	$ (40,826)
Capital Improvements Fund:				
Capital projects expenditures:				
School capital projects	$ -	$ -	$ 317,635	$ (317,635)
Total Capital Improvements Fund	$ -	$ -	$ 317,635	$ (317,635)
Total Discretely Presented Component Unit - School Board	$ 59,028,182	$ 61,563,068	$ 60,655,890	$ 907,178

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 - 11
Debt Capacity These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	12 - 13
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	14 - 18

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

COUNTY OF WARREN, VIRGINIA **Table 1**

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	$ 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	$ 53,144,977
Restricted	404,906	404,906	472,751	462,122	501,786	392,770	609,053	1,102,483	1,368,387	1,291,771
Unrestricted	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	27,770,044
Total governmental activities net position	$ 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	$ 82,206,792
Primary government										
Net investment in capital assets	$ 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	$ 53,144,977
Restricted	404,906	404,906	472,751	462,122	501,786	392,770	609,053	1,102,483	1,368,387	1,291,771
Unrestricted	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	27,770,044
Total primary government net position	$ 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	$ 82,206,792

COUNTY OF WARREN, VIRGINIA

Table 2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government administration	$ 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	$ 4,857,017
Judicial administration	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	2,499,541
Public safety	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	14,131,400
Public works	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	6,964,539
Health and welfare	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	7,111,589
Education	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	28,389,802
Parks, recreation and cultural	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	3,826,634
Community development	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	1,539,067
Non-departmental	139,412	136,821	-	-	-	-	-	-	-	-
Interest on long-term debt	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	6,446,381
Total governmental activities expenses	$ 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	$ 75,765,970
Total primary government expenses	$ 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	$ 75,765,970
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 459,098	$ 489,180	$ 477,385	$ 173,887	$ 258,425	$ 264,237	$ 267,603	$ 236,808	180,987	$ 311,603
Judicial administration	363,139	375,716	332,962	248,492	243,901	225,746	216,225	185,489	226,015	262,090
Public safety	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	1,321,886
Public works	1,068,864	951,891	891,139	855,074	965,738	982,071	1,045,223	1,096,644	1,148,332	1,151,032
Health and welfare	278,137	250,371	293,177	-	-	-	-	-	-	-
Parks, recreation and cultural	534,070	549,381	570,267	429,712	423,860	439,677	476,834	439,608	411,263	361,368
Community development	179,771	213,341	241,298	218,494	214,921	206,823	210,051	221,604	214,604	229,846
Operating grants and contributions	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	7,277,890
Capital grants and contributions	234,304	630,340	295,688	261,197	473,284	387,573	795,626	1,096,324	1,437,532	1,090,036
Total governmental activities program revenues	$ 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	$ 12,005,751
Total primary government program revenues	$ 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	$ 12,005,751
Net (expense) / revenue										
Governmental activities	$ (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)	$ (63,760,219)
Total primary government net expense	$ (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)	$ (63,760,219)

COUNTY OF WARREN, VIRGINIA

Table 2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 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	$ 54,934,806
Local sales and use taxes	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	3,925,330
Taxes on recordation and wills	486,031	418,073	321,394	579,111	460,515	371,886	451,634	470,302	611,171	595,099
Consumer utility taxes	670,372	683,604	687,180	692,508	708,592	696,551	649,156	764,170	728,834	735,999
Business licenses taxes	749,297	569,485	906,752	928,778	858,661	773,355	765,773	837,612	811,476	831,320
Meals tax	667,916	690,672	724,799	757,306	824,351	874,721	917,662	940,928	947,737	1,015,726
Other local taxes	624,143	775,901	890,048	788,039	913,505	1,099,486	1,132,119	1,120,689	1,109,861	1,089,681
Unrestricted grants and contributions (1)	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	5,562,228
Unrestricted revenues from use of money and property	861,058	459,208	392,301	373,583	374,038	323,996	519,420	741,230	489,390	985,531
Miscellaneous	210,365	4,199,746	649,401	372,120	470,422	359,978	503,214	1,187,200	1,229,050	2,837,153
Gain (loss) on disposal of assets	-	-	-	-	-	-	230,775	-	-	70,352
Transfers	-	-	-	35,740	-	-	-	-	-	-
Total governmental activities	$ 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	$ 72,583,225
Total primary government	$ 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	$ 72,583,225
Change in Net Position										
Governmental activities	$ 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	$ 8,823,006
Total primary government	$ 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	$ 8,823,006

(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 unrestricted grants and contributions.

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

(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 3**

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

	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Unreserved	$ 17,195,830									
Total general fund	$ 17,195,830									
All other governmental funds										
Reserved	$ 12,954,446									
Unreserved, reported in:										
Special revenue funds	(54,216)									
Capital projects funds	26,672,946									
Total all other governmental funds	$ 39,573,176									
General fund										
Nonspendable		$ -	$ -	$ -	$ -	$ -	$ 31,374	$ 30,312	$ 29,550	$ 219,913
Restricted		-	-	-	-	-	-	-	-	6,698,497
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	11,989,240
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	$ 18,907,650
All other governmental funds										
Nonspendable		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,979
Restricted		4,994,702	726,981	462,122	1,274,248	50,257,532	41,433,694	12,500,725	4,073,726	3,734,506
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	19,415,149
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	23,151,634
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	$ 42,059,284

(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.

Table 4

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
General property taxes	$ 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	$ 51,898,098
Other local taxes (1)	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	8,193,155
Permits, privilege fees and regulatory licenses	506,320	555,982	527,806	665,598	679,907	685,234	818,327	525,014	497,776	565,796
Fines and forfeitures	48,014	49,216	24,776	80,083	97,416	100,564	103,259	103,806	85,029	94,467
Revenue from use of money and property	861,058	459,208	392,301	373,913	374,038	324,091	519,420	741,230	489,390	985,532
Charges for services	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	2,977,561
Miscellaneous	227,306	4,199,744	649,404	372,110	470,423	359,882	1,025,720	1,357,198	1,229,049	824,957
Recovered costs	553,957	317,422	14,514	83,270	72,885	139,172	65,608	93,762	193,809	911,569
Intergovernmental:										
Local government	-	-	-	-	-	-	501,468	375,200	149,175	157,705
Commonwealth	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	11,444,285
Federal	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	2,328,164
Total revenues	$ 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	$ 80,381,289
Expenditures										
General government administration	$ 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	$ 3,812,613
Judicial administration	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	2,465,679
Public safety	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	14,751,413
Public works	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	6,530,130
Health and welfare	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	6,835,174
Education	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	24,855,431
Parks, recreation and cultural	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	3,699,590
Community development	856,205	781,834	734,419	792,613	977,696	1,055,488	1,046,953	1,093,351	953,282	798,721
Non-departmental	182,337	197,336	249,404	235,430	250,523	269,080	276,784	515,049	511,636	913,208
Capital projects	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	5,247,282
Debt service										
Principal	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	13,931,283
Interest	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	5,677,957
Total expenditures	$ 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	$ 89,518,481
Excess of revenues over (under) expenditures	$ (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)	$ (9,137,192)
Other financing sources (uses)										
Transfers in	$ 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	$ 7,204,194
Transfers out	(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)	(7,204,194)
Issuance of bonds	11,192,300	-	77,000,000	-	10,000,000	48,325,000	8,691,000	-	-	11,248,000
Issuance of line of credit	-	-	-	-	-	-	-	-	2,218,700	1,954,931
Premium on bonds issued	-	-	10,859,925	-	-	3,298,094	-	-	-	-
Payments to refunded bond escrow agent	(2,450,000)	-	(86,013,379)	-	-	-	-	-	-	-
Issuance capital leases	403,054	318,628	-	-	-	741,508	409,650	-	-	-
Sale of capital assets	-	-	-	-	-	-	643,380	-	-	252,841
Total other financing sources (uses)	$ 9,183,950	$ 390,880	$ 2,291,113	$ 259,113	$ 10,159,787	$ 52,588,773	$ 9,797,343	$ (170,000)	$ 2,220,744	$ 13,455,772
Net change in fund balances	$ 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)	$ 4,318,580
Debt service as a percentage of noncapital expenditures	15.22%	16.08%	16.85%	13.43%	22.07%	15.97%	17.88%	15.68%	15.40%	23.23%

(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
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
2019	3,812,613	2,465,679	14,751,413	6,530,130	6,835,174	60,694,527	3,699,590	798,721	913,208	19,609,240	120,110,295

(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
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
2019	51,898,098	8,193,155	565,796	94,467	1,019,398	4,529,824	1,073,320	911,569	47,251,441	115,537,068

(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
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
2019	51,898,098	3,925,330	735,999	595,099	831,320	1,015,726	1,089,681	60,091,253

(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		
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%
2019	4,394,054,150	423,738,556	84,411,975	953,592,583	5,855,797,264	0.64	0.64	0.131	5,855,797,264	100.00%

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)
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
2019	0.66/0.655	4.00/4.00	0.66/0.655	2.05/2.05

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

COUNTY OF WARREN, VIRGINIA **Table 10**

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Original Tax Levy (1,2,4,5)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Collections (1,3,4)	Percentage of Levy		Amount (1) (2)	Percentage of Levy (5)
2010	$ 55,429,700	$ 51,760,893	93.38%	$ 2,369,164	$ 54,130,057	97.66%
2011	37,294,301	35,493,841	95.17%	1,597,204	37,091,045	99.45%
2012	37,825,616	35,949,106	95.04%	11,665	35,960,771	95.07%
2013	38,819,912	36,920,536	95.11%	1,060,895	37,981,431	97.84%
2014	41,713,051	41,073,133	98.47%	652,149	41,725,282	100.03%
2015	44,253,098	43,363,126	97.99%	996,680	44,359,806	100.24%
2016	47,761,913	46,775,488	97.93%	1,020,458	47,795,946	100.07%
2017	51,446,487	49,128,746	95.49%	1,919,619	51,048,365	99.23%
2018	52,980,354	50,483,164	95.29%	1,609,575	52,092,739	98.32%
2019	55,668,393	52,528,130	94.36%	-	52,528,130	94.36%

(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 2019				Fiscal Year 2018				Fiscal Year 2017			
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Sysco Mdse & Supply Chain Svcs (Baugh Northeast)	$ 61,328,500	1	1.40%	Sysco Mdse & Supply Chain Svcs (Baugh Northeast)	$ 64,942,100	1	1.58%	Sysco Mdse & Supply Chain Svcs	$ 64,942,100	1	1.60%
Family Dollar Services Inc	44,320,600	2	1.01%	Family Dollar Services Inc	57,633,600	2	1.40%	Family Dollar Services Inc	57,633,600	2	1.42%
Cole FG Front Royal VA LLC	30,583,500	3	0.70%	Cole FG Front Royal VA LLC	37,869,800	3	0.92%	Cole FG Front Royal VA LLC	37,719,800	3	0.93%
Interbake Foods LLC	23,410,800	4	0.53%	Interbake Foods LLC	21,678,700	4	0.53%	Interbake Foods LLC	21,678,700	4	0.53%
Toray Plastics (America) The	20,924,500	5	0.48%	Axalta (DuPont Performance Coatings)	20,164,700	5	0.49%	Axalta (DuPont Perf. Coatings)	20,164,700	5	0.50%
Axalta (DuPont Performance Coatings)	19,313,900	6	0.44%	Walmart	18,495,800	6	0.45%	Walmart	18,430,800	6	0.45%
Boisseau Family LC (The) et al	16,492,000	7	0.38%	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	16,208,300	8	0.37%	Toray Plastics (America) The	16,620,900	8	0.40%	Toray Plastics (America) The	16,620,900	8	0.41%
Crooked Run LLC	16,164,900	9	0.37%	Crooked Run LLC	14,880,300	9	0.36%	Crooked Run LLC	14,880,300	9	0.37%
Green Mountain Hospitality	13,046,600	10	0.30%	Green Mountain Hospitality	12,158,600	10	0.30%	JCR Riverton Investors	13,006,300	10	0.32%
	$ 261,793,600		5.96%		$ 281,940,700		6.85%		$ 282,573,400		6.95%

Fiscal Year 2016				Fiscal Year 2015				Fiscal Year 2014			
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Sysco Mdse & Supply Chain Svcs	$ 64,942,100	1	1.61%	Sysco Mdse & Supply Chain Svcs.	$ 65,680,300	1	1.67%	Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.74%
Family Dollar Services Inc	57,633,600	2	1.43%	Family Dollar Services Inc	57,413,750	2	1.46%	Family Dollar Services Inc	57,173,900	2	1.50%
Cole FG Front Royal VA LLC	37,719,800	3	0.93%	Cole FG Front Royal VA LLC	37,016,550	3	0.94%	Cole FG Front Royal VA LLC	36,313,300	3	0.95%
Interbake Foods LLC	21,678,700	4	0.54%	Interbake Foods LLC	21,953,150	4	0.56%	Interbake Foods LLC	22,227,600	4	0.58%
Axalta (DuPont Perf. Coatings)	20,164,700	5	0.50%	Axalta (DuPont Perf. Coatings)	20,141,450	5	0.51%	Dupont E I De Nemours & Co.	20,118,200	5	0.53%
Boisseau Family LC (The) et al	17,464,700	6	0.43%	Boisseau Family LC (The) et al	18,481,000	6	0.47%	Boisseau Family LC (The) et al	19,528,800	6	0.51%
Walmart	18,430,800	7	0.46%	Walmart	16,752,250	7	0.43%	Walmart	15,073,300	7	0.40%
Crooked Run LLC	14,880,300	8	0.37%	Crooked Run LLC	14,795,500	8	0.38%	Crooked Run LLC	14,710,700	8	0.39%
Toray Plastics (America) The	15,530,400	9	0.38%	Toray Plastics (America) The	14,796,650	9	0.38%	Toray Plastics (America) The	14,062,900	9	0.37%
Green Mountain Hospitality	11,768,700	10	0.29%	Winchester Road (E&A) LLC	11,073,050	10	0.28%	Winchester Road (E&A) LLC	11,722,500	10	0.31%
	$ 280,213,800		6.94%		$ 278,103,650		7.09%		$ 277,349,700		7.27%

Principal Property Taxpayers - Real Estate
Last Ten Fiscal Years

Fiscal Year 2013				Fiscal Year 2012				Fiscal Year 2011			
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	1.75%	Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.76%	Baugh Northeast Co-op Inc.	$ 66,418,500	1	1.38%
Family Dollar Services Inc	57,173,900	2	1.51%	Family Dollar Services Inc	57,173,900	2	1.51%	Family Dollar Services Inc	57,173,900	2	1.19%
Cole FG Front Royal VA LLC	36,313,300	3	0.96%	Cole FG Front Royal VA LLC	36,313,300	3	0.96%	Cole FG Front Royal VA LLC	36,313,300	3	0.75%
Interbake Foods LLC	22,227,600	4	0.59%	Interbake Foods LLC	22,227,600	4	0.59%	Interbake Foods LLC	22,227,600	4	0.46%
Dupont E I De Nemours & Co.	20,118,200	5	0.53%	Dupont E I De Nemours & Co.	20,118,200	5	0.53%	Dupont E I De Nemours & Co.	20,118,200	5	0.42%
Boisseau Family LC (The) et al	19,670,400	6	0.52%	Boisseau Family LC (The) et al	19,658,000	6	0.52%	Boisseau Family LC (The) et al	19,658,000	6	0.41%
Walmart	15,073,300	7	0.40%	Walmart	15,073,300	7	0.40%	Crooked Run LLC	16,727,000	7	0.35%
Crooked Run LLC	14,710,700	8	0.39%	Crooked Run LLC	14,710,700	8	0.39%	Walmart	15,073,300	8	0.31%
Toray Plastics (America) The	14,062,900	9	0.37%	Toray Plastics (America) The	14,072,900	9	0.37%	Toray Plastics (America) The	14,072,900	9	0.29%
Winchester Road (E&A) LLC	11,722,500	10	0.31%	Winchester Road (E&A) LLC	11,722,500	10	0.31%	Winchester Road (E&A) LLC	11,627,600	10	0.24%
	$ 277,491,300		7.31%		$ 277,488,900		7.34%		$ 279,410,300		5.80%

Fiscal Year 2010			
Taxpayer	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Baugh Northeast Co-op Inc.	$ 58,871,700	1	1.22%
Family Dollar Services Inc	55,554,000	2	1.16%
Cole FG Front Royal VA LLC	33,730,800	3	0.70%
Dupont E I De Nemours & Co.	21,757,100	5	0.45%
Interbake Foods LLC	21,036,200	4	0.44%
Boisseau Family LC (The) et al	19,424,400	6	0.40%
Toray Plastics (America) The	15,194,000	9	0.32%
Walmart	14,044,200	8	0.29%
Crooked Run LLC	13,891,600	7	0.29%
Winchester Cold Storage Co.	13,243,100	10	0.28%
	$ 266,747,100		6.78%

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.

Table 12

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
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	17,240,561	37%
2019	46,005,806	92,804,000	586,270	9,346,450	398,812	581,938	149,723,276	8.01%	3,743	16,690,666	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)
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
2019	148,742,526	148,742,526	2.54%	3,718

(1) Population data can be found in the Table of Demographic and Economic Statistics - Table 14
(2) See the Table of Assessed Value and Estimated Actual Value of Taxable Property - Table 8
(3) Includes all long-term general obligation bonded debt, lease revenue bonds and line of credit. Excludes capital leases, revenue bonds, OPEB liabilities, net pension liabilities, landfill related liabilities, notes payable and compensated absences.

The County is not subject to a legal debt margin
The County has no legally pledged revenue sources for long-term debt.

COUNTY OF WARREN, VIRGINIA **Table 14**

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	September 30 School K-12 Membership	Unemploy-ment Rate
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	1,544,352	39,907	39	5,341	4.81%
2016	39,083	1,634,254	41,815	41	5,296	4.10%
2017	39,181	1,659,160	42,374	41	5,277	3.40%
2018	39,563	1,790,520	45,257	41	5,171	2.80%
2019	40,003	1,869,873	46,743	41	5,242	2.90%

Source: Weldon Cooper Center, Annual school report - prepared by the County, www.census.gov, www.bea.gov

Principal Employers
Current Year

Employer	Industry	2019 Employees	2019 Rank	2019 % 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%
Walmart	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 2019, Warren Co. Top Employers

Note: Information nine years prior is unavailable. As information is available the data will be reported.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government										
Department:										
General government administration	**30**	**32**	**32**	**32**	**32**	**34**	**34**	**34**	**34**	**34**
Board of Supervisors	0	0	0	0	0	0	0	0	0	0
County Administration	5	6	6	6	6	7	7	7	7	7
County Attorney's Office	3	3	3	3	3	3	3	3	3	3
Office of the Commissioner of Revenue	10	10	10	10	10	10	10	10	10	10
Reassessment	0	0	0	0	0	0	0	0	0	0
Treasurer's Office	6	7	7	7	7	7	7	7	7	7
Finance and Purchasing	4	4	4	4	4	5	5	5	5	5
Elections	2	2	2	2	2	2	2	2	2	2
Judicial administration	**16**	**15**	**15**	**16**	**16**	**16**	**18**	**19**	**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	8	7	7	8	8	8	9	9	9	9
Law Library	0	0	0	0	0	0	0	1	1	1
Commonwealth's Attorney	8	8	8	8	8	8	9	9	9	9
Public safety	**126**	**125**	**125**	**128**	**130**	**109**	**111**	**112**	**118**	**122**
Sheriff's Office	55	53	53	54	54	53	53	54	54	48
School Resource	0	0	0	0	0	0	0	0	0	10
Court Security	0	2	2	2	2	0	0	0	0	0
E-911 System	6	6	6	6	6	6	7	7	7	7
Volunteer Fire and Rescue	0	0	0	0	0	0	0	0	0	0
Corrections	31	31	31	31	31	10	10	10	10	10
Probation	1	1	1	1	1	1	1	1	1	1
Building Inspections	7	6	6	6	6	6	7	7	7	7
Animal Control	4	4	4	4	4	4	4	4	4	4
Medical Examiner	0	0	0	0	0	0	0	0	0	0
Fire and Rescue Department	22	22	22	24	26	29	29	29	35	35
Cost Recovery	0	0	0	0	0	0	0	0	0	0
Public works	**6**	**5**	**5**	**7**	**8**	**10**	**11**	**12**	**12**	**13**
Public Works/Sanitary Districts	0	0	0	0	0	0	0	1	1	3
Streets and Highways	0	0	0	0	0	0	0	0	0	0
Refuse Collection	2	1	0	0	0	0	5	0	0	0
Refuse Disposal	2	2	3	3	4	5	6	5	5	4
Building and Grounds	2	2	2	4	4	5		6	6	6

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government: (Continued)										
Department: (Continued)										
Health and welfare	**39**	**39**	**39**	**39**	**39**	**42**	**42**	**42**	**42**	**42**
Health	0	0	0	0	0	0	0	0	0	0
Mental Health and Retardation	0	0	0	0	0	0	0	0	0	0
Social Services	38	38	38	38	38	41	41	41	41	41
Other Social Services	0	0	0	0	0	0	0	0	0	0
Comprehensive Youth Service Act	1	1	1	1	1	1	1	1	1	1
Education	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Community College	0	0	0	0	0	0	0	0	0	0
Parks, recreation and cultural	**15**	**15**	**14**	**14**	**16**	**18**	**18**	**19**	**19**	**18**
Parks and recreation	15	15	14	14	16	18	18	19	19	18
Library Museum Cultural Enrichment	0	0	0	0	0	0	0	0	0	0
Community development	**5**	**5**	**5**	**4**	**4**	**5**	**5**	**6**	**6**	**6**
Planning and Zoning	4	4	4	3	3	4	4	5	5	5
Economic Development	0	0	0	0	0	0	0	0	0	0
Front Royal/Warren County Airport	0	0	0	0	0	0	0	0	0	0
Environmental Management	0	0	0	0	0	0	0	0	0	0
Gypsy Moth Control	0	0	0	0	0	0	0	0	0	0
VPI Extension Service	1	1	1	1	1	1	1	1	1	1
Total	237	236	235	240	245	234	239	244	250	254
Component Unit - School Board										
Function:										
Education - full-time	754	754	754	748	750	720	723	742	742	755
Total Full-Time Employees	**991**	**990**	**989**	**988**	**995**	**954**	**962**	**986**	**992**	**1009**

Source: Warren County Fiscal Year Budget Documents and other payroll reports

COUNTY OF WARREN, VIRGINIA **Table 17**

Operating Indicators By Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Sheriffs department:										
Physical arrests	534	603	779	467	454	369	438	403	457	322
Traffic violations	1,097	853	1,358	1,163	1,523	1,385	1,304	1,111	1,188	874
Court security manhours worked	7,538	7,506	7,520	7,420	7,419	5,083	5,136	4,447	4,848	4,900
Prisoner transports	856	826	959	1,315	579	579	748	445	456	495
DUIs	68	64	84	61	64	73	84	49	49	55
Fire and rescue:										
Number of calls answered****	7,745	8,357	7,163	5,666	8,137	5,526	5,867	5,962	6,300	6,133
Building Inspections:										
Permits issued	1,793	1,827	1,815	2,106	2,097	2,178	2,634	2,567	2,274	2,121
Public works										
General maintenance:										
Trucks/vehicles	2	2	3	3	3	3	3	5	3	3
Landfill:										
Refuse collected (tons/day)	78.41	76.44	78.51	78.51	89.96	94.11	99.45	103.64	105.13	108.57
Parks, recreation and cultural										
Parks and recreation attendees/participants:										
Youth sports participants	1,640	2,439	2,134	2,663	2,254	3,453	4,292	3,007	2,500	1,902
Adult sports participants (individuals)	172	281	237	241	360	443	644	790	1,055	856
Adult sports participants (teams)	32	26	26	20	22	18	9	4	-	-
Dance and crafts - youth and adult	50	50	50	50	50	160	233	236	837	890
Trips	228	336	102	108	431	178	550	609	404	192
CPR, Lifeguard, Dog Obedience classes	57	43	26	26	101	30	21	35	9	51
Open special events	109	112	423	1,942	2,351	1,793	1,729	1,988	2,069	2,073
Component Unit - School Board										
Education:										
School age population***	7,922	7,847	7,847	7,706	7,675	7,567	7,500	7,466	7,385	7,422
Sept. 30 K-12 school membership	5,339	5,340	5,329	5,414	5,408	5,398	5,309	5,313	5,186	5,242

Source: Recreation & Parks, Fire and Rescue, Sheriff's Department annual report, Soild Waste receiving facilities' record, and Warren County Fiscal Year 2012-2013 and 2014-2015 Budget Book.

*** Source from Virginia Department of Education and the Weldon Cooper Center, 2008, and 2010-2015 numbers available.

**** 2013 does not include all CAD sheets from dispatch

Table 18

Capital Asset Statistics By Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Vehicles	3	6	6	6	6	6	4	6	5	4
Public safety - insured vehicles										
Law enforcement										
Vehicles	55	61	57	57	65	67	68	74	69	80
Other public safety										
Vehicles	2	3	3	3	3	3	2	0	0	0
Building inspections										
Vehicles	5	5	5	5	5	6	6	6	6	5
Animal control										
Vehicles	5	5	4	4	4	5	4	4	5	4
Emergency services										
Vehicles	12	13	13	13	14	15	20	17	21	20
Public works										
Refuse										
Vehicles	2	2	1	1	1	2	2	5	4	4
Buildings and Grounds										
Vehicles	0	0	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services										
Vehicles	8	8	8	8	8	8	8	8	8	8
Parks, recreation and cultural										
Parks and recreation										
Vehicles	12	13	13	13	14	17	22	23	21	23
Community development										
Planning and Zoning										
Vehicles	1	1	1	1	1	1	1	1	1	1
Other										
Vehicles	1	1	1	1	1	1	2	4	6	6

Source: Finance Department motor vehicle insurance reports

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, 2019, 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 February 24, 2020.

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
February 24, 2020

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

To the Honorable Members of
the Board of Supervisors
County of 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, 2019. 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, 2019.

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
February 24, 2020

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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	0950118/0950119	$ 11,366
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	0400118/0400119	288,613
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/0500119	104
Low-Income Home Energy Assistance	93.568	0600418/0600419	39,968
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760118/0760119	45,074
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/0900119	272
Foster Care - Title IV-E	93.658	1100118/1100119	244,742
Adoption Assistance	93.659	1120118/1120119	238,779
Social Services Block Grant	93.667	1000118/1000119	250,331
Chafee Foster Care Independence Program	93.674	9150118/9150119	2,440
Children's Health Insurance Program	93.767	0540118/0540119	10,506
Medicaid Cluster:			
Medical Assistance Program	93.778	1200118/1200119	460,393
Total Department Health and Human Services			$ 1,592,588
Department of Agriculture:			
Pass-Through Payments:			
Department of Education:			
Child Nutrition Cluster:			
Food distribution - Summer Food Service Program for Children	10.559	201818N109941	$ 1,955
Summer Food Service Program for Children	10.559	201818N109941	12,581
Subtotal CFDA 10.559			$ 14,536
School Breakfast Program	10.553	201818N109941/201919N109941	411,676
Food distribution - National School Lunch Program	10.555	201818N109941/201919N109941	210,062
Department of Education:			
National School Lunch Program	10.555	201818N109941/201919N109941	1,097,290
Subtotal CFDA 10.555			$ 1,307,352
Subtotal Child Nutrition Cluster			$ 1,733,564
Forest Services Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE43841	$ 1,236
Child and Adult Care Food Program	10.558	201818N109941/201919N109941	3,516
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	401,037
Total Department of Agriculture			$ 2,139,353

COUNTY OF WARREN, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019 (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	$ 8,255
Pass-Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	17VAGX0018	$ 50,535
Juvenile Justice and Delinquency Prevention	16.540	17JFFX0018	2,301
Total Department of Justice			$ 61,091
Department of the Interior:			
Pass Through Payments:			
Department of Historic Resources:			
Historic Preservation Fund Grants to Provide Disaster Relief to Historic Properties Damaged by Hurricane Sandy	15.957	Unavailable	$ 11,799
Total Department of the Interor			$ 11,799
Department of Transportation:			
Direct Payments:			
Airport Improvement Program	20.106	Not applicable	$ 156,938
Total Department of Transportation			$ 156,938
Department of Homeland Security:			
Pass-Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	EMP-2017-SS-00088/EMP-2018-SS-0093	$ 11,219
Emergency Management Performance Grants	97.042	EMP-2017-EP-00006/EMP-2018-EP-00007	4,217
Total Department of Homeland Security			$ 15,436
Department of Education:			
Pass-Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A170046/S010A180046	$ 846,696
Special Education Cluster:			
Special Education Grants to States	84.027	H027A170107/H027A180107	1,209,538
Special Education Preschool Grants	84.173	H173A170112/H173A180112	30,340
Subtotal Special Education Cluster			$ 1,239,878
Career and Technical Education: Basic Grants to States	84.048	V048A170046/V048A180046	$ 88,256
English Language Acquisition State Grants	84.365	S365A180046	12,547
Twenty-First Century Community Learning Centers	84.287	S287C160047/S287C170047	94,020
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	S367A170044/S367A180044	157,638
Student Support and Academic Enrichment Program	84.424	S424A170048/S424A180048	33,559
Total Department of Education			$ 2,472,594
Total Expenditures of Federal Awards			$ 6,449,799

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, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County 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	$	2,294,957
Less: Department of the Interior - Payments in lieu of taxes		(56,068)
Total Primary Government	$	2,238,889
Component Unit - Warren County School Board:		
School operating fund	$	4,464,910
Less: Federal Interest Rate Subsidy - Qualified Energy Conservation Bonds		(254,000)
Total Component Unit - Warren County School Board	$	4,210,910
Total expenditures of federal awards per basic financial statements	$	6,449,799
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	$	6,449,799

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
93.558	Temporary Assistance for Needy Families
10.561	State Administrative Matching Grants for the Supplemental Nutritional Assistance Program
10.553 / 10.555 / 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

None