



PHOTO COURTESY OF MATTHEW BORKOSKI

COUNTY  
OF  
SHENANDOAH, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED  
JUNE 30, 2022

**COUNTY OF SHENANDOAH, VIRGINIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**

Prepared by  
Amy Dill, Finance Director  
Shenandoah County, Virginia

**COUNTY OF SHENANDOAH, VIRGINIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2022**

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## **INTRODUCTORY SECTION**

# County of Shenandoah

## BOARD OF SUPERVISORS

DISTRICT 1 – JOSH STEPHENS  
DISTRICT 2 – STEVE BAKER  
DISTRICT 3 – BRADLEY POLLACK  
DISTRICT 4 – KARL ROULSTON  
DISTRICT 5 – DENNIS MORRIS  
DISTRICT 6 – TIM TAYLOR

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



Tel: 540.459.6165 Fax: 540.459.6168  
[www.shenandoahcountyva.us](http://www.shenandoahcountyva.us)

## OFFICE OF COUNTY ADMINISTRATION

EVAN L. VASS  
COUNTY ADMINISTRATOR

MANDY R. BELYEA  
DEPUTY COUNTY ADMINISTRATOR

December 15, 2022

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

We are pleased to present the Comprehensive Annual Financial Report for the County of Shenandoah (County) for the fiscal year ended 2022. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that fairly presents the financial position and results of operations of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The accounting firm of Robinson, Farmer, Cox Associates, Certified Public Accountants, has audited the County's financial statements. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards Board and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. Based upon this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

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

Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The discretely presented component units included in this report are the Shenandoah County School Board and the Shenandoah County Library. Generally accepted accounting principles require that management

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

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

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

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

Although a rural county, the County's 2021 population was 44,396 Shenandoah County enjoys a diversified economy, with manufacturing accounting for approximately 21.2% of the jobs in the County, retail accounting for 12.7% and health care accounting for roughly 11.1%. Again, agriculture accounts for less than 1% of the employment in the County since most farmers are self-employed, and many have jobs off the farm to supplement their incomes. The County's unemployment is lower than the State average, and from June 2020 to June 2021, Shenandoah County saw its unemployment rate decrease from 4.1 percent to 2.6 percent.

The County is pleased to report the continuation of two significant economic development projects during fiscal year 2022.

In August 2019, Howell Metal received a \$400,000 Commonwealth Opportunity Funds (COF) Grant through the Virginia Economic Development Partnership (VEDP) for an \$8,039,000 expansion resulting in the creation of 102 new jobs. Shenandoah County matched this grant with an additional \$400,000 of local funds paid in four equal installments of \$100,000 per year for four years.

In 2020 IAC Strasburg announced an expansion of their Strasburg facility resulting in the investment of an additional \$4,600,000 and 47 new jobs. Shenandoah County will provide \$99,999 in total incentives paid in three installments of \$33,333 per year for fiscal years 2021 – 2023.

In addition, the Industrial Development Authority of Shenandoah County (IDA) also sold two acres of property located along Dish Drive in Mount Jackson for the development of a small-scale food distribution center which was build and opened during FY22. As part of the sales agreement, the purchaser agreed to extend water and sewer infrastructure to the opposite side of the street thus extending utilities to the rest of the IDA's properties on that road.

The IDA also continued to make investment into its properties in the Northern Shenandoah Business Park to advance them to a Tier 3 level with the states site characterization system.

In addition to these projects which the county was directly involved, Mercury Paper also expanded their facility in Strasburg by 93,000 square feet to allow for future growth. And the former Native American

Industries building located on Route 11 in Mt Jackson was redeveloped to allow for the manufacturing of solar panels.

### □ Major Initiatives and Goals □

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

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

During fiscal years 2017 and 2018, Shenandoah County contracted with a vendor to assess the existing ultra-high frequency (UHF) conventional analog public safety radio communications system. The goal of the needs assessment was to determine the best approach to improve radio communications within the county and to replace aging equipment which has reached its End-of-Life through the manufacturer. The assessment included a review of how the Shenandoah County Emergency Communications Center (ECC) interfaces with the radio communications system, as well as recommendations for replacement of the current system. In fiscal year 2019, funds were secured for the radio system replacement and implementation. The project includes the need to upgrade, replace existing towers, and/or add new towers throughout the county. Construction on the various tower sites began during the fiscal year 2020. As of June 30, 2022, the Zepp, Deerhead, Cottontown, Fort Valley, Lost River, and ECC tower sites were 100% complete and functioning for testing purposes. The Rude's Hill tower is 50% complete. Microwave and fiber links are complete on all sites except for Lost River and Rude's Hill. Optimization of all components in the Emergency Communication Center continue, along with installation of the NICE (recording) system. Fleet mapping, subscriber installs, radio, and pager programming are complete. Plans and logistics for system wide testing have been reviewed and approved and will begin in August 2022. This testing is anticipated to take approximately eight (8) weeks to complete. Moreover, as of June 30, 2022, approximately 85% of the project has been completed and it is anticipated the project will be complete February 2023.

In October of 2021, the County issued 10-yr lease revenue bonds in the amount of \$5.7 million to fund approximately \$4.2 million of capital improvement projects identified as "urgent" and "necessary" for the Shenandoah County Public Schools. These projects include fire and security system upgrades/replacement, building and grounds renovations, and the purchase of vehicles and equipment and are anticipated to begin in the summer of 2022, when students are not in the schools. Additionally, approximately \$1.5 million of this debt financing was authorized for the County's general government capital projects, primarily consisting of the purchase of vehicles and equipment.

### □ Financial Information □

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

### **Single Audit**

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

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2022, provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations.

### **Budgeting Controls**

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

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

### **Relevant financial policies**

The County of Shenandoah, Virginia has adopted a comprehensive set of financial policies. The County has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to appropriations and transfers to other funds). Anticipated fiscal year 2022 revenues were less than appropriations and transfers to other funds by \$3,757,116. In such cases, the policy allows for appropriation of fund balance to close the gap. However, due to unanticipated increases in personal property taxes due to inflationary impacts on vehicles values, increased real property taxes due to reassessments, and American Rescue and Recovery Act funds received, there was an increase in fund balance of \$11,552,468 for the year.

□ **Other Information** □

### **Independent Audit**

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

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Shenandoah, Virginia for

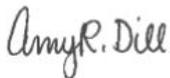
its comprehensive annual financial report for the fiscal year ended June 30, 2021. The County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments**

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

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

Sincerely,

A handwritten signature in cursive script that reads "Amy R. Dill".

Amy R. Dill  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

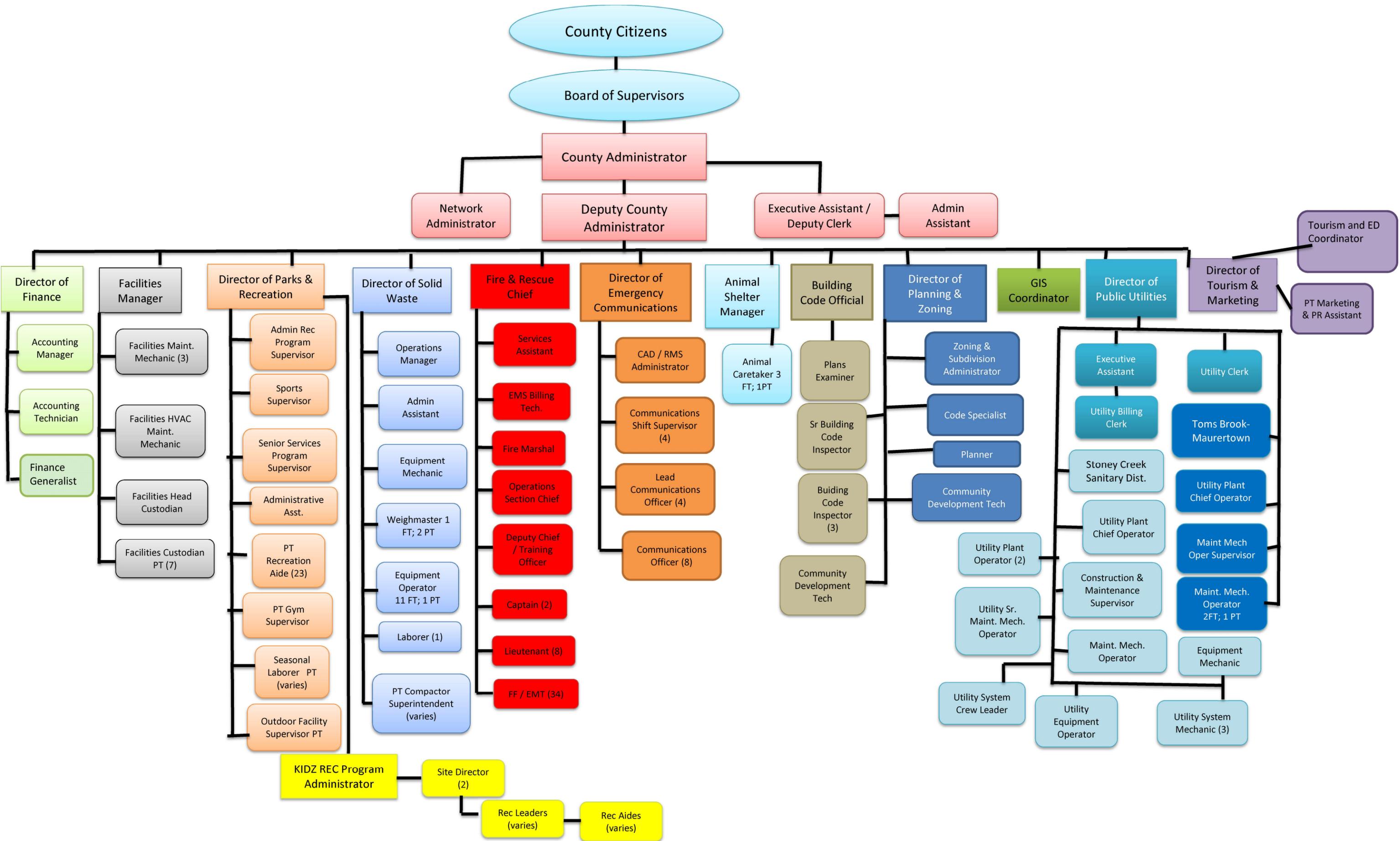
**County of Shenandoah  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO



**COUNTY OF SHENANDOAH, VIRGINIA**

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**BOARD OF SUPERVISORS**

---

Karl Roulston, Chairman, District 4  
Dennis Morris, Vice Chairman District 5

Josh Stephens, District 1  
Steven Baker, District 2

Bradley Pollack, District 3  
Tim Taylor, District 6

**COUNTY SCHOOL BOARD**

---

Marty Helsley, Chairman, District 2  
Dennis Barlow, Vice Chairman, District 1

Cynthia Walsh, District 3  
Kyle Gutshall, District 4

Brandi Rutz, District 5  
Andrew Keller, District 6

**OTHER OFFICIALS**

---

|   |                         |
|---|-------------------------|
| Judge of the Circuit Court .....                  | Kevin Black             |
| Judge of the General District Court .....         | Amy Tisinger            |
| Judge of the Juvenile & Domestic Court.....       | Chad Logan              |
| Clerk of the General District Court.....          | Susan Orndorff          |
| Clerk of the Juvenile & Domestic Court .....      | Nikki Taylor            |
| Clerk of the Circuit Court .....                  | Sarona Irvin            |
| Commonwealth's Attorney .....                     | Amanda McDonald Wiseley |
| Commissioner of the Revenue .....                 | Kathy Black             |
| Treasurer .....                                   | Cindy George            |
| Sheriff .....                                     | Timothy Carter          |
| Superintendent of Schools.....                    | Melody Sheppard         |
| Director of Public Utilities .....                | Pat Felling             |
| Director of Social Services.....                  | Beth Delullo            |
| General Registrar .....                           | Lisa McDonald           |
| County Administrator .....                        | Evan L. Vass            |
| Deputy County Administrator.....                  | Mandy Belyea            |
| County Attorney .....                             | Jason Ham               |
| Finance Director .....                            | Amy Dill                |
| Director of Community Development.....            | Lemuel Hancock          |
| Director of Parks and Recreation.....             | Jered Hoover            |
| Chief of Fire and Rescue .....                    | Tim Williams            |
| Director of Emergency Communications Center ..... | Mellanie Shipe          |
| Facilities Manager.....                           | Samuel Dellinger        |
| Library Director .....                            | Sandy Whitesides        |

## **FINANCIAL SECTION**



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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Shenandoah, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Change in Accounting Principle***

As described in Note 3 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

***Restatement of Beginning Balances***

As described in Note 26 to the financial statements, in 2022, the County restated beginning balances to correct a prior period error. Our opinion is not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Shenandoah, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County of Shenandoah, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Shenandoah, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Shenandoah, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of County of Shenandoah, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Shenandoah, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Shenandoah, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
December 15, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Shenandoah, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2021.

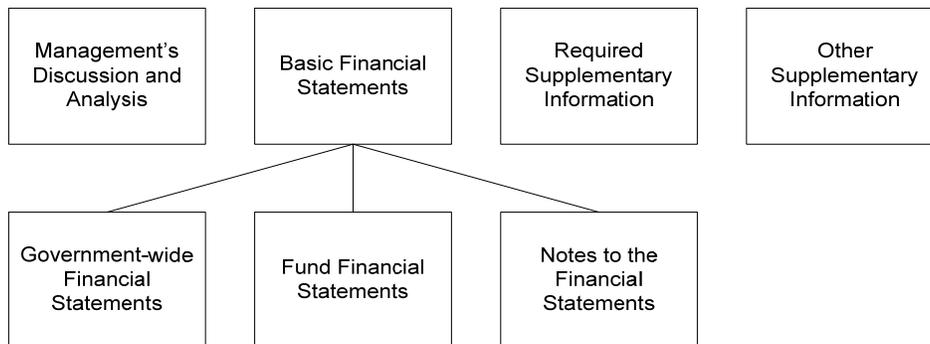
### **Financial Highlights**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$56,642,832 (net position). Of this amount, \$13,068,642 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$43,352,412 an increase of \$10,073,202 in comparison with the prior year. Approximately \$27,244,942 or 63 percent of the total fund balance is unassigned and available for spending at the County's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund of \$27,244,942 represents 36 percent of total general fund expenditures.
- The County's total long-term obligations decreased by \$7,475,299 during the current fiscal year, primarily due to the to the payment of principal on its indebtedness.

### **Overview of the Financial Statements**

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

#### **Components of the Financial Report**



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$56,642,832 at the close of the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

Shenandoah County's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, represents 65 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Summary Statement of Net Position

### Summary Statement of Net Position County of Shenandoah, Virginia's Net Position

|   | Governmental Activities |                       | Business-type Activities |                      | Total                 |                       |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|   | 2022                    | 2021                  | 2022                     | 2021                 | 2022                  | 2021                  |
| Current and other assets                | \$ 95,948,334           | \$ 69,051,736         | \$ 3,150,819             | \$ 3,832,364         | \$ 99,099,153         | \$ 72,884,100         |
| Capital assets                          | 55,493,318              | 52,953,241            | 15,523,441               | 15,650,023           | 71,016,759            | 68,603,264            |
| Total assets                            | <u>\$ 151,441,652</u>   | <u>\$ 122,004,977</u> | <u>\$ 18,674,260</u>     | <u>\$ 19,482,387</u> | <u>\$ 170,115,912</u> | <u>\$ 141,487,364</u> |
| Total deferred outflows<br>of resources | \$ 4,497,214            | \$ 4,878,658          | \$ 387,297               | \$ 540,416           | \$ 4,884,511          | \$ 5,419,074          |
| Current liabilities                     | \$ 11,409,789           | \$ 6,285,095          | \$ 258,124               | \$ 235,423           | \$ 11,667,913         | \$ 6,520,518          |
| Long-term liabilities                   | 44,180,061              | 51,006,871            | 17,114,653               | 17,763,142           | 61,294,714            | 68,770,013            |
| Total liabilities                       | <u>\$ 55,589,850</u>    | <u>\$ 57,291,966</u>  | <u>\$ 17,372,777</u>     | <u>\$ 17,998,565</u> | <u>\$ 72,962,627</u>  | <u>\$ 75,290,531</u>  |
| Total deferred inflows<br>of resources  | \$ 44,284,915           | \$ 27,262,053         | \$ 1,110,049             | \$ 376,148           | \$ 45,394,964         | \$ 27,638,201         |
| Net position:                           |                         |                       |                          |                      |                       |                       |
| Net investment in<br>capital assets     | \$ 25,266,213           | \$ 19,597,089         | \$ 11,574,663            | \$ 11,114,850        | \$ 36,840,876         | \$ 30,711,939         |
| Restricted:                             |                         |                       |                          |                      |                       |                       |
| Capital projects                        | 4,183,564               | 4,777,163             | -                        | -                    | 4,183,564             | 4,777,163             |
| Debt Service                            | 1,625                   | -                     | -                        | -                    | 1,625                 | -                     |
| Asset forfeiture                        | 960,193                 | 1,003,213             | -                        | -                    | 960,193               | 1,003,213             |
| Pension                                 | 711,760                 | -                     | 67,732                   | -                    | 779,492               | -                     |
| OPEB                                    | 32,216                  | 3,930                 | 3,584                    | 470                  | 35,800                | 4,400                 |
| Opioid Settlement                       | 772,640                 | -                     | -                        | -                    | 772,640               | -                     |
| Unrestricted                            | 24,135,890              | 16,948,221            | (11,067,248)             | (9,467,230)          | 13,068,642            | 7,480,991             |
| Total net position                      | <u>\$ 56,064,101</u>    | <u>\$ 42,329,616</u>  | <u>\$ 578,731</u>        | <u>\$ 1,648,090</u>  | <u>\$ 56,642,832</u>  | <u>\$ 43,977,706</u>  |

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

**County of Shenandoah, Virginia's Change in Net Position**

|  | Governmental Activities |                      | Business-type Activities |                     | Total                |                      |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|  | 2022                    | 2021                 | 2022                     | 2021                | 2022                 | 2021                 |
| Revenues:  |                         |                      |                          |                     |                      |                      |
| Program revenues:                                    |                         |                      |                          |                     |                      |                      |
| Charges for services                                 | \$ 3,625,743            | \$ 2,495,944         | \$ 3,937,554             | \$ 3,656,450        | \$ 7,563,297         | \$ 6,152,394         |
| Operating grants and contributions                   | 13,108,310              | 17,944,534           | -                        | -                   | 13,108,310           | 17,944,534           |
| Capital grants and contributions                     | 713,335                 | 277,320              | 136,000                  | 132,000             | 849,335              | 409,320              |
| General revenues:                                    |                         |                      |                          |                     |                      |                      |
| Property taxes                                       | 58,202,348              | 50,916,675           | 568,325                  | 564,707             | 58,770,673           | 51,481,382           |
| Other local taxes                                    | 8,117,144               | 7,911,111            | -                        | -                   | 8,117,144            | 7,911,111            |
| Other  | 5,346,413               | 5,779,220            | 4,900                    | 5,406               | 5,351,313            | 5,784,626            |
| Total revenues                                       | <u>\$ 89,113,293</u>    | <u>\$ 85,324,804</u> | <u>\$ 4,646,779</u>      | <u>\$ 4,358,563</u> | <u>\$ 93,760,072</u> | <u>\$ 89,683,367</u> |
| Expenses:  |                         |                      |                          |                     |                      |                      |
| General  |                         |                      |                          |                     |                      |                      |
| government administration                            | \$ 3,870,956            | \$ 4,206,060         | \$ -                     | \$ -                | \$ 3,870,956         | \$ 4,206,060         |
| Judicial   |                         |                      |                          |                     |                      |                      |
| administration                                       | 2,527,254               | 2,377,823            | -                        | -                   | 2,527,254            | 2,377,823            |
| Public safety  | 21,359,512              | 19,746,148           | -                        | -                   | 21,359,512           | 19,746,148           |
| Public works   | 1,393,594               | 1,471,966            | -                        | -                   | 1,393,594            | 1,471,966            |
| Health and welfare                                   | 11,724,892              | 12,065,852           | -                        | -                   | 11,724,892           | 12,065,852           |
| Education  | 27,577,395              | 29,106,490           | -                        | -                   | 27,577,395           | 29,106,490           |
| Parks, recreation and culture                        | 2,517,604               | 2,068,448            | -                        | -                   | 2,517,604            | 2,068,448            |
| Community development                                | 1,396,423               | 4,040,598            | -                        | -                   | 1,396,423            | 4,040,598            |
| Interest   | 1,693,591               | 1,825,032            | -                        | -                   | 1,693,591            | 1,825,032            |
| Business-type activities                             | -                       | -                    | 7,033,725                | 6,577,458           | 7,033,725            | 6,577,458            |
| Total expenses                                       | <u>\$ 74,061,221</u>    | <u>\$ 76,908,417</u> | <u>\$ 7,033,725</u>      | <u>\$ 6,577,458</u> | <u>\$ 81,094,946</u> | <u>\$ 83,485,875</u> |
| Increase (decrease) in net position before transfers | \$ 15,052,072           | \$ 8,416,387         | \$ (2,386,946)           | \$ (2,218,895)      | \$ 12,665,126        | \$ 6,197,492         |
| Transfers  | <u>(1,317,587)</u>      | <u>(1,913,458)</u>   | <u>1,317,587</u>         | <u>1,913,458</u>    | <u>-</u>             | <u>-</u>             |
| Increase (decrease) in net position                  | \$ 13,734,485           | \$ 6,502,929         | \$ (1,069,359)           | \$ (305,437)        | \$ 12,665,126        | \$ 6,197,492         |
| Net position beginning, as restated                  | 42,329,616              | 35,826,687           | 1,648,090                | 1,953,527           | 43,977,706           | 37,780,214           |
| Net position ending                                  | <u>\$ 56,064,101</u>    | <u>\$ 42,329,616</u> | <u>\$ 578,731</u>        | <u>\$ 1,648,090</u> | <u>\$ 56,642,832</u> | <u>\$ 43,977,706</u> |

**Governmental activities** – Governmental activities increased the County’s net position by \$13,734,485.

Key elements of this increase are as follows:

- General property taxes increased \$7,285,673 in fiscal year 2022 compared to fiscal year 2021. The increase is attributed to a significant increase in the valuation of personal property and a real estate tax increase effective January 1, 2021.
- Other local taxes including sales tax increased \$206,033 in fiscal year 2022 compared to fiscal year 2021, indicating a steady or growing economy, locally.
- Expenditures decreased in fiscal year 2022 compared to fiscal year 2021 by \$2,644,175 in Community Development due to the Community Development Block Grant and Brownfields Grant administered in fiscal year 2021 ending.

Business-type activities – Business-type activities of the two Sanitary Districts increased the Shenandoah County Government’s net position by \$201,822. This was an increase of \$259,232 from the previous fiscal year. When comparing fiscal years 2021 and 2022 in Exhibit 8, maintenance expenditures for the Stoney Creek Sanitary District decreased while charges for services in the Toms Brook Maurertown Sanitary District increased. The decrease in expenditures can be partially attributed to personnel vacancies.

Two other enterprise funds are included in the business-type activities. First is the North Fork Wastewater Treatment Plant and the second is the Landfill Enterprise Fund. In fiscal year 2022, the North Fork Wastewater Treatment Plant fund experienced a decrease in assets of \$38,655 due to the depreciation of its existing machinery and equipment and a reduction in cash assets. The Landfill Enterprise Fund was created in fiscal year 2012 in response to the leachate line project. The creation of this fund required significant changes to the financial statements as assets moved from the General Fund to the Landfill Fund. The landfill continues to have a negative impact on the business-type activities and for fiscal year 2021, the impact was \$7,167,047 however, the General Fund assets benefit from this transfer.

### **Financial Analysis of the County’s Funds**

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

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$43,352,412 an increase of \$10,073,202 in comparison with the prior year. The general fund accounted for positive variance in net assets. Activity of other funds remained fairly consistent with prior years. This increase can be attributed to 9.3% and 20.6% increase in real estate and personal property tax assessments, respectively. The levy increase is attributable to a large increase in assessed values for personal property and real estate tax increase effective January 1, 2021, and amounted to approximately \$6.5 million in additional revenue. Additionally, the County received a large court restitution settlement which resulted in land being deeded to the County at a value of \$617,000. Approximately 63% of the total fund balance or \$27,244,942 constitutes unassigned fund balance, which is available for spending at the County’s discretion. The remainder of fund balance is assigned to indicate that is not available to finance operations as it has been designated by the Board of Supervisors for future capital projects.

The General Fund is the operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$27,244,942, while the total general fund balance was \$31,258,713. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 36 percent of total general fund expenditures, while total general fund balance represents 42 percent of that same amount.

The General Fund’s fund balance increased \$11,653,387 during the current fiscal year.

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

## **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was a \$1,475,953 increase in appropriations and can be briefly summarized as follows:

- \$1,439,709 increase in public safety expenditures due to approved capital improvement expenditures, including vehicles and equipment, which were budgeted as “nondepartmental” and allocated to the appropriate departmental budgetary line at the beginning of the fiscal year.

Fiscal year 2022 actual revenues were approximately \$9,338,230 more than the fiscal year 2022 final budgeted revenues. Fiscal year 2022 actual expenditures were approximately \$5,898,268 less than the fiscal year 2022 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- Personal property taxes were \$4,842,886 more than the final budgeted revenues primarily due to increased personal property tax collections that were higher than anticipated; this was a result of greater than anticipated increases in personal property valuations.
- Real Property taxes were \$1,766,664 more than the final budgeted revenues primarily due to a real property tax rate increase that was effective January 1, 2022.
- Intergovernmental revenues from other categorical aid were \$1,806,707 more than the budgeted revenues due to more receipts for comprehensive services for at-risk youth, welfare assistance, and other state categorical aid.
- Education expenditures were \$6,960,859 less than the budgeted expenditures as a result of less transfers to the County School Board throughout the fiscal year due in large part to approved capital improvement projects for Shenandoah County Public Schools that remained in progress as of June 30, 2022 in the amount of \$4.2 million.

## **Capital Asset and Debt Administration**

Capital assets - The County’s investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$54,781,558 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total change of the County’s investment in capital assets for the current fiscal year over the prior year is largely attributed to the continued construction in progress on the new public safety radio communications system, as well as the Emergency Communications Center.

**County of Shenandoah, Virginia's Capital Assets**

|                           | Governmental Activities |               | Business-type Activities |               | Total          |                |
|---------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
|                           | 2022                    | 2021          | 2022                     | 2021          | 2022           | 2021           |
| Land                      | \$ 4,908,718            | \$ 4,908,718  | \$ 503,500               | \$ 503,500    | \$ 5,412,218   | \$ 5,412,218   |
| Building and improvements | 45,061,417              | 46,556,089    | 11,040,940               | 11,040,940    | 56,102,357     | 57,597,029     |
| Utility plant in service  | -                       | -             | 27,581,247               | 26,530,465    | 27,581,247     | 26,530,465     |
| Equipment                 | 11,894,212              | 12,584,118    | -                        | -             | 11,894,212     | 12,584,118     |
| Construction in progress  | 13,304,006              | 9,304,420     | -                        | 47,355        | 13,304,006     | 9,351,775      |
| Subtotal                  | \$ 75,168,353           | \$ 73,353,345 | \$ 39,125,687            | \$ 38,122,260 | \$ 114,294,040 | \$ 111,475,605 |
| Accumulated depreciation  | (20,582,148)            | (20,400,104)  | (23,669,978)             | (22,472,237)  | (44,252,126)   | (42,872,341)   |
| Subtotal                  | \$ 54,586,205           | \$ 52,953,241 | \$ 15,455,709            | \$ 15,650,023 | \$ 70,041,914  | \$ 68,603,264  |
| Lease asset equipment     | \$ 237,920              | \$ -          | \$ -                     | \$ -          | \$ 237,920     | \$ -           |
| Subtotal                  | \$ 237,920              | \$ -          | \$ -                     | \$ -          | \$ 237,920     | \$ -           |
| Accumulated amortization  | (42,567)                | -             | -                        | -             | (42,567)       | -              |
| Subtotal                  | \$ 195,353              | \$ -          | \$ -                     | \$ -          | \$ 195,353     | \$ -           |
| Net capital assets        | \$ 54,781,558           | \$ 52,953,241 | \$ 15,455,709            | \$ 15,650,023 | \$ 70,237,267  | \$ 68,603,264  |

Additional information on the County's capital assets can be found in Note 8.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$42,576,973. The bonded debt outstanding comprises debt backed by the full faith and credit of the County. During the current fiscal year, the County's long-term bonded debt increased by \$527,042.

Additional information on the County of Shenandoah, Virginia's long-term debt can be found in Note 11 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The 2022 unemployment rate for the County was 2.6 percent, which is a decrease from a rate of 4.1 percent in 2021. The County's rate is lower than the state average of 2.8 percent and lower than the national average rate of 3.6 percent.
- Population growth in the County is expected to increase which will likely cause a similar affect on general property and other local tax revenues; moreover, the potential for economic development growth continues to gain strength and will also increase the potential for additional local revenues in the future.
- Earnings on idle cash continue to remain at extremely low levels.

All of these factors were considered in preparing the County's budget for fiscal year 2022.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

COUNTY OF SHENANDOAH, VIRGINIA  
Statement of Net Position  
June 30, 2022

Exhibit 1

|  | Primary Government      |                          |                | Component Units |            |                                  |
|--|-------------------------|--------------------------|----------------|-----------------|------------|----------------------------------|
|  | Governmental Activities | Business-type Activities | Total          | School Board    | Library    | Industrial Development Authority |
| <b>ASSETS</b>                                      |                         |                          |                |                 |            |                                  |
| Cash and cash equivalents                          | \$ 39,348,684           | \$ 2,236,047             | \$ 41,584,731  | 8,112,217       | \$ 316,817 | \$ 1,398,086                     |
| Cash in custody of others                          | 8,969                   | -                        | 8,969          | -               | -          | -                                |
| Restricted cash                                    | 9,899,134               | 21,475                   | 9,920,609      | 2,572,318       | -          | 401,004                          |
| Receivables (net of allowance for uncollectibles): |                         |                          |                |                 |            |                                  |
| Taxes receivable                                   | 31,365,354              | 342,690                  | 31,708,044     | -               | -          | -                                |
| Accounts receivable                                | 1,708,784               | 455,497                  | 2,164,281      | 237,480         | 119,587    | -                                |
| Other  | 4,203                   | -                        | 4,203          | -               | -          | -                                |
| Notes receivable                                   | -                       | -                        | -              | -               | -          | 4,870                            |
| Lease receivable                                   | 5,517,407               | -                        | 5,517,407      | -               | -          | -                                |
| Due from component unit                            | 3,771,719               | -                        | 3,771,719      | -               | -          | -                                |
| Due from other governmental units                  | 3,983,711               | -                        | 3,983,711      | 3,524,282       | 14,204     | -                                |
| Inventories  | -                       | -                        | -              | 149,738         | -          | 612,202                          |
| Advances to other funds                            | -                       | -                        | -              | -               | -          | -                                |
| Prepaid items                                      | 308,153                 | 91,526                   | 399,679        | 99,825          | 24,918     | -                                |
| Deposits   | -                       | -                        | -              | -               | -          | -                                |
| Net pension asset                                  | 711,760                 | 67,732                   | 779,492        | 1,117,794       | -          | -                                |
| Net OPEB asset                                     | 32,216                  | 3,584                    | 35,800         | -               | -          | -                                |
| Other assets                                       | -                       | -                        | -              | 1,017,634       | -          | -                                |
| Capital assets (net of accumulated depreciation):  |                         |                          |                |                 |            |                                  |
| depreciation):                                     |                         |                          |                |                 |            |                                  |
| Land   | 4,908,718               | 503,500                  | 5,412,218      | 5,725,275       | -          | -                                |
| Buildings and improvements                         | 33,898,537              | 6,532,834                | 40,431,371     | 43,841,629      | 148,465    | -                                |
| Wells, lines, reservoirs                           | -                       | 4,894,937                | 4,894,937      | -               | -          | -                                |
| Machinery and equipment                            | 2,474,944               | 3,524,438                | 5,999,382      | 8,179,550       | 136,009    | -                                |
| Construction in progress                           | 13,304,006              | -                        | 13,304,006     | 1,478,647       | 187,034    | -                                |
| Lease assets:                                      |                         |                          |                |                 |            |                                  |
| Machinery and equipment                            | 195,353                 | -                        | 195,353        | 1,228,025       | -          | -                                |
| Total assets                                       | \$ 151,441,652          | \$ 18,674,260            | \$ 170,115,912 | \$ 77,284,414   | \$ 947,034 | \$ 2,416,162                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                         |                          |                |                 |            |                                  |
| Pension related items                              | \$ 3,904,753            | \$ 328,155               | \$ 4,232,908   | \$ 13,673,049   | \$ -       | \$ -                             |
| OPEB related items                                 | 592,461                 | 59,142                   | 651,603        | 3,292,387       | -          | -                                |
| Total deferred outflows of resources               | \$ 4,497,214            | \$ 387,297               | \$ 4,884,511   | \$ 16,965,436   | \$ -       | \$ -                             |
| <b>LIABILITIES</b>                                 |                         |                          |                |                 |            |                                  |
| Accounts payable                                   | \$ 2,104,101            | \$ 212,798               | \$ 2,316,899   | \$ 5,154,517    | \$ 127,830 | \$ -                             |
| Contracts payable                                  | 268,545                 | -                        | 268,545        | 881,377         | -          | -                                |
| Accrued interest payable                           | 568,765                 | 23,851                   | 592,616        | 1,733           | -          | -                                |
| Due to primary government                          | -                       | -                        | -              | 3,771,719       | -          | -                                |
| Unearned revenue                                   | 8,468,378               | -                        | 8,468,378      | -               | -          | -                                |
| Deposits payable-restricted assets                 | -                       | 21,475                   | 21,475         | -               | -          | -                                |
| Long-term liabilities:                             |                         |                          |                |                 |            |                                  |
| Due within one year                                | 6,317,844               | 667,246                  | 6,985,090      | 437,222         | -          | -                                |
| Due in more than one year                          | 37,862,217              | 16,447,407               | 54,309,624     | 55,843,281      | -          | -                                |
| Liabilities payable from restricted assets         | -                       | -                        | -              | -               | -          | 376,112                          |
| Total liabilities                                  | \$ 55,589,850           | \$ 17,372,777            | \$ 72,962,627  | \$ 66,089,849   | \$ 127,830 | \$ 376,112                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                         |                          |                |                 |            |                                  |
| Deferred revenue-property taxes                    | \$ 30,713,308           | \$ 281,823               | \$ 30,995,131  | \$ -            | \$ -       | \$ -                             |
| Deferred charge on refunding                       | 291,009                 | -                        | 291,009        | -               | -          | -                                |
| Lease related                                      | 5,477,166               | -                        | 5,477,166      | -               | -          | -                                |
| Pension related items                              | 7,122,587               | 758,081                  | 7,880,668      | 27,502,952      | -          | -                                |
| OPEB related items                                 | 680,845                 | 70,145                   | 750,990        | 3,823,868       | -          | -                                |
| Total deferred inflows of resources                | \$ 44,284,915           | \$ 1,110,049             | \$ 45,394,964  | \$ 31,326,820   | \$ -       | \$ -                             |
| <b>NET POSITION</b>                                |                         |                          |                |                 |            |                                  |
| Net investment in capital assets                   | \$ 25,266,213           | \$ 11,574,663            | \$ 36,840,876  | \$ 55,599,998   | \$ 471,508 | \$ -                             |
| Restricted:  |                         |                          |                |                 |            |                                  |
| Capital projects                                   | 4,183,564               | -                        | 4,183,564      | -               | -          | -                                |
| Debt service                                       | 1,625                   | -                        | 1,625          | -               | -          | -                                |
| Asset forfeiture                                   | 960,193                 | -                        | 960,193        | -               | -          | -                                |
| Pension  | 711,760                 | 67,732                   | 779,492        | 1,117,794       | -          | -                                |
| OPEB   | 32,216                  | 3,584                    | 35,800         | -               | -          | -                                |
| Opioid settlement                                  | 772,640                 | -                        | 772,640        | -               | -          | -                                |
| Unrestricted (deficit)                             | 24,135,890              | (11,067,248)             | 13,068,642     | (59,884,611)    | 347,696    | 2,040,050                        |
| Total net position (deficit)                       | \$ 56,064,101           | \$ 578,731               | \$ 56,642,832  | \$ (3,166,819)  | \$ 819,204 | \$ 2,040,050                     |

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

| <u>Functions/Programs</u>               | <u>Expenses</u>      | <u>Program Revenues</u>     |   |   |
|---|----------------------|-----------------------------|---|---|
|   |                      | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| <b>PRIMARY GOVERNMENT:</b>              |                      |                             |   |   |
| Governmental activities:                |                      |                             |   |   |
| General government administration       | \$ 3,870,956         | \$ 477,830                  | \$ 441,820                                | \$ -                                    |
| Judicial administration                 | 2,527,254            | 135,242                     | 813,290                                   | -                                       |
| Public safety                           | 21,359,512           | 1,440,640                   | 2,605,974                                 | -                                       |
| Public works                            | 1,393,594            | -                           | 25,077                                    | -                                       |
| Health and welfare                      | 11,724,892           | -                           | 8,588,479                                 | -                                       |
| Education                               | 27,577,395           | -                           | -   | 588,406                                 |
| Parks, recreation, and cultural         | 2,517,604            | 1,572,031                   | 4,500                                     | -                                       |
| Community development                   | 1,396,423            | -                           | 629,170                                   | 124,929                                 |
| Interest on long-term debt              | 1,693,591            | -                           | -   | -                                       |
| Total governmental activities           | <u>\$ 74,061,221</u> | <u>\$ 3,625,743</u>         | <u>\$ 13,108,310</u>                      | <u>\$ 713,335</u>                       |
| Business-type activities:               |                      |                             |   |   |
| Stoney Creek Sanitary District          | \$ 1,585,594         | \$ 1,164,376                | \$ -                                      | \$ 72,000                               |
| Toms Brook Maurertown Sanitary District | 853,825              | 767,640                     | -   | 64,000                                  |
| North Fork Wastewater                   | 457,564              | 164,053                     | -   | -                                       |
| Landfill                                | 4,136,742            | 1,823,760                   | 17,725                                    | -                                       |
| Total business-type activities          | <u>\$ 7,033,725</u>  | <u>\$ 3,919,829</u>         | <u>\$ 17,725</u>                          | <u>\$ 136,000</u>                       |
| Total primary government                | <u>\$ 81,094,946</u> | <u>\$ 7,545,572</u>         | <u>\$ 13,126,035</u>                      | <u>\$ 849,335</u>                       |
| <b>COMPONENT UNITS:</b>                 |                      |                             |   |   |
| School Board                            | \$ 75,968,314        | \$ 1,216,944                | \$ 52,293,892                             | \$ 13,998                               |
| Library                                 | 1,151,568            | 17,852                      | 1,237,766                                 | -                                       |
| Industrial Development Authority        | 458,326              | -                           | 133,333                                   | 110,111                                 |
| Total component units                   | <u>\$ 77,578,208</u> | <u>\$ 1,234,796</u>         | <u>\$ 53,664,991</u>                      | <u>\$ 124,109</u>                       |

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

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

| Net (Expense) Revenue and Changes in Net Position |                          |                        |                        |                   |                                  |                     |
|---|--------------------------|------------------------|------------------------|-------------------|----------------------------------|---------------------|
| Primary Government                                |                          |                        | Component Units        |                   |                                  |                     |
| Governmental Activities                           | Business-type Activities | Total                  | School Board           | Library           | Industrial Development Authority |                     |
| \$ (2,951,306)                                    | \$ -                     | \$ (2,951,306)         | \$ -                   | \$ -              | \$ -                             | \$ -                |
| (1,578,722)                                       | -                        | (1,578,722)            | -                      | -                 | -                                | -                   |
| (17,312,898)                                      | -                        | (17,312,898)           | -                      | -                 | -                                | -                   |
| (1,368,517)                                       | -                        | (1,368,517)            | -                      | -                 | -                                | -                   |
| (3,136,413)                                       | -                        | (3,136,413)            | -                      | -                 | -                                | -                   |
| (26,988,989)                                      | -                        | (26,988,989)           | -                      | -                 | -                                | -                   |
| (941,073)   | -                        | (941,073)              | -                      | -                 | -                                | -                   |
| (642,324)   | -                        | (642,324)              | -                      | -                 | -                                | -                   |
| (1,693,591)                                       | -                        | (1,693,591)            | -                      | -                 | -                                | -                   |
| <u>\$ (56,613,833)</u>                            | <u>\$ -</u>              | <u>\$ (56,613,833)</u> | <u>\$ -</u>            | <u>\$ -</u>       | <u>\$ -</u>                      | <u>\$ -</u>         |
| \$ -  | \$ (349,218)             | \$ (349,218)           | \$ -                   | \$ -              | \$ -                             | \$ -                |
| -   | (22,185)                 | (22,185)               | -                      | -                 | -                                | -                   |
| -   | (293,511)                | (293,511)              | -                      | -                 | -                                | -                   |
| -   | (2,295,257)              | (2,295,257)            | -                      | -                 | -                                | -                   |
| <u>\$ -</u>                                       | <u>\$ (2,960,171)</u>    | <u>\$ (2,960,171)</u>  | <u>\$ -</u>            | <u>\$ -</u>       | <u>\$ -</u>                      | <u>\$ -</u>         |
| <u>\$ (56,613,833)</u>                            | <u>\$ (2,960,171)</u>    | <u>\$ (59,574,004)</u> | <u>\$ -</u>            | <u>\$ -</u>       | <u>\$ -</u>                      | <u>\$ -</u>         |
| \$ -  | \$ -                     | \$ -                   | \$ (22,443,480)        | \$ -              | \$ -                             | \$ -                |
| -   | -                        | -                      | -                      | 104,050           | -                                | -                   |
| -   | -                        | -                      | -                      | -                 | -                                | (214,882)           |
| <u>\$ -</u>                                       | <u>\$ -</u>              | <u>\$ -</u>            | <u>\$ (22,443,480)</u> | <u>\$ 104,050</u> | <u>\$ -</u>                      | <u>\$ (214,882)</u> |
| \$ 58,202,348                                     | \$ 568,325               | \$ 58,770,673          | \$ -                   | \$ -              | \$ -                             | \$ -                |
| 4,671,421   | -                        | 4,671,421              | -                      | -                 | -                                | -                   |
| 1,616,603   | -                        | 1,616,603              | -                      | -                 | -                                | -                   |
| 922,217   | -                        | 922,217                | -                      | -                 | -                                | -                   |
| 691,810   | -                        | 691,810                | -                      | -                 | -                                | -                   |
| 215,093   | -                        | 215,093                | -                      | -                 | -                                | -                   |
| 105,115   | 3,354                    | 108,469                | 30,471                 | 320               | -                                | 5,724               |
| 1,123,849   | 1,546                    | 1,125,395              | 2,345,449              | 219               | -                                | 138,438             |
| 4,117,449   | -                        | 4,117,449              | 27,529,306             | 17,940            | -                                | -                   |
| (1,317,587)                                       | 1,317,587                | -                      | -                      | -                 | -                                | -                   |
| <u>\$ 70,348,318</u>                              | <u>\$ 1,890,812</u>      | <u>\$ 72,239,130</u>   | <u>\$ 29,905,226</u>   | <u>\$ 18,479</u>  | <u>\$ -</u>                      | <u>\$ 144,162</u>   |
| \$ 13,734,485                                     | \$ (1,069,359)           | \$ 12,665,126          | \$ 7,461,746           | \$ 122,529        | \$ -                             | \$ (70,720)         |
| 42,329,616  | 1,648,090                | 43,977,706             | (10,628,565)           | 696,675           | -                                | 2,110,770           |
| <u>\$ 56,064,101</u>                              | <u>\$ 578,731</u>        | <u>\$ 56,642,832</u>   | <u>\$ (3,166,819)</u>  | <u>\$ 819,204</u> | <u>\$ -</u>                      | <u>\$ 2,040,050</u> |

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## **FUND FINANCIAL STATEMENTS**

COUNTY OF SHENANDOAH, VIRGINIA  
 Balance Sheet  
 Governmental Funds  
 June 30, 2022

Exhibit 3

|   | Governmental Funds   |                 |                               |                            | Total<br>Governmental<br>Funds |
|---|----------------------|-----------------|-------------------------------|----------------------------|--------------------------------|
|   | General              | Debt<br>Service | County<br>Capital<br>Projects | Total<br>Nonmajor<br>Funds |                                |
| <b>ASSETS</b>   |                      |                 |                               |                            |                                |
| Cash and cash equivalents   | \$ 31,162,216        | \$ -            | \$ 7,678,457                  | \$ 508,011                 | \$ 39,348,684                  |
| Cash in custody of others   | 8,969                | -               | -                             | -                          | 8,969                          |
| Receivables (net of allowance<br>for uncollectibles):                 |                      |                 |                               |                            |                                |
| Taxes receivable  | 31,365,354           | -               | -                             | -                          | 31,365,354                     |
| Accounts receivable   | 1,708,784            | -               | -                             | -                          | 1,708,784                      |
| Other   | -                    | -               | 4,203                         | -                          | 4,203                          |
| Lease receivable  | 5,517,407            | -               | -                             | -                          | 5,517,407                      |
| Due from component unit   | 3,771,719            | -               | -                             | -                          | 3,771,719                      |
| Due from other governmental units                                     | 3,983,711            | -               | -                             | -                          | 3,983,711                      |
| Prepaid items   | 308,153              | -               | -                             | -                          | 308,153                        |
| Restricted assets:  |                      |                 |                               |                            |                                |
| Cash and cash equivalents   | 5,715,570            | 1,625           | 4,181,939                     | -                          | 9,899,134                      |
| Total assets  | <u>\$ 83,541,883</u> | <u>\$ 1,625</u> | <u>\$ 11,864,599</u>          | <u>\$ 508,011</u>          | <u>\$ 95,916,118</u>           |
| <b>LIABILITIES</b>  |                      |                 |                               |                            |                                |
| Accounts payable and accrued liabilities                              | \$ 1,823,565         | \$ -            | \$ 280,536                    | \$ -                       | \$ 2,104,101                   |
| Contracts payable   | 268,545              | -               | -                             | -                          | 268,545                        |
| Unearned revenue  | 8,468,378            | -               | -                             | -                          | 8,468,378                      |
| Total liabilities   | <u>\$ 10,560,488</u> | <u>\$ -</u>     | <u>\$ 280,536</u>             | <u>\$ -</u>                | <u>\$ 10,841,024</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                 |                               |                            |                                |
| Unavailable revenue-property taxes                                    | \$ 35,499,714        | \$ -            | \$ -                          | \$ -                       | \$ 35,499,714                  |
| Unavailable revenue-opioid settlement                                 | 745,802              | -               | -                             | -                          | 745,802                        |
| Lease related   | 5,477,166            | -               | -                             | -                          | 5,477,166                      |
| Total deferred inflows of resources                                   | <u>\$ 41,722,682</u> | <u>\$ -</u>     | <u>\$ -</u>                   | <u>\$ -</u>                | <u>\$ 41,722,682</u>           |
| <b>FUND BALANCES</b>  |                      |                 |                               |                            |                                |
| Nonspendable  | \$ 308,153           | \$ -            | \$ -                          | \$ -                       | \$ 308,153                     |
| Restricted  | 987,031              | 1,625           | 4,181,939                     | -                          | 5,170,595                      |
| Assigned  | 2,718,587            | -               | 7,402,124                     | 508,011                    | 10,628,722                     |
| Unassigned  | 27,244,942           | -               | -                             | -                          | 27,244,942                     |
| Total fund balances   | <u>\$ 31,258,713</u> | <u>\$ 1,625</u> | <u>\$ 11,584,063</u>          | <u>\$ 508,011</u>          | <u>\$ 43,352,412</u>           |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 83,541,883</u> | <u>\$ 1,625</u> | <u>\$ 11,864,599</u>          | <u>\$ 508,011</u>          | <u>\$ 95,916,118</u>           |

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**June 30, 2022**

**Exhibit 4**

|  |    | <u>Primary<br/>Government</u> |
|--|----|-------------------------------|
| Amounts reported for governmental activities in the statement of net position are different because:   |    |                               |
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds   | \$ | 43,352,412                    |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                    |    |                               |
| Land   | \$ | 4,908,718                     |
| Buildings and improvements   |    | 33,898,537                    |
| Machinery and equipment  |    | 2,474,944                     |
| Construction in progress   |    | 13,304,006                    |
| Lease assets   |    | <u>195,353</u>                |
|  |    | 54,781,558                    |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.        |    |                               |
| Unavailable revenue - property taxes   | \$ | 4,786,406                     |
| Unavailable revenue - Opioid settlement  |    | 745,802                       |
| Net pension asset  |    | 711,760                       |
| Net OPEB Asset   |    | <u>32,216</u>                 |
|  |    | 6,276,184                     |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.       |    |                               |
| Pension related items  | \$ | 3,904,753                     |
| OPEB related items   |    | <u>592,461</u>                |
|  |    | 4,497,214                     |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. |    |                               |
| Accrued interest   | \$ | (568,765)                     |
| General obligation bonds   |    | (12,974,691)                  |
| Bond premium   |    | (1,852,138)                   |
| Lease revenue bonds  |    | (24,535,000)                  |
| Loans payable  |    | (849,991)                     |
| Compensated absences   |    | (1,076,478)                   |
| Leases liabilities   |    | (237,647)                     |
| Net OPEB liabilities   |    | <u>(2,654,116)</u>            |
|  |    | (44,748,826)                  |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.                   |    |                               |
| Deferred charge on refunding   | \$ | (291,009)                     |
| Pension related items  |    | (7,122,587)                   |
| OPEB related items   |    | <u>(680,845)</u>              |
|  |    | (8,094,441)                   |
| Net position of governmental activities  | \$ | <u><u>56,064,101</u></u>      |

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

**Exhibit 5**

|   | <b>Governmental Funds</b> |                         |  |                                     |   |
|---|---------------------------|-------------------------|--|-------------------------------------|---|
|   | <b>General</b>            | <b>Debt<br/>Service</b> | <b>County<br/>Capital<br/>Projects</b> | <b>Total<br/>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
| <b>REVENUES</b>   |                           |                         |  |                                     |   |
| General property taxes                                    | \$ 56,998,543             | \$ -                    | \$ -                                   | \$ -                                | \$ 56,998,543                           |
| Other local taxes   | 8,117,144                 | -                       | -                                      | -                                   | 8,117,144                               |
| Permits, privilege fees, and regulatory licenses          | 675,224                   | -                       | -                                      | -                                   | 675,224                                 |
| Fines and forfeitures                                     | 36,731                    | -                       | -                                      | -                                   | 36,731                                  |
| Revenue from the use of money and property                | 436,052                   | -                       | 16,039                                 | -                                   | 452,091                                 |
| Charges for services                                      | 2,566,812                 | -                       | -                                      | -                                   | 2,566,812                               |
| Miscellaneous   | 1,723,757                 | 588,406                 | -                                      | -                                   | 2,312,163                               |
| Recovered costs   | 771,935                   | -                       | -                                      | -                                   | 771,935                                 |
| Intergovernmental:  |                           |                         |  |                                     |   |
| Commonwealth  | 13,259,116                | -                       | -                                      | -                                   | 13,259,116                              |
| Federal   | 3,345,770                 | -                       | -                                      | -                                   | 3,345,770                               |
| Total revenues  | <u>\$ 87,931,084</u>      | <u>\$ 588,406</u>       | <u>\$ 16,039</u>                       | <u>\$ -</u>                         | <u>\$ 88,535,529</u>                    |
| <b>EXPENDITURES</b>                                       |                           |                         |  |                                     |   |
| Current:  |                           |                         |  |                                     |   |
| General government administration                         | \$ 3,706,528              | \$ -                    | \$ -                                   | \$ -                                | \$ 3,706,528                            |
| Judicial administration                                   | 2,437,426                 | -                       | -                                      | -                                   | 2,437,426                               |
| Public safety   | 22,467,268                | -                       | -                                      | -                                   | 22,467,268                              |
| Public works  | 1,433,805                 | -                       | -                                      | -                                   | 1,433,805                               |
| Health and welfare  | 12,247,451                | -                       | -                                      | -                                   | 12,247,451                              |
| Education   | 28,101,691                | -                       | -                                      | -                                   | 28,101,691                              |
| Parks, recreation, and cultural                           | 2,520,247                 | -                       | -                                      | -                                   | 2,520,247                               |
| Community development                                     | 2,008,232                 | -                       | -                                      | -                                   | 2,008,232                               |
| Nondepartmental   | 37,662                    | -                       | -                                      | -                                   | 37,662                                  |
| Capital projects  | -                         | -                       | 1,265,101                              | -                                   | 1,265,101                               |
| Debt service:   |                           |                         |  |                                     |   |
| Principal retirement                                      | -                         | 5,086,837               | -                                      | -                                   | 5,086,837                               |
| Interest and other fiscal charges                         | -                         | 1,802,433               | -                                      | -                                   | 1,802,433                               |
| Total expenditures  | <u>\$ 74,960,310</u>      | <u>\$ 6,889,270</u>     | <u>\$ 1,265,101</u>                    | <u>\$ -</u>                         | <u>\$ 83,114,681</u>                    |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 12,970,774</u>      | <u>\$ (6,300,864)</u>   | <u>\$ (1,249,062)</u>                  | <u>\$ -</u>                         | <u>\$ 5,420,848</u>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                           |                         |  |                                     |   |
| Transfers in  | \$ -                      | \$ 5,919,195            | \$ -                                   | \$ 50,546                           | \$ 5,969,741                            |
| Transfers out   | (7,287,328)               | -                       | -                                      | -                                   | (7,287,328)                             |
| Issuance of general obligation bonds                      | 5,700,000                 | -                       | -                                      | -                                   | 5,700,000                               |
| Issuance of loans   | 168,510                   | -                       | -                                      | -                                   | 168,510                                 |
| Leases (as lessee)  | 101,431                   | -                       | -                                      | -                                   | 101,431                                 |
| Total other financing sources (uses)                      | <u>\$ (1,317,387)</u>     | <u>\$ 5,919,195</u>     | <u>\$ -</u>                            | <u>\$ 50,546</u>                    | <u>\$ 4,652,354</u>                     |
| Net change in fund balances                               | \$ 11,653,387             | \$ (381,669)            | \$ (1,249,062)                         | \$ 50,546                           | \$ 10,073,202                           |
| Fund balances - beginning, as restated                    | 19,605,326                | 383,294                 | 12,833,125                             | 457,465                             | 33,279,210                              |
| Fund balances - ending                                    | <u>\$ 31,258,713</u>      | <u>\$ 1,625</u>         | <u>\$ 11,584,063</u>                   | <u>\$ 508,011</u>                   | <u>\$ 43,352,412</u>                    |

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

COUNTY OF SHENANDOAH, VIRGINIA  
 Reconciliation of Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2022

Exhibit 6

|  |    | <u>Primary<br/>Government</u> |
|--|----|-------------------------------|
| Amounts reported for governmental activities in the statement of activities are different because:   |    |                               |
| Net change in fund balances - total governmental funds   | \$ | 10,073,202                    |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.  |    |                               |
| Capital outlays  | \$ | 2,744,638                     |
| Depreciation and amortization expense  |    | (1,539,840)                   |
| Allocation of debt financed school assets based on current year repayments   |    | <u>524,296</u>                |
|  |    | 1,729,094                     |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets  |    |                               |
| Disposal of capital assets   | \$ | <u>(37,442)</u>               |
|  |    | (37,442)                      |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |    |                               |
| Property taxes   | \$ | 1,203,805                     |
| Opioid settlement  |    | <u>745,802</u>                |
|  |    | 1,949,607                     |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. |    |                               |
| Issuance of long-term debt   | \$ | (5,868,510)                   |
| Principal repayments   |    | 5,086,837                     |
| Leases issued  |    | (101,431)                     |
| Lease repayments   |    | 376                           |
| Change in accrued interest   |    | <u>(120,912)</u>              |
|  |    | <u>(1,003,640)</u>            |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.   |    |                               |
| Change in compensated absences   | \$ | 76,461                        |
| Amortization of bond premium   |    | 190,452                       |
| Amortization of deferred charge on refunding   |    | 39,302                        |
| Pension expense  |    | 781,881                       |
| OPEB expense   |    | <u>(64,432)</u>               |
|  |    | <u>1,023,664</u>              |
| Change in net position of governmental activities  | \$ | <u><u>13,734,485</u></u>      |

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

Exhibit 7

|   | Enterprise Funds                     |   |                          |                |               |
|---|--------------------------------------|---|--------------------------|----------------|---------------|
|   | Stoney Creek<br>Sanitary<br>District | Toms Brook<br>Maurertown<br>Sanitary District | North Fork<br>Wastewater | Landfill       | Total         |
| <b>ASSETS</b>   |                                      |   |                          |                |               |
| Current assets:   |                                      |   |                          |                |               |
| Cash and cash equivalents                                 | \$ 1,487,101                         | \$ 748,946                                    | \$ -                     | \$ -           | \$ 2,236,047  |
| Restricted cash   | 5,900                                | 15,575  | -                        | -              | 21,475        |
| Taxes receivable, net of allowances for uncollectibles    | 311,806                              | 30,884  | -                        | -              | 342,690       |
| Accounts receivable, net of allowances for uncollectibles | 199,533                              | 87,427  | 8,866                    | 159,671        | 455,497       |
| Prepaid items   | 28,246                               | 9,122   | -                        | 54,158         | 91,526        |
| Total current assets                                      | \$ 2,032,586                         | \$ 891,954                                    | \$ 8,866                 | \$ 213,829     | \$ 3,147,235  |
| Noncurrent assets:  |                                      |   |                          |                |               |
| Capital assets (net of accumulated depreciation):         |                                      |   |                          |                |               |
| Land  | \$ 37,251                            | \$ 84,047                                     | \$ 4,950                 | \$ 377,252     | \$ 503,500    |
| Building and improvements                                 | -                                    | -   | 33,058                   | 6,499,776      | 6,532,834     |
| Wells, lines, reservoirs                                  | 3,082,369                            | 1,812,568                                     | -                        | -              | 4,894,937     |
| Machinery and equipment                                   | 541,621                              | 143,481                                       | 140,342                  | 2,698,994      | 3,524,438     |
| Net pension asset   | 26,977                               | 7,042   | -                        | 33,713         | 67,732        |
| Net OPEB asset  | 1,447                                | 546   | -                        | 1,591          | 3,584         |
| Total noncurrent assets                                   | \$ 3,689,665                         | \$ 2,047,684                                  | \$ 178,350               | \$ 9,611,326   | \$ 15,527,025 |
| Total assets  | \$ 5,722,251                         | \$ 2,939,638                                  | \$ 187,216               | \$ 9,825,155   | \$ 18,674,260 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                     |                                      |   |                          |                |               |
| Pension related items                                     | \$ 106,527                           | \$ 41,217                                     | \$ -                     | \$ 180,411     | \$ 328,155    |
| OPEB related items  | 24,604                               | 7,072   | -                        | 27,466         | 59,142        |
| Total deferred outflows of resources                      | \$ 131,131                           | \$ 48,289                                     | \$ -                     | \$ 207,877     | \$ 387,297    |
| <b>LIABILITIES</b>  |                                      |   |                          |                |               |
| Current liabilities:                                      |                                      |   |                          |                |               |
| Accounts payable  | \$ 71,380                            | \$ 42,088                                     | \$ 11,676                | \$ 87,654      | \$ 212,798    |
| Deposits payable-restricted assets                        | 5,900                                | 15,575  | -                        | -              | 21,475        |
| Accrued interest payable                                  | -                                    | 369   | -                        | 23,482         | 23,851        |
| Compensated absences                                      | 12,039                               | 1,739   | -                        | 21,470         | 35,248        |
| Note payable  | -                                    | -   | -                        | 140,381        | 140,381       |
| Bonds payable   | -                                    | 28,400  | -                        | 284,968        | 313,368       |
| Loans payable   | -                                    | -   | -                        | 178,249        | 178,249       |
| Total current liabilities                                 | \$ 89,319                            | \$ 88,171                                     | \$ 11,676                | \$ 736,204     | \$ 925,370    |
| Noncurrent liabilities:                                   |                                      |   |                          |                |               |
| Compensated absences                                      | \$ 36,118                            | \$ 5,216                                      | \$ -                     | \$ 64,409      | \$ 105,743    |
| Note payable  | -                                    | -   | -                        | 218,484        | 218,484       |
| Bonds payable   | -                                    | 185,441                                       | -                        | 2,716,335      | 2,901,776     |
| Loans payable   | -                                    | -   | -                        | 128,788        | 128,788       |
| Landfill closure and post-closure care                    | -                                    | -   | -                        | 12,828,024     | 12,828,024    |
| Net OPEB liabilities                                      | 105,840                              | 31,524  | -                        | 127,228        | 264,592       |
| Total noncurrent liabilities                              | \$ 141,958                           | \$ 222,181                                    | \$ -                     | \$ 16,083,268  | \$ 16,447,407 |
| Total liabilities   | \$ 231,277                           | \$ 310,352                                    | \$ 11,676                | \$ 16,819,472  | \$ 17,372,777 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                      |                                      |   |                          |                |               |
| Deferred revenue-property taxes                           | \$ 253,001                           | \$ 28,822                                     | \$ -                     | \$ -           | \$ 281,823    |
| Pension related items                                     | 306,989                              | 103,408                                       | -                        | 347,684        | 758,081       |
| OPEB related items  | 28,141                               | 9,081   | -                        | 32,923         | 70,145        |
| Total deferred inflows of resources                       | \$ 588,131                           | \$ 141,311                                    | \$ -                     | \$ 380,607     | \$ 1,110,049  |
| <b>NET POSITION</b>                                       |                                      |   |                          |                |               |
| Net investment in capital assets                          | \$ 3,661,241                         | \$ 1,826,255                                  | \$ 178,350               | \$ 5,908,817   | \$ 11,574,663 |
| Restricted for net OPEB asset                             | 1,447                                | 546   | -                        | 1,591          | 3,584         |
| Restricted for net pension asset                          | 26,977                               | 7,042   | -                        | 33,713         | 67,732        |
| Unrestricted (deficit)                                    | 1,344,309                            | 702,421                                       | (2,810)                  | (13,111,168)   | (11,067,248)  |
| Total net position (deficit)                              | \$ 5,033,974                         | \$ 2,536,264                                  | \$ 175,540               | \$ (7,167,047) | \$ 578,731    |

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

**Exhibit 8**

|   | <b>Enterprise Funds</b>  |                          |                     |                       |                       |
|---|--------------------------|--------------------------|---------------------|-----------------------|-----------------------|
|   | <b>Stoney Creek</b>      | <b>Toms Brook</b>        | <b>North Fork</b>   | <b>Landfill</b>       | <b>Total</b>          |
|   | <b>Sanitary District</b> | <b>Sanitary District</b> | <b>Wastewater</b>   |                       |                       |
| <b>OPERATING REVENUES</b>                 |                          |                          |                     |                       |                       |
| Charges for services:                     |                          |                          |                     |                       |                       |
| Water sales                               | \$ 483,565               | \$ 278,416               | \$ -                | \$ -                  | \$ 761,981            |
| Sewer sales                               | 680,811                  | 458,899                  | -                   | -                     | 1,139,710             |
| Septage income                            | -                        | 30,325                   | 164,053             | -                     | 194,378               |
| Waste collection charges                  | -                        | -                        | -                   | 1,823,760             | 1,823,760             |
| Total operating revenues                  | <u>\$ 1,164,376</u>      | <u>\$ 767,640</u>        | <u>\$ 164,053</u>   | <u>\$ 1,823,760</u>   | <u>\$ 3,919,829</u>   |
| <b>OPERATING EXPENSES</b>                 |                          |                          |                     |                       |                       |
| Treatment and purification                | \$ 536,949               | \$ 245,444               | \$ -                | \$ -                  | \$ 782,393            |
| Maintenance                               | 310,884                  | 200,188                  | 433,612             | -                     | 944,684               |
| Administration                            | 273,620                  | 181,588                  | -                   | -                     | 455,208               |
| Other                                     | 306,290                  | 92,241                   | 15,064              | -                     | 413,595               |
| Refuse collection and disposal            | -                        | -                        | -                   | 2,265,223             | 2,265,223             |
| Landfill closure and post-closure costs   | -                        | -                        | -                   | 875,291               | 875,291               |
| Depreciation and amortization             | 157,851                  | 124,120                  | 8,888               | 906,871               | 1,197,730             |
| Total operating expenses                  | <u>\$ 1,585,594</u>      | <u>\$ 843,581</u>        | <u>\$ 457,564</u>   | <u>\$ 4,047,385</u>   | <u>\$ 6,934,124</u>   |
| Operating income (loss)                   | <u>\$ (421,218)</u>      | <u>\$ (75,941)</u>       | <u>\$ (293,511)</u> | <u>\$ (2,223,625)</u> | <u>\$ (3,014,295)</u> |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |                          |                          |                     |                       |                       |
| General property taxes                    | \$ 510,177               | \$ 58,148                | \$ -                | \$ -                  | \$ 568,325            |
| Investment earnings                       | 1,660                    | 1,694                    | -                   | -                     | 3,354                 |
| Other                                     | 860                      | 686                      | -                   | -                     | 1,546                 |
| Litter prevention grant                   | -                        | -                        | -                   | 17,725                | 17,725                |
| Interest expense                          | -                        | (10,244)                 | -                   | (89,357)              | (99,601)              |
| Total nonoperating revenues (expenses)    | <u>\$ 512,697</u>        | <u>\$ 50,284</u>         | <u>\$ -</u>         | <u>\$ (71,632)</u>    | <u>\$ 491,349</u>     |
| Income before contributions and transfers | <u>\$ 91,479</u>         | <u>\$ (25,657)</u>       | <u>\$ (293,511)</u> | <u>\$ (2,295,257)</u> | <u>\$ (2,522,946)</u> |
| Capital contributions                     | \$ 72,000                | \$ 64,000                | \$ -                | \$ -                  | \$ 136,000            |
| Transfers in                              | -                        | -                        | 251,132             | 1,066,455             | 1,317,587             |
| Change in net position                    | <u>\$ 163,479</u>        | <u>\$ 38,343</u>         | <u>\$ (42,379)</u>  | <u>\$ (1,228,802)</u> | <u>\$ (1,069,359)</u> |
| Total net position (deficit)- beginning   | <u>\$ 4,870,495</u>      | <u>\$ 2,497,921</u>      | <u>\$ 217,919</u>   | <u>\$ (5,938,245)</u> | <u>\$ 1,648,090</u>   |
| Total net position (deficit)- ending      | <u>\$ 5,033,974</u>      | <u>\$ 2,536,264</u>      | <u>\$ 175,540</u>   | <u>\$ (7,167,047)</u> | <u>\$ 578,731</u>     |

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

COUNTY OF SHENANDOAH, VIRGINIA  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

Exhibit 9

|  | Enterprise Funds                  |   |                          |                |                |
|--|-----------------------------------|---|--------------------------|----------------|----------------|
|  | Stoney Creek<br>Sanitary District | Toms Brook<br>Maurertown<br>Sanitary District | North Fork<br>Wastewater | Landfill       | Total          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                   |   |                          |                |                |
| Receipts from customers and users  | \$ 822,291                        | \$ 737,047                                    | \$ 178,051               | \$ 1,809,152   | \$ 3,546,541   |
| Payments to suppliers  | (610,361)                         | (605,547)                                     | (444,951)                | (1,198,578)    | (2,859,437)    |
| Payments to employees  | (436,259)                         | (107,596)                                     | -                        | (1,215,652)    | (1,759,507)    |
| Net cash provided by (used for) operating activities   | \$ (224,329)                      | \$ 23,904                                     | \$ (266,900)             | \$ (605,078)   | \$ (1,072,403) |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                                   |   |                          |                |                |
| Transfers from other funds   | \$ -                              | \$ -  | \$ 251,132               | \$ 1,066,455   | \$ 1,317,587   |
| General property taxes   | 500,363                           | 56,797  | -                        | -              | 557,160        |
| Litter prevention grant  | -                                 | -   | -                        | 17,725         | 17,725         |
| Net cash provided by (used for) noncapital financing activities                                  | \$ 500,363                        | \$ 56,797                                     | \$ 251,132               | \$ 1,084,180   | \$ 1,892,472   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                  |                                   |   |                          |                |                |
| Purchase and construction of capital assets  | \$ (396,225)                      | \$ (61,957)                                   | \$ -                     | \$ (545,245)   | \$ (1,003,427) |
| Principal paid on capital debt   | -                                 | (27,149)                                      | -                        | (576,107)      | (603,256)      |
| Interest paid on capital debt  | -                                 | (10,291)                                      | -                        | (140,286)      | (150,577)      |
| Capital contributions  | 72,000                            | 64,000  | -                        | -              | 136,000        |
| Net cash provided by (used for) capital and related financing activities                         | \$ (324,225)                      | \$ (35,397)                                   | \$ -                     | \$ (1,261,638) | \$ (1,621,260) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                   |   |                          |                |                |
| Interest income  | \$ 1,660                          | \$ 1,694                                      | \$ -                     | \$ -           | \$ 3,354       |
| Net cash provided by (used for) investing activities   | \$ 1,660                          | \$ 1,694                                      | \$ -                     | \$ -           | \$ 3,354       |
| Net increase (decrease) in cash and cash equivalents   | \$ (46,531)                       | \$ 46,998                                     | \$ (15,768)              | \$ (782,536)   | \$ (797,837)   |
| Cash and cash equivalents (including restricted cash)- beginning                                 | 1,539,532                         | 717,523                                       | 15,768                   | 782,536        | 3,055,359      |
| Cash and cash equivalents (including restricted cash)- ending                                    | \$ 1,493,001                      | \$ 764,521                                    | \$ -                     | \$ -           | \$ 2,257,522   |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>   |                                   |   |                          |                |                |
| Operating income (loss)  | \$ (421,218)                      | \$ (75,941)                                   | \$ (293,511)             | \$ (2,223,625) | \$ (3,014,295) |
| Adjustments to reconcile operating loss to net cash provided by (used for) operating activities: |                                   |   |                          |                |                |
| Depreciation and amortization expense  | \$ 157,851                        | \$ 124,120                                    | \$ 8,888                 | \$ 906,871     | \$ 1,197,730   |
| Other non-operating income   | 860                               | 686   | -                        | -              | 1,546          |
| Non-cash closure and post closure costs (recovery)   | -                                 | -   | -                        | 875,291        | 875,291        |
| (Increase) decrease in accounts receivable   | 22,021                            | (30,629)                                      | 13,998                   | (14,608)       | (9,218)        |
| (Increase) decrease in prepaid items   | (28,056)                          | (8,893)                                       | -                        | (54,158)       | (91,107)       |
| (Increase) decrease in net pension asset   | (364,566)                         | (134,326)                                     | -                        | (404,875)      | (903,767)      |
| (Increase) decrease in net OPEB asset  | (1,252)                           | (471)   | -                        | (1,391)        | (3,114)        |
| (Increase) decrease in deferred outflows of resources  | 87,876                            | 35,742  | -                        | 29,501         | 153,119        |
| Increase (decrease) in accounts payable and accrued liabilities                                  | 56,477                            | 30,566  | 3,725                    | (56,901)       | 33,867         |
| Increase (decrease) in retainage payable   | -                                 | -   | -                        | (5,000)        | (5,000)        |
| Increase (decrease) in compensated absences  | (5,583)                           | 1,872   | -                        | 11,739         | 8,028          |
| Increase (decrease) in deposits payable  | (400)                             | (650)   | -                        | -              | (1,050)        |
| Increase (decrease) in deferred inflows of resources   | 292,908                           | 98,710  | -                        | 340,596        | 732,214        |
| Increase (decrease) in net OPEB liabilities  | (21,247)                          | (16,882)                                      | -                        | (8,518)        | (46,647)       |
| Total adjustments  | \$ 196,889                        | \$ 99,845                                     | \$ 26,611                | \$ 1,618,547   | \$ 1,941,892   |
| Net cash provided by (used for) operating activities   | \$ (224,329)                      | \$ 23,904                                     | \$ (266,900)             | \$ (605,078)   | \$ (1,072,403) |
| Schedule of non-cash capital and related financing activities:                                   |                                   |   |                          |                |                |
| Landfill closure and post-closure costs (recovery)   | \$ -                              | \$ -  | \$ -                     | \$ 875,291     | \$ 875,291     |

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

COUNTY OF SHENANDOAH, VIRGINIA  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2022

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Exhibit 10

|   | <u>Custodial<br/>Funds</u> |
|---|----------------------------|
| <b>ASSETS</b>                               |                            |
| Cash and cash equivalents                   | \$ 635,655                 |
| Receivables:                                |                            |
| Accounts receivable                         | <u>371,120</u>             |
| Total assets                                | <u>\$ 1,006,775</u>        |
| <b>NET POSITION</b>                         |                            |
| Restricted:                                 |                            |
| Individuals, organizations, and governments | <u>\$ 1,006,775</u>        |

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

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

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|   | <u>Custodial<br/>Funds</u> |
|---|----------------------------|
| <b>Additions</b>  |                            |
| Interest earnings   | \$ 64                      |
| Miscellaneous   | 33,625                     |
| Ambulance recovery collections for other governments            | <u>1,302,120</u>           |
| Total additions   | \$ <u>1,335,809</u>        |
| <b>Deductions</b>   |                            |
| Beneficiary payments to individuals                             | \$ 33,736                  |
| Payments of ambulance recovery collections to other governments | <u>1,264,692</u>           |
| Total deductions  | \$ <u>1,298,428</u>        |
| Net increase (decrease) in fiduciary net position               | \$ 37,381                  |
| Net position, beginning   | <u>969,394</u>             |
| Net position ending   | <u>\$ 1,006,775</u>        |

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

# COUNTY OF SHENANDOAH, VIRGINIA

## Notes to the Financial Statements June 30, 2022

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### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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#### A. Financial Reporting Entity

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

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

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

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

The Industrial Development Authority operates to promote economic development to businesses throughout the County. The Board of Supervisors appoints the Board Members as well as provides significant funding to the Authority. Complete financial statements for the Authority can be obtained from their offices in Woodstock, Virginia.

#### **Other Organizations**

Included in the County's Financial Report: None

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

A. Financial Reporting Entity (continued)

Other Organizations (continued)

Excluded from the County's Financial Report:

**Joint Venture** – The County of Rappahannock, the County of Shenandoah, and the County of Warren participate in supporting the Rappahannock-Shenandoah-Warren (RSW) Regional Jail, which serves as the localities' regional adult detention center. The RSW Regional Jail became operational on July 1, 2014. The RSW Regional Jail is governed by a nine-member board, an Authority, consisting of three members each from the three participating counties. The participating localities pay a per diem charge each year based on the participating localities' usage of the jail for the preceding three years. In April 2012, the RSW Regional Jail Authority issued \$45,240,000 in moral obligation bonds with varying annual payments, with a final maturity at April 1, 2043. The bonds were issued at a premium of \$4,992,732. The outstanding principal portion and unamortized premium of the bonds for the RSW Regional Jail at June 30, 2022 total \$42,133,134. While the participating localities have an ongoing financial responsibility to fund the RSW Regional Jail debt should it lack sufficient funds to make scheduled debt service payments, the participating localities do not have an equity interest in the jail. During fiscal year 2022, the County contributed \$2,746,554 for the operations of the jail.

Summary financial information for the RSW Regional Jail at June 30, 2022 is provided below:

|   | RSW<br>Regional<br>Jail |
|---|-------------------------|
| Total assets and deferred outflows of resources     | \$ 75,132,992           |
| Total liabilities and deferred inflows of resources | 45,962,327              |
| Total net position                                  | \$ 29,170,665           |
| For the year ended June 30, 2022                    |                         |
| Operating revenue                                   | \$ 16,461,091           |
| Operating expenses                                  | (13,906,761)            |
| Nonoperating income (expense)                       | (1,168,283)             |
| Change in net position                              | \$ 1,386,047            |
| Net position at beginning of year                   | 27,784,618              |
| Net position at end of year                         | \$ 29,170,665           |

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

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A. Financial Reporting Entity (continued)

Other Organizations (continued)

Excluded from the County's Financial Report:

**Jointly Governed Organizations** – The County, in conjunction with other localities has created the Northwestern Regional Juvenile Detention Center and the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$253,000 for operations to the Northwestern Community Services Board and \$646,566 to the Northwestern Regional Juvenile Detention Center. The School Board contributed \$603,075 to the Shenandoah Valley Regional Program for operations. The County does not maintain an ongoing financial interest or responsibility for these organizations.

B. Government-wide and fund financial statements

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

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

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

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisition, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

The government reports the following major governmental funds:

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

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

The government reports the following major proprietary funds:

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

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

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

The government reports the following governmental fund types:

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

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

The government reports the following fiduciary fund types:

*Custodial funds* account for assets held by the County as custodian for individuals, private organizations, other governmental units or other funds. The County maintains two custodial funds. The special welfare fund holds funds for the benefit of certain social service clients, and the ambulance recovery fund holds funds received for ambulance billings, to be distributed to the rescue agencies throughout the County.

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

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

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

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

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

**1. Cash and cash equivalents**

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

**2. Receivables and payables**

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

**3. Property taxes**

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

**4. Allowance for uncollectible accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,694,889 at June 30, 2022 and is comprised solely of property taxes. This allowance represents 0.6491% of the total levies for the previous six years. The allowance amounted to \$586 for Toms Brook-Maurertown Sanitary District and \$5,472 for Stoney Creek Sanitary District at June 30, 2022.

Accounts receivable are stated at book value. The Sanitary Districts calculate their allowance for uncollectible utility accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$3,000 for Toms Brook-Maurertown Sanitary District, and \$18,792 for the landfill fund at June 30, 2022.

**5. Inventories and prepaid items**

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

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

6. Restricted assets

At June 30, 2022, the County’s restricted assets consisted of unspent bond funds for school renovations of \$5,715,570, funds restricted for debt service in the amount of \$1,625, construction of the E-911 radio system in the Capital Projects fund in the amount of \$4,181,939, Sanitary Districts customer deposits in the amount of \$21,475 and \$2,572,318 in unspent bond proceeds in the Component Unit School Board.

7. Capital assets

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

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

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

| <u>Assets</u>               | <u>Years</u> |
|-----------------------------|--------------|
| Buildings                   | 50           |
| Wells, lines and reservoirs | 40-50        |
| Building improvements       | 20           |
| Vehicles                    | 5            |
| Equipment                   | 5            |
| Lease assets-equipment      | 5            |

8. Compensated absences

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

9. Long-term obligations

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

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

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

**9. Long-term obligations (continued)**

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

**10. Fund Balance**

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

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

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

The County establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

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

10. Fund Balance (continued)

Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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

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

|                                    | General<br>Fund      | Major<br>Debt<br>Service<br>Fund | Major<br>Capital<br>Projects<br>Fund | Other<br>Funds    | Total                |
|------------------------------------|----------------------|----------------------------------|--------------------------------------|-------------------|----------------------|
| <b>Fund Balances:</b>              |                      |                                  |                                      |                   |                      |
| <b>Nonspendable:</b>               |                      |                                  |                                      |                   |                      |
| Prepaid items                      | \$ 308,153           | \$ -                             | \$ -                                 | \$ -              | \$ 308,153           |
| <b>Restricted:</b>                 |                      |                                  |                                      |                   |                      |
| Debt service proceeds              | \$ -                 | \$ 1,625                         | \$ -                                 | \$ -              | \$ 1,625             |
| Asset forfeiture proceeds-Virginia | 88,597               | -                                | -                                    | -                 | 88,597               |
| Asset forfeiture proceeds-Federal  | 871,596              | -                                | -                                    | -                 | 871,596              |
| Opioid settlement                  | 26,838               | -                                | -                                    | -                 | 26,838               |
| Construction                       | -                    | -                                | 4,181,939                            | -                 | 4,181,939            |
| <b>Total Restricted</b>            | <b>\$ 987,031</b>    | <b>\$ 1,625</b>                  | <b>\$ 4,181,939</b>                  | <b>\$ -</b>       | <b>\$ 5,170,595</b>  |
| <b>Assigned:</b>                   |                      |                                  |                                      |                   |                      |
| Capital projects                   | \$ -                 | \$ -                             | \$ 7,402,124                         | \$ 100,084        | \$ 7,502,208         |
| Law library                        | 32,677               | -                                | -                                    | -                 | 32,677               |
| KidzRec                            | 763,417              | -                                | -                                    | -                 | 763,417              |
| Gypsy moth                         | 10,655               | -                                | -                                    | -                 | 10,655               |
| Purchase development rights        | 2,503                | -                                | -                                    | -                 | 2,503                |
| Project lifesaver                  | 15,370               | -                                | -                                    | -                 | 15,370               |
| Triad                              | 5,352                | -                                | -                                    | -                 | 5,352                |
| Sheriff federal cases              | 146,854              | -                                | -                                    | -                 | 146,854              |
| Animal shelter                     | 442,636              | -                                | -                                    | -                 | 442,636              |
| Spay and neuter                    | 84,817               | -                                | -                                    | -                 | 84,817               |
| Pump and haul                      | 19,992               | -                                | -                                    | -                 | 19,992               |
| Crime prevention                   | 3,468                | -                                | -                                    | -                 | 3,468                |
| Jail canteen                       | 36,602               | -                                | -                                    | -                 | 36,602               |
| Sludge disposal                    | 360,249              | -                                | -                                    | -                 | 360,249              |
| Landfill recovery                  | 243,649              | -                                | -                                    | -                 | 243,649              |
| Rollback to CEA                    | 142,000              | -                                | -                                    | -                 | 142,000              |
| Landfill contingency               | 407,928              | -                                | -                                    | 407,927           | 815,855              |
| DARE                               | 418                  | -                                | -                                    | -                 | 418                  |
| <b>Total Assigned</b>              | <b>\$ 2,718,587</b>  | <b>\$ -</b>                      | <b>\$ 7,402,124</b>                  | <b>\$ 508,011</b> | <b>\$ 10,628,722</b> |
| <b>Unassigned</b>                  | <b>\$ 27,244,942</b> | <b>\$ -</b>                      | <b>\$ -</b>                          | <b>\$ -</b>       | <b>\$ 27,244,942</b> |
| <b>Total Fund Balances</b>         | <b>\$ 31,258,713</b> | <b>\$ 1,625</b>                  | <b>\$ 11,584,063</b>                 | <b>\$ 508,011</b> | <b>\$ 43,352,412</b> |

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

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

**11. Net position**

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

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

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

**12. Reclassifications**

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

**E. Investments**

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

**F. Use of Estimates**

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

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

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**G. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one type of item that qualifies for reporting in this category. It is comprised of certain items related pension and OPEB. For more detailed information on these items, reference the related notes.

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

**H. Pensions**

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

**I. Other Postemployment Benefits (OPEB)**

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

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

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**I. Other Postemployment Benefits (OPEB) (continued)**

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

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

**J. Leases**

The County and Component Unit School Board (The County) leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

***Lessee***

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

***Lessor***

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

***Key Estimates and Judgments***

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The County monitors changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

**A. Budgets and Budgetary Accounting**

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each function can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system’s categories. The legal level of budgetary control is at the function level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria Fund are integrated only at the level of legal adoption. The School Activity Fund does not have a legally adopted budget.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2022. Several supplemental appropriations were necessary during the year.

**B. Excess of expenditures over appropriations:**

For the year ended June 30, 2022, the following functions had expenditures exceeding appropriations:

| Fund                     | Function            | Excess of Expenditures<br>over Appropriations |
|--------------------------|---------------------|---|
| General Fund             | General Govt. Admin | \$ 36,269                                     |
| General Fund             | Public Safety       | 755,028                                       |
| General Fund             | Health and Welfare  | 1,701,957                                     |
| Total General Fund       |                     | \$ 2,493,254                                  |
| Debt Service Fund        | Debt Service        | 553,437                                       |
| Total Primary Government |                     | \$ 2,529,523                                  |

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 3—ADOPTION OF ACCOUNTING PRINCIPLE:**

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. This Statement is designed to improve accounting and financial reporting for leases by governments. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

|                                      | General           | Governmental      | Discretely Presented<br>Component Unit<br>School Board |
|--------------------------------------|-------------------|-------------------|--|
|                                      | Fund              | Activities        | Governmental<br>Activities                             |
|                                      | <u>          </u> | <u>          </u> | <u>          </u>                                      |
| Lessee activity:                     |                   |                   |  |
| Lease assets                         | \$ -              | \$ 136,592        | \$ 1,478,941   |
| Lease liabilities                    | \$ -              | \$ 136,592        | \$ 1,478,941   |
| Lessor activity:                     |                   |                   |  |
| Leases receivable                    | \$ 5,766,662      | \$ -              | \$ -   |
| Deferred inflows of resources-leases | \$ 5,766,662      | \$ -              | \$ -   |

**NOTE 4—DEPOSITS AND INVESTMENTS:**

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

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

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)**

Credit Risk of Debt Securities

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

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

**County's Rated Debt Investments' Values**

| <b>Rated Debt Investments</b>    | <b>Fair Quality Ratings</b> |
|----------------------------------|-----------------------------|
|                                  | <b>AAAm</b>                 |
| Local Government Investment Pool | \$ 37,908,542               |
| Total                            | \$ 37,908,542               |

External Investment Pool

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

Interest Rate Risk

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

**Investment Maturities (in years)**

| <b>Investment Type</b>           | <b>Fair Value</b> | <b>Less Than<br/>1 Year</b> |
|----------------------------------|-------------------|-----------------------------|
| Local Government Investment Pool | \$ 37,908,542     | \$ 37,908,542               |
| Total                            | \$ 37,908,542     | \$ 37,908,542               |

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 5—INTERFUND OBLIGATIONS:**

|                                       | Due<br>From<br>Component<br>Unit | Due<br>To<br>Component<br>Unit | Due from<br>Other<br>Funds  | Due to<br>Other<br>Funds    |
|---------------------------------------|----------------------------------|--------------------------------|-----------------------------|-----------------------------|
|                                       | <u>                    </u>      | <u>                    </u>    | <u>                    </u> | <u>                    </u> |
| Primary Government:                   |                                  |                                |                             |                             |
| General Fund                          | \$ 3,771,719                     | \$ -                           | \$ -                        | \$ -                        |
| Sub-total                             | <u>\$ 3,771,719</u>              | <u>\$ -</u>                    | <u>\$ -</u>                 | <u>\$ -</u>                 |
| Discretely Presented Component Units: |                                  |                                |                             |                             |
| School Operating Fund                 | \$ -                             | \$ 3,771,719                   | \$ 145,157                  | \$ -                        |
| School Cafeteria Fund                 | -                                | -                              | -                           | 145,157                     |
| Sub-total                             | <u>\$ -</u>                      | <u>\$ 3,771,719</u>            | <u>\$ 145,157</u>           | <u>\$ 145,157</u>           |
| Total reporting entity                | <u>\$ 3,771,719</u>              | <u>\$ 3,771,719</u>            | <u>\$ 145,157</u>           | <u>\$ 145,157</u>           |

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

**NOTE 6—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2022 consisted of the following:

| Fund                        | Transfers In                | Transfers Out               |
|-----------------------------|-----------------------------|-----------------------------|
| <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Primary Government:         |                             |                             |
| General Fund                | \$ -                        | \$ 7,287,328                |
| County Debt Service         | 5,919,195                   | -                           |
| Landfill Contingency        | 50,546                      | -                           |
| North Fork Wastewater       | 251,132                     | -                           |
| Landfill                    | 1,066,455                   | -                           |
| Total                       | <u>\$ 7,287,328</u>         | <u>\$ 7,287,328</u>         |

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

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 7—DUE FROM OTHER GOVERNMENTAL UNITS:**

|                                  | Primary<br>Government | Component<br>Unit<br>School Board | Component<br>Unit<br>Library |
|----------------------------------|-----------------------|-----------------------------------|------------------------------|
| Commonwealth of Virginia:        |                       |                                   |                              |
| State sales taxes                | \$ -                  | \$ 1,492,238                      | \$ -                         |
| Local sales taxes                | 865,192               | -                                 | -                            |
| Comprehensive services act funds | 1,477,848             | -                                 | -                            |
| Public assistance and welfare    | 117,032               | -                                 | -                            |
| Fringe benefits                  | 246,252               | -                                 | -                            |
| Opioid settlement                | 772,640               | -                                 | -                            |
| Other funds                      | 183,753               | 120,145                           | 14,204                       |
| Federal Government:              |                       |                                   |                              |
| Public assistance and welfare    | 186,601               | -                                 | -                            |
| Other funds                      | 134,393               | -                                 | -                            |
| CARES Act ESSERF                 | -                     | 1,259,447                         | -                            |
| School funds                     | -                     | 603,849                           | -                            |
| Cafeteria funds                  | -                     | 48,603                            | -                            |
| <b>Total</b>                     | <b>\$ 3,983,711</b>   | <b>\$ 3,524,282</b>               | <b>\$ 14,204</b>             |

**NOTE 8—CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2022 was as follows:

**Primary Government**

|  | Beginning<br>Balance   | GASB 87<br>Implementation | Increases             | Decreases             | Ending<br>Balance      |
|--|------------------------|---------------------------|-----------------------|-----------------------|------------------------|
| <b>Governmental Activities:</b>                    |                        |                           |                       |                       |                        |
| Capital assets not being depreciated:              |                        |                           |                       |                       |                        |
| Land   | \$ 4,908,718           | \$ -                      | \$ -                  | \$ -                  | \$ 4,908,718           |
| Construction in progress                           | 9,304,420              | -                         | 3,999,586             | -                     | 13,304,006             |
| Total capital assets<br>not being depreciated      | <u>\$ 14,213,138</u>   | <u>\$ -</u>               | <u>\$ 3,999,586</u>   | <u>\$ -</u>           | <u>\$ 18,212,724</u>   |
| Capital assets being depreciated:                  |                        |                           |                       |                       |                        |
| Buildings and improvements                         | \$ 46,556,089          | \$ -                      | \$ -                  | \$ (1,494,672)        | \$ 45,061,417          |
| Machinery and equipment                            | 12,584,118             | -                         | 1,378,209             | (2,068,115)           | 11,894,212             |
| Total capital assets being depreciated             | <u>\$ 59,140,207</u>   | <u>\$ -</u>               | <u>\$ 1,378,209</u>   | <u>\$ (3,562,787)</u> | <u>\$ 56,955,629</u>   |
| Accumulated depreciation:                          |                        |                           |                       |                       |                        |
| Buildings and improvements                         | \$ (11,069,698)        | \$ -                      | \$ (856,224)          | \$ 763,042            | \$ (11,162,880)        |
| Machinery and equipment                            | (9,330,406)            | -                         | (641,049)             | 552,187               | (9,419,268)            |
| Total accumulated depreciation                     | <u>\$ (20,400,104)</u> | <u>\$ -</u>               | <u>\$ (1,497,273)</u> | <u>\$ 1,315,229</u>   | <u>\$ (20,582,148)</u> |
| Total capital assets being depreciated, net        | <u>\$ 38,740,103</u>   | <u>\$ -</u>               | <u>\$ (119,064)</u>   | <u>\$ (2,247,558)</u> | <u>\$ 36,373,481</u>   |
| Lease assets:                                      |                        |                           |                       |                       |                        |
| Equipment  | \$ -                   | \$ 136,592                | \$ 101,328            | \$ -                  | \$ 237,920             |
| Accumulated amortization                           | -                      | -                         | (42,567)              | -                     | (42,567)               |
| Net lease assets                                   | <u>\$ -</u>            | <u>\$ 136,592</u>         | <u>\$ 58,761</u>      | <u>\$ -</u>           | <u>\$ 195,353</u>      |
| <b>Governmental activities capital assets, net</b> | <b>\$ 52,953,241</b>   | <b>\$ 136,592</b>         | <b>\$ 3,939,283</b>   | <b>\$ (2,247,558)</b> | <b>\$ 54,781,558</b>   |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

|   | Beginning<br>Balance | Increases      | Decreases   | Ending<br>Balance |
|---|----------------------|----------------|-------------|-------------------|
| <b>Business-type Activities:</b>              |                      |                |             |                   |
| Capital assets not being depreciated:         |                      |                |             |                   |
| Land  | \$ 503,500           | \$ -           | \$ -        | \$ 503,500        |
| Construction in progress                      | 47,355               | -              | (47,355)    | -                 |
| Total capital assets<br>not being depreciated | \$ 550,855           | \$ -           | \$ (47,355) | \$ 503,500        |
| Capital assets being depreciated:             |                      |                |             |                   |
| Buildings and infrastructure                  | \$ 11,040,940        | \$ -           | \$ -        | \$ 11,040,940     |
| Water distribution system                     | 14,716,224           | 355,979        | -           | 15,072,203        |
| Lease equipment                               | -                    | -              | -           | -                 |
| Machinery and equipment                       | 11,814,241           | 694,803        | -           | 12,509,044        |
| Total capital assets being depreciated        | \$ 37,571,405        | \$ 1,050,782   | \$ -        | \$ 38,622,187     |
| Accumulated depreciation:                     |                      |                |             |                   |
| Buildings and improvements                    | \$ (3,959,654)       | \$ (548,452)   | \$ -        | \$ (4,508,106)    |
| Wells, lines and reservoirs                   | (9,924,861)          | (205,049)      | -           | (10,129,910)      |
| Lease equipment                               | -                    | (518,108)      | -           | (518,108)         |
| Machinery and equipment                       | (8,587,733)          | 73,879         | -           | (8,513,854)       |
| Total accumulated depreciation                | \$ (22,472,237)      | \$ (1,197,730) | \$ -        | \$ (23,669,978)   |
| Business-type activities, capital assets, net | \$ 15,650,023        | \$ (146,948)   | \$ (47,355) | \$ 15,455,709     |

Capital assets of the governmental activities in the amount of \$3,013,679 were transferred to the Component Unit School Board, capital assets in the amount of \$2,734,485 were transferred from the Component unit School Board to the Primary Government, additionally, a net transfer of \$803,490 was transferred in accumulated depreciation from the governmental activities to the Component Unit School Board, due to debt repayments made by the Primary Government for the year ended June 30, 2022 as required by the Code of Virginia.

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

|   |              |
|---|--------------|
| Governmental Activities:  |              |
| General government administration                                   | \$ 529,557   |
| Judicial administration   | 236,885      |
| Public safety   | 721,059      |
| Public works  | 10,772       |
| Health and welfare  | 13,011       |
| Parks, recreation, and cultural                                     | 28,556       |
| Total depreciation and amortization expense-governmental activities | \$ 1,539,840 |
| Business-type Activities:   |              |
| Stoney Creek Sanitary District                                      | \$ 157,851   |
| Toms Brook-Maurertown Sanitary District                             | 124,120      |
| North Fork Wastewater Fund  | 8,888        |
| Landfill  | 906,871      |
| Total depreciation expense business-type activities                 | \$ 1,197,730 |

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 8—CAPITAL ASSETS: (CONTINUED)**

**Discretely Presented Component Units:**

Activity for the School Board for the year ended June 30, 2022 was as follows:

|  | Beginning<br>Balance | GASB 87<br>Implementation | Increases      | Decreases      | Ending<br>Balance |
|--|----------------------|---------------------------|----------------|----------------|-------------------|
| Capital assets not being depreciated:          |                      |                           |                |                |                   |
| Land   | \$ 5,725,275         | \$ -                      | \$ -           | \$ -           | \$ 5,725,275      |
| Construction in progress                       | -                    | -                         | 4,213,132      | (2,734,485)    | 1,478,647         |
| Total capital assets<br>not being depreciated  | \$ 5,725,275         | \$ -                      | \$ 4,213,132   | \$ (2,734,485) | \$ 7,203,922      |
| Capital assets being depreciated:              |                      |                           |                |                |                   |
| Buildings and improvements                     | \$ 86,924,504        | \$ -                      | \$ 53,974      | \$ 1,479,872   | \$ 88,458,350     |
| Machinery and equipment                        | 15,757,882           | -                         | 3,283,664      | (105,444)      | 18,936,102        |
| Total capital assets<br>being depreciated      | \$ 102,682,386       | \$ -                      | \$ 3,337,638   | \$ 1,374,428   | \$ 107,394,452    |
| Accumulated depreciation:                      |                      |                           |                |                |                   |
| Buildings and improvements                     | \$ (41,876,902)      | \$ -                      | \$ (1,988,181) | \$ (751,638)   | \$ (44,616,721)   |
| Machinery and equipment                        | (10,785,527)         | -                         | (1,558,424)    | 1,587,399      | (10,756,552)      |
| Total accumulated depreciation                 | \$ (52,662,429)      | \$ -                      | \$ (3,546,605) | \$ 835,761     | \$ (55,373,273)   |
| Total capital assets<br>being depreciated, net | \$ 50,019,957        | \$ -                      | \$ (208,967)   | \$ 2,210,189   | \$ 52,021,179     |
| Lease assets:                                  |                      |                           |                |                |                   |
| Equipment                                      | \$ -                 | \$ 1,478,941              | \$ -           | \$ -           | \$ 1,478,941      |
| Accumulated amortization                       | -                    | -                         | -              | (250,916)      | (250,916)         |
| Net lease assets                               | \$ -                 | \$ 1,478,941              | \$ -           | \$ (250,916)   | \$ 1,228,025      |
| School Board capital assets, net               | \$ 55,745,232        | \$ 1,478,941              | \$ 4,004,165   | \$ (775,212)   | \$ 60,453,126     |

Capital assets of the governmental activities in the amount of \$3,013,679 were transferred to the Component Unit School Board, capital assets in the amount of \$2,734,485 were transferred from the Component unit School Board to the Primary Government, additionally, a net transfer of \$803,490 was transferred in accumulated depreciation from the governmental activities to the Component Unit School Board, due to debt repayments made by the Primary Government for the year ended June 30, 2022 as required by the Code of Virginia.

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 8—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Units: (continued)

Activity for the Shenandoah County Library for the year ended June 30, 2022 was as follows:

|   | Beginning<br>Balance | Increases   | Decreases   | Ending<br>Balance |
|---|----------------------|-------------|-------------|-------------------|
| Capital assets not being depreciated:               |                      |             |             |                   |
| Construction in progress                            | \$ 65,910            | \$ 121,125  | \$ -        | \$ 187,035        |
| Capital assets being depreciated:                   |                      |             |             |                   |
| Buildings and system                                | \$ 291,416           | \$ -        | \$ -        | \$ 291,416        |
| Machinery and equipment                             | 289,039              | 26,733      | (12,348)    | 303,424           |
| Total capital assets being depreciated              | \$ 580,455           | \$ 26,733   | \$ (12,348) | \$ 594,840        |
| Accumulated depreciation:                           |                      |             |             |                   |
| Buildings and system                                | \$ (135,198)         | \$ (7,752)  | \$ -        | \$ (142,950)      |
| Machinery and equipment                             | (147,009)            | (32,756)    | 12,348      | (167,417)         |
| Total accumulated depreciation                      | \$ (282,207)         | \$ (40,508) | \$ 12,348   | \$ (310,367)      |
| Total Library capital assets being depreciated, net | \$ 298,248           | \$ (13,775) | \$ -        | \$ 284,473        |
| Library capital assets, net                         | \$ 364,158           | \$ 107,350  | \$ -        | \$ 471,508        |

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**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

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**NOTE 9—UNEARNED REVENUE:**

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Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$8,468,378 is comprised of the following:

- A. Unearned Revenue – Former Employee – In conjunction with the plea agreement of the former County landfill director on criminal charges of mail fraud, money laundering and forfeiture of assets, he agreed to provide restitution to the County in the amount of \$400,000 of which \$214,656 was outstanding at June 30, 2022. Payments commenced February 1, 1996, with final payment due February 1, 2001. This agreement is secured by the personal residence of the former director and other assets. Other restitution received by the County from the sale of assets seized by the authorities in September 1994 will not be applied against this restitution amount. The February 1, 1998 and 1997 payments were not made by the former employee. Therefore, the plea agreement was violated. As a result of violating the agreement, the former employee’s personal residence was seized and sold on September 23, 1997, for \$192,500. After payment of liens and selling expense, the County received \$106,598 in July 1998.
- B. Asset Forfeiture Proceeds – Assets seized as a result of law enforcement raids awaiting approval from the federal government totaled \$127,840 at June 30, 2022.
- C. Parks and Recreation Trip Deposits– Funds collected for future recreational trips totaled \$117,797 at June 30, 2022.
- D. ARPA Funding–Funds received from American Rescue Plan Act unspent at June 30, 2022 totaled \$8,005,177.
- E. Payments From Other Localities–Funds received from Warren County unspent at June 30, 2022 totaled \$2,908.

**NOTE 10—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:**

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Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$30,713,308, \$35,499,714, and \$745,802 respectively, is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2022, but paid in advance by the taxpayers totaled \$4,804,865 in the general fund at June 30, 2022.
- B. Unbilled Property Taxes – Property taxes for the second half of 2022 that had not been billed as of June 30, 2022 amounted to \$25,908,443.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$4,786,406 at June 30, 2022.
- D. Unavailable Revenue-Opioid Settlement – Unavailable revenue related to the opioid lawsuit settlement totaled \$745,802 at June 30, 2022.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 11—LONG-TERM LIABILITIES:**

Changes in long-term obligations

The following is a summary of changes in long-term liability transactions of the Primary Government for the year ended June 30, 2022:

|  | Balance<br>July 1,<br>2021 | GASB 87<br>Implementation | Issuances/<br>Increases | Retirements/<br>Decreases | Balance<br>June 30,<br>2022 |
|--|----------------------------|---------------------------|-------------------------|---------------------------|-----------------------------|
| <u>Governmental Activities:</u>          |                            |                           |                         |                           |                             |
| <b>Direct Borrowings and Placements:</b> |                            |                           |                         |                           |                             |
| General Obligation Bonds                 | \$ 16,909,140              | \$ -                      | \$ -                    | \$ 3,934,449              | \$ 12,974,691               |
| Bond Premium                             | 2,042,590                  | -                         | -                       | 190,452                   | 1,852,138                   |
| Lease Revenue Bonds                      | 19,575,000                 | -                         | 5,700,000               | 740,000                   | 24,535,000                  |
| Loans Payable                            | 1,093,869                  | -                         | 168,510                 | 412,388                   | 849,991                     |
| Total direct borrowings and placements   | <u>\$ 39,620,599</u>       | <u>\$ -</u>               | <u>\$ 5,868,510</u>     | <u>\$ 5,277,289</u>       | <u>\$ 40,211,820</u>        |
| Other Liabilities:                       |                            |                           |                         |                           |                             |
| Leases Liabilities                       | \$ -                       | \$ 136,592                | \$ 101,431              | \$ 376                    | \$ 237,647                  |
| Compensated Absences                     | 1,152,939                  | -                         | 615,302                 | 691,764                   | 1,076,478                   |
| Net OPEB Liabilities                     | 2,717,953                  | -                         | 621,193                 | 685,030                   | 2,654,116                   |
| Total Governmental Activities            | <u>\$ 43,491,491</u>       | <u>\$ 136,592</u>         | <u>\$ 7,206,436</u>     | <u>\$ 6,654,459</u>       | <u>\$ 44,180,061</u>        |
| <u>Business-type Activities:</u>         |                            |                           |                         |                           |                             |
| <b>Direct Borrowings and Placements:</b> |                            |                           |                         |                           |                             |
| General Obligation/Revenue Bonds         | \$ 3,064,488               | \$ -                      | \$ -                    | \$ 262,186                | \$ 2,802,302                |
| Bond Premium                             | 458,713                    | -                         | -                       | 45,871                    | 412,842                     |
| Loans Payable                            | 512,135                    | -                         | -                       | 205,098                   | 307,037                     |
| Note Payable                             | 494,837                    | -                         | -                       | 135,972                   | 358,865                     |
| Total direct borrowings and placements   | <u>\$ 4,530,173</u>        | <u>\$ -</u>               | <u>\$ -</u>             | <u>\$ 649,127</u>         | <u>\$ 3,881,046</u>         |
| Other Liabilities:                       |                            |                           |                         |                           |                             |
| Compensated Absences                     | 132,963                    | -                         | 87,806                  | 79,778                    | 140,991                     |
| Net OPEB Liabilities                     | 311,239                    | -                         | 59,728                  | 106,375                   | 264,592                     |
| Landfill Closure and Post-Closure Care   | 11,952,732                 | -                         | 875,292                 | -                         | 12,828,024                  |
| Total Business-type Activities           | <u>\$ 16,927,107</u>       | <u>\$ -</u>               | <u>\$ 1,022,826</u>     | <u>\$ 835,280</u>         | <u>\$ 17,114,653</u>        |
| Total Long-Term Obligations              | <u>\$ 60,418,598</u>       | <u>\$ 136,592</u>         | <u>\$ 8,229,262</u>     | <u>\$ 7,489,738</u>       | <u>\$ 61,294,714</u>        |

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 11—LONG-TERM LIABILITIES: (CONTINUED)

The County’s outstanding notes from direct borrowings and direct placements related to governmental and business-type activities of \$40,211,820 and \$3,881,046, respectively, contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

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

| Year Ending<br>June 30, | Direct Borrowings and Direct Placements |           |                     |              |
|-------------------------|---|-----------|---------------------|--------------|
|                         | Governmental Activities                 |           |                     |              |
|                         | Loans Payable                           |           | Lease Revenue Bonds |              |
|                         | Principal                               | Interest  | Principal           | Interest     |
| 2023                    | \$ 420,961                              | \$ 12,109 | \$ 1,307,000        | \$ 830,238   |
| 2024                    | 251,218                                 | 4,971     | 1,513,000           | 809,244      |
| 2025                    | 144,110                                 | 835       | 1,560,000           | 765,847      |
| 2026                    | 33,702                                  | -         | 1,592,000           | 721,572      |
| 2027                    | -                                       | -         | 1,574,000           | 674,762      |
| 2028                    | -                                       | -         | 1,467,000           | 625,696      |
| 2029                    | -                                       | -         | 1,464,000           | 576,022      |
| 2030                    | -                                       | -         | 1,502,000           | 523,937      |
| 2031                    | -                                       | -         | 1,554,000           | 470,271      |
| 2032                    | -                                       | -         | 1,612,000           | 414,729      |
| 2033                    | -                                       | -         | 1,060,000           | 358,363      |
| 2034                    | -                                       | -         | 1,105,000           | 309,603      |
| 2035                    | -                                       | -         | 1,155,000           | 258,953      |
| 2036                    | -                                       | -         | 1,205,000           | 209,478      |
| 2037                    | -                                       | -         | 1,260,000           | 160,563      |
| 2038                    | -                                       | -         | 1,305,000           | 109,659      |
| 2039                    | -                                       | -         | 1,360,000           | 56,741       |
| 2040                    | -                                       | -         | 225,000             | 26,169       |
| 2041                    | -                                       | -         | 230,000             | 18,975       |
| 2042                    | -                                       | -         | 240,000             | 11,544       |
| 2043                    | -                                       | -         | 245,000             | 3,875        |
| Total                   | \$ 849,991                              | \$ 17,915 | \$ 24,535,000       | \$ 7,936,241 |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 11—LONG-TERM LIABILITIES: (CONTINUED)

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

| Year Ending<br>June 30, | Governmental Activities                 |              |                   |          |
|-------------------------|---|--------------|-------------------|----------|
|                         | Direct Borrowings and Direct Placements |              |                   |          |
|                         | General Obligation Bonds                |              | Lease Liabilities |          |
|                         | Principal                               | Interest     | Principal         | Interest |
| 2023                    | \$ 4,072,128                            | \$ 833,193   | \$ 66,819         | \$ 799   |
| 2024                    | 2,162,468                               | 703,893      | 62,603            | 1,312    |
| 2025                    | 2,218,180                               | 622,133      | 58,360            | 779      |
| 2026                    | 2,032,314                               | 538,513      | 27,459            | 273      |
| 2027                    | 2,094,789                               | 452,190      | 18,696            | 104      |
| 2028                    | 262,490                                 | 9,947        | 3,710             | 11       |
| 2029                    | 132,322                                 | 2,013        | -                 | -        |
| Total                   | \$ 12,974,691                           | \$ 3,161,882 | \$ 237,647        | \$ 3,278 |

| Year Ending<br>June 30, | Business-type Activities                         |           |                       |            |
|-------------------------|--|-----------|-----------------------|------------|
|                         | Direct Borrowings and Direct Placements          |           |                       |            |
|                         | Toms Brook-Maurertown<br>Sanitary District Bonds |           | Landfill<br>VRA Loans |            |
|                         | Principal  | Interest  | Principal             | Interest   |
| 2023                    | \$ 28,400  | \$ 9,040  | \$ 239,097            | \$ 112,993 |
| 2024                    | 29,704   | 7,736     | 251,137               | 101,985    |
| 2025                    | 31,069   | 6,371     | 263,236               | 90,404     |
| 2026                    | 32,496   | 4,944     | 275,398               | 78,249     |
| 2027                    | 33,989   | 3,451     | 287,623               | 65,517     |
| 2028                    | 35,550   | 1,890     | 299,914               | 52,208     |
| 2029                    | 22,633   | 337       | 317,273               | 38,190     |
| 2030                    | -  | -         | 329,701               | 23,461     |
| 2031                    | -  | -         | 325,082               | 8,021      |
|                         | \$ 213,841                                       | \$ 33,769 | \$ 2,588,461          | \$ 571,028 |

| Year Ending<br>June 30, | Business-type Activities                |           |                          |           |
|-------------------------|---|-----------|--------------------------|-----------|
|                         | Direct Borrowings and Direct Placements |           |                          |           |
|                         | Landfill<br>Loans Payable               |           | Landfill<br>Note Payable |           |
|                         | Principal                               | Interest  | Principal                | Interest  |
| 2023                    | \$ 178,249                              | \$ 6,993  | \$ 140,381               | \$ 9,660  |
| 2024                    | 63,646                                  | 3,026     | 144,610                  | 5,432     |
| 2025                    | 65,142                                  | 1,530     | 73,874                   | 683       |
|                         | \$ 307,037                              | \$ 11,549 | \$ 358,865               | \$ 15,775 |

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 11—LONG-TERM LIABILITIES: (CONTINUED)**

Details of long-term liabilities:

| Type/<br>Project   | Issue Date/<br>Term | Amount of<br>Original<br>Issue | Interest<br>Rates | Amount of<br>Principal<br>Installments | Final<br>Maturity<br>Date | Balance       | Amount<br>Due Within<br>One Year |
|--|---------------------|--------------------------------|-------------------|--|---------------------------|---------------|----------------------------------|
| <b>Primary Government:</b>                               |                     |                                |                   |  |                           |               |                                  |
| Governmental activities:                                 |                     |                                |                   |  |                           |               |                                  |
| Lease revenue bonds:                                     |                     |                                |                   |  |                           |               |                                  |
| 2012C lease revenue bonds                                | 12/6/2012           | \$ 4,495,000                   | 3.125-4.845%      | \$125,000-<br>\$245,000                | 10/1/2042                 | \$ 3,785,000  | \$ 125,000                       |
| Unamortized premium on Issuance                          | n/a                 | n/a                            | n/a               | n/a                                    | n/a                       | 199,958       | 9,522                            |
| 2018C lease revenue bonds                                | 11/14/2018          | \$ 13,970,000                  | 4.125-5.125%      | \$350,000-<br>\$1,145,000              | 4/1/2039                  | 13,620,000    | 350,000                          |
| Unamortized premium on Issuance                          | n/a                 | n/a                            | n/a               | n/a                                    | n/a                       | 1,428,543     | 51,019                           |
| 2020C lease revenue bonds                                | 9/25/2020           | \$ 1,475,000                   | .41-1.538%        | \$10,000-<br>\$280,000                 | 4/1/2029                  | 1,430,000     | 280,000                          |
| 2021 lease revenue bonds                                 | 10/21/2021          | \$ 5,700,000                   | 1.315%            | A                                      | 6/30/2032                 | 5,700,000     | 552,000                          |
| Total lease revenue bonds                                |                     |                                |                   |  |                           | \$ 26,163,501 | \$ 1,367,541                     |
| General obligation bonds:                                |                     |                                |                   |  |                           |               |                                  |
| VRA Mt. Jackson WWTP                                     | 6/30/2008           | \$ 4,000,000                   | 3.00%             | \$132,000-<br>\$262,490                | 1/1/2029                  | \$ 1,596,167  | \$ 226,179                       |
| VRA Series 2009B Courthouse                              | 11/19/2009          | \$ 15,760,000                  | 5.125%            | \$1,170,000-<br>\$1,355,000            | n/a                       | 6,295,000     | 1,170,000                        |
| Unamortized premium on Issuance                          | n/a                 | n/a                            | n/a               | n/a                                    | n/a                       | 135,563       | 45,188                           |
| School Bonds VPSA 2002                                   | 5/16/2002           | \$ 25,140,000                  | 3.60-5.60%        | \$1,965,000                            | 7/15/2022                 | 1,965,000     | 1,965,000                        |
| Unamortized premium on Issuance                          | n/a                 | n/a                            | n/a               | n/a                                    | n/a                       | 41,801        | 41,801                           |
| School bonds VPSA 2004B                                  | 11/10/2004          | \$ 4,130,808                   | 4.6-5.6%          | \$230,949-<br>\$238,122                | 1/15/2025                 | 703,524       | 230,949                          |
| Unamortized premium on Issuance                          | n/a                 | n/a                            | n/a               | n/a                                    | n/a                       | 46,273        | 15,171                           |
| QSCB Series 2010*  | 7/8/2010            | \$ 7,435,000                   | 2.70%             | \$480,000-<br>\$485,000                | 6/1/2027                  | 2,415,000     | 480,000                          |
| Net general obligation school bonds                      |                     |                                |                   |  |                           | \$ 13,198,328 | \$ 4,174,288                     |
| * interest reimbursed by federal interest subsidy        |                     |                                |                   |  |                           |               |                                  |
| Other liabilities:                                       |                     |                                |                   |  |                           |               |                                  |
| Loans payable:   |                     |                                |                   |  |                           |               |                                  |
| School buses   | 6/1/2018            | \$ 729,723                     | 2.80%             | M \$156,899                            | 6/1/2023                  | \$ 154,191    | \$ 154,191                       |
| Computer software  | 1/25/2019           | \$ 98,823                      | 2.25%             | M \$19,881                             | 6/1/2023                  | 19,881        | 19,881                           |
| School buses   | 10/29/2019          | \$ 1,055,703                   | 2.02%             | A \$222,487                            | 10/29/2024                | 541,111       | 213,187                          |
| Sheriff body cameras                                     | 10/14/2021          | \$ 168,510                     | 0.00%             | A \$33,702                             | 10/31/2025                | 134,808       | 33,702                           |
| Total loans payable                                      |                     |                                |                   |  |                           | \$ 849,991    | \$ 420,961                       |
| Lease liabilities:                                       |                     |                                |                   |  |                           |               |                                  |
| Copiers  |                     | \$ 280,487                     | 4.11%             | M \$67,619                             | 2024/2029                 | \$ 237,647    | \$ 66,819                        |
| Total lease liabilities                                  |                     |                                |                   |  |                           | \$ 237,647    | \$ 66,819                        |
| Net OPEB liabilities (payable from general fund)         |                     |                                |                   |  |                           | 2,654,116     | -                                |
| Compensated absences (payable from general fund)         |                     |                                |                   |  |                           | 1,076,478     | 288,235                          |
| Total other liabilities                                  |                     |                                |                   |  |                           | \$ 3,968,241  | \$ 355,054                       |
| Total long-term liabilities from governmental activities |                     |                                |                   |  |                           | \$ 44,180,061 | \$ 6,317,844                     |

A = annual installments

M = monthly installments

SA = semi-annual installments

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 11—LONG-TERM LIABILITIES: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term liabilities: (continued)

| Type/<br>Project   | Issue Date/<br>Term | Amount of<br>Original<br>Issue | Interest<br>Rates | Amount of<br>Principal<br>Installments | Final<br>Maturity<br>Date | Balance       | Amount<br>Due Within<br>One Year |
|--|---------------------|--------------------------------|-------------------|--|---------------------------|---------------|----------------------------------|
| Business-type activities:                                    |                     |                                |                   |  |                           |               |                                  |
| Lease revenue bonds:   |                     |                                |                   |  |                           |               |                                  |
| VRA Bond 2011-Landfill                                       | 12/1/2012           | \$ 1,340,415                   | 2.93%             | SA \$84,700-<br>\$170,000-             | 6/30/2031                 | \$ 678,461    | \$ 69,097                        |
| VRA Bond 2010-Landfill                                       | 11/18/2020          | \$ 2,075,000                   | 5.13%             | SA \$260,000                           | 4/30/2031                 | 1,910,000     | 170,000                          |
| Unamortized premium on Issuance                              | n/a                 | n/a                            | n/a               | n/a                                    | n/a                       | 412,842       | 45,871                           |
| Total lease revenue bonds                                    |                     |                                |                   |  |                           | \$ 3,001,303  | \$ 284,968                       |
| General obligation bonds:                                    |                     |                                |                   |  |                           |               |                                  |
| 1995 GO Bond-Tom's Brook                                     | 8/1/1995            | \$ 634,000                     | 4.50%             | M \$37,440                             | 2/1/2029                  | \$ 213,841    | \$ 28,400                        |
| Notes payable:   |                     |                                |                   |  |                           |               |                                  |
| Landfill note payable  | 7/18/2019           | \$ 691,178                     | 2.99%             | SA \$150,041                           | 7/18/2024                 | \$ 358,865    | \$ 140,381                       |
| Loans payable:   |                     |                                |                   |  |                           |               |                                  |
| Landfill equipment   | 4/27/2017           | \$ 330,260                     | 2.36%             | M \$32,756                             | 1/1/2023                  | \$ 32,293     | \$ 32,293                        |
| Landfill equipment   | 6/7/2018            | \$ 393,147                     | 3.24%             | M \$85,814                             | 6/8/2023                  | 83,770        | 83,770                           |
| Landfill equipment   | 12/13/2019          | \$ 314,140                     | 2.35%             | M \$66,672                             | 6/11/2025                 | 190,974       | 62,186                           |
| Total loans payable  |                     |                                |                   |  |                           | \$ 307,037    | \$ 178,249                       |
| Other Liabilities:   |                     |                                |                   |  |                           |               |                                  |
| Landfill closure and post-closure care                       |                     |                                |                   |  |                           | 12,828,024    | -                                |
| Net OPEB liabilities (payable from business-type activities) |                     |                                |                   |  |                           | 264,592       | -                                |
| Compensated absences (payable from business-type activities) |                     |                                |                   |  |                           | 140,991       | 35,248                           |
| Total Other Liabilities                                      |                     |                                |                   |  |                           | \$ 13,233,607 | \$ 35,248                        |
| Total business-type activities                               |                     |                                |                   |  |                           | \$ 17,114,653 | \$ 667,246                       |

A = annual installments                      M = monthly installments                      SA = semi-annual installments

**DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD:**

Changes in long-term liabilities:

|                       | Balance<br>July 1,<br>2021 | GASB 87<br>Implementation | Increases     | Decreases     | Balance<br>June 30,<br>2022 |
|-----------------------|----------------------------|---------------------------|---------------|---------------|-----------------------------|
| Loan Payable          | \$ 5,306,803               | \$ -                      | \$ -          | \$ -          | \$ 5,306,803                |
| Lease Liability       | -                          | 1,478,941                 | -             | 241,675       | 1,237,266                   |
| Compensated Absences  | 963,620                    | -                         | 392,195       | 578,172       | 777,643                     |
| Net Pension Liability | 65,477,942                 | -                         | 13,933,833    | 45,749,432    | 33,662,343                  |
| Net OPEB Liabilities  | 15,182,588                 | -                         | 3,384,281     | 3,270,421     | 15,296,448                  |
| Total                 | \$ 86,930,953              | \$ 1,478,941              | \$ 17,710,309 | \$ 49,839,700 | \$ 56,280,503               |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 11—LONG-TERM LIABILITIES: (CONTINUED)

**DISCRETELY PRESENTED COMPONENT UNIT-SCHOOL BOARD: (continued)**

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

| Year Ending<br>June 30, | Component Unit School Board |              |                   |           |
|-------------------------|-----------------------------|--------------|-------------------|-----------|
|                         | Loans Payable               |              | Lease Liabilities |           |
|                         | Principal                   | Interest     | Principal         | Interest  |
| 2023                    | \$ 5,410                    | \$ 275,909   | \$ 237,401        | \$ 18,781 |
| 2024                    | 149,731                     | 140,027      | 231,967           | 14,922    |
| 2025                    | 162,491                     | 135,960      | 220,847           | 11,223    |
| 2026                    | 175,856                     | 131,550      | 190,959           | 7,717     |
| 2027                    | 189,849                     | 126,779      | 176,543           | 4,657     |
| 2028                    | 204,495                     | 121,633      | 179,549           | 1,649     |
| 2029                    | 203,586                     | 116,199      | -                 | -         |
| 2030                    | 218,999                     | 110,682      | -                 | -         |
| 2031                    | 235,093                     | 104,750      | -                 | -         |
| 2032                    | 251,568                     | 98,388       | -                 | -         |
| 2033                    | 268,637                     | 91,584       | -                 | -         |
| 2034                    | 285,742                     | 84,325       | -                 | -         |
| 2035                    | 304,894                     | 76,598       | -                 | -         |
| 2036                    | 316,368                     | 68,412       | -                 | -         |
| 2037                    | 344,510                     | 59,810       | -                 | -         |
| 2038                    | 367,138                     | 50,497       | -                 | -         |
| 2039                    | 387,001                     | 40,600       | -                 | -         |
| 2040                    | 412,821                     | 30,135       | -                 | -         |
| 2041                    | 414,602                     | 19,142       | -                 | -         |
| 2042                    | 408,012                     | 8,012        | -                 | -         |
| Total                   | \$ 5,306,803                | \$ 1,890,992 | \$ 1,237,266      | \$ 58,949 |

Details of long-term liabilities:

Component Unit School Board:

| Type/<br>Project   | Issue Date/<br>Term | Amount of<br>Original<br>Issue | Interest<br>Rates | Amount of<br>Principal<br>Installments | Final<br>Maturity<br>Date | Balance       | Amount<br>Due Within<br>One Year |
|--|---------------------|--------------------------------|-------------------|--|---------------------------|---------------|----------------------------------|
| Liabilities:   |                     |                                |                   |  |                           |               |                                  |
| Loan payable:  |                     |                                |                   |  |                           |               |                                  |
| Energy saving equipment                                      | 6/1/2021            | \$ 5,360,000                   | 2.66%             | SA \$289,758                           | 6/1/2042                  | \$ 5,306,803  | \$ 5,410                         |
| Other Liabilities:   |                     |                                |                   |  |                           |               |                                  |
| Lease liabilities:   |                     |                                |                   |  |                           |               |                                  |
| Copiers  |                     | \$ 309,658                     | .62%-600%         | \$181,200-<br>\$256,182                | 2023-2028                 | \$ 1,237,266  | \$ 237,401                       |
| Net pension liabilities (payable from school operating fund) |                     |                                |                   |  |                           | 33,662,343    | -                                |
| Net OPEB liabilities (payable from school operating fund)    |                     |                                |                   |  |                           | 15,296,448    | -                                |
| Compensated absences (payable from school operating fund)    |                     |                                |                   |  |                           | 777,643       | 194,411                          |
| Total Other Liabilities                                      |                     |                                |                   |  |                           | \$ 50,973,700 | \$ 431,812                       |
| Total long-term liabilities, Component Unit School Board     |                     |                                |                   |  |                           | \$ 56,280,503 | \$ 437,222                       |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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**NOTE 12—OTHER LIABILITIES – ENTERPRISE FUNDS:**

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The other liabilities of the Sanitary Districts at June 30, 2022, consist of the following:

|                   | <u>Stoney Creek</u> | <u>Toms-Brook<br/>Maurertown</u> | <u>Total</u>     |
|-------------------|---------------------|----------------------------------|------------------|
| Security deposits | \$ 5,900            | \$ 15,575                        | \$ 21,475        |
| Total             | <u>\$ 5,900</u>     | <u>\$ 15,575</u>                 | <u>\$ 21,475</u> |

**NOTE 13—DEFERRED COMPENSATION PLAN:**

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

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

**NOTE 14—PENSION PLAN:**

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***Plan Description***

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

***Benefits Structures***

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit.

**NOTE 14—PENSION PLAN: (CONTINUED)**

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***Benefits Structures (continued)***

Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

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

***Average Final Compensation and Service Retirement Multiplier***

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

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

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

**Employees Covered by Benefit Terms**

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board<br/>Nonprofessional</u> |
|--|-------------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 166                           | 163  |
| Inactive members:  |                               |  |
| Vested inactive members  | 55                            | 37   |
| Non-vested inactive members  | 89                            | 84   |
| Inactive members active elsewhere in VRS                             | 215                           | 43   |
| Total inactive members   | 359                           | 164  |
| Active members   | 308                           | 186  |
| Total covered employees  | 833                           | 513  |

**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, 2022 was 10.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,606,075 and \$1,464,690 for the years ended June 30, 2022 and June 30, 2021 respectively.

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

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**NOTE 14—PENSION PLAN: (CONTINUED)**

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***Contributions (continued)***

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 6.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$225,436 and \$215,469 for the years ended June 30, 2022 and June 30, 2021, respectively.

***Net Pension Asset***

The net pension asset (NPA) 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 assets were measured as of June 30, 2021. The total pension assets used to calculate the net pension assets were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

***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, 2020, 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, 2021.

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

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 14—PENSION PLAN: (CONTINUED)**

**Actuarial Assumptions – General Employees (Continued)**

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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NOTE 14—PENSION PLAN: (CONTINUED)

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**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, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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**NOTE 14—PENSION PLAN: (CONTINUED)**

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020                                  |
| Retirement Rates  | Adjusted rates to better fit experience and changed final retirement age from 65 to 70  |
| Withdrawal Rates  | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty |
| Disability Rates  | No change   |
| Salary Scale  | No change   |
| Line of Duty Disability   | No change   |
| Discount Rate   | No change   |

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

**Long-Term Expected Rate of Return**

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

| Asset Class (Strategy)               | Long-Term<br>Target<br>Asset<br>Allocation | Arithmetic<br>Long-term<br>Expected<br>Rate of Return | Weighted<br>Average<br>Long-term<br>Expected<br>Rate of Return* |
|--------------------------------------|--|---|---|
| Public Equity                        | 34.00%                                     | 5.00%   | 1.70%   |
| Fixed Income                         | 15.00%                                     | 0.57%   | 0.09%   |
| Credit Strategies                    | 14.00%                                     | 4.49%   | 0.63%   |
| Real Assets                          | 14.00%                                     | 4.76%   | 0.67%   |
| Private Equity                       | 14.00%                                     | 9.94%   | 1.39%   |
| MAPS - Multi-Asset Public Strategies | 6.00%                                      | 3.29%   | 0.20%   |
| PIP - Private Investment Partnership | 3.00%                                      | 6.84%   | 0.21%   |
| Total                                | 100.00%                                    |   | 4.89%   |
|                                      |  | Inflation   | 2.50%   |
|                                      |  | Expected arithmetic nominal return*                   | 7.39%   |

\* The above allocation provides a one-year expected return of 7.39%. 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 6.94%, including expected inflation of 2.50%.

On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school board for the VRS teacher retirement plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 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 Asset**

|   | Primary Government                   |  |                                      |
|---|--------------------------------------|--|--------------------------------------|
|   | Increase (Decrease)                  |  |                                      |
|   | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Asset<br>(a) - (b) |
| Balances at June 30, 2020                             | \$ 59,019,103                        | \$ 50,667,687                            | \$ 8,351,416                         |
| Changes for the year:                                 |                                      |  |                                      |
| Service cost  | \$ 1,773,500                         | \$ -                                     | \$ 1,773,500                         |
| Interest  | 3,894,759                            | -  | 3,894,759                            |
| Changes of assumptions                                | 2,404,202                            | -  | 2,404,202                            |
| Differences between expected<br>and actual experience | (1,179,422)                          | -  | (1,179,422)                          |
| Contributions - employer                              | -                                    | 1,464,689                                | (1,464,689)                          |
| Contributions - employee                              | -                                    | 703,186                                  | (703,186)                            |
| Net investment income                                 | -                                    | 13,888,840                               | (13,888,840)                         |
| Benefit payments, including refunds                   | (2,637,948)                          | (2,637,948)                              | -                                    |
| Administrative expenses                               | -                                    | (34,082)                                 | 34,082                               |
| Other changes   | -                                    | 1,314                                    | (1,314)                              |
| Net changes   | \$ 4,255,091                         | \$ 13,385,999                            | \$ (9,130,908)                       |
| Balances at June 30, 2021                             | \$ 63,274,194                        | \$ 64,053,686                            | \$ (779,492)                         |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

*Changes in Net Pension Asset (continued)*

|   | <b>Component School Board (nonprofessional)</b> |  |  |
|---|---|--|--|
|   | <b>Increase (Decrease)</b>                      |  |  |
|   | <b>Total<br/>Pension<br/>Liability<br/>(a)</b>  | <b>Plan<br/>Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net<br/>Pension<br/>Asset<br/>(a) - (b)</b> |
| Balances at June 30, 2020                             | \$ 15,234,088                                   | \$ 13,794,978                                      | \$ 1,439,110                                   |
| Changes for the year:                                 |   |  |  |
| Service cost  | \$ 314,070                                      | \$ -   | \$ 314,070                                     |
| Interest  | 996,739   | -  | 996,739  |
| Changes of assumptions                                | 422,500   | -  | 422,500  |
| Differences between expected<br>and actual experience | (202,493)                                       | -  | (202,493)                                      |
| Contributions - employer                              | -   | 214,822  | (214,822)                                      |
| Contributions - employee                              | -   | 162,264  | (162,264)                                      |
| Net investment income                                 | -   | 3,719,835  | (3,719,835)                                    |
| Benefit payments, including refunds                   | (935,180)                                       | (935,180)  | -  |
| Administrative expenses                               | -   | (9,549)  | 9,549  |
| Other changes   | -   | 348  | (348)  |
| Net changes   | \$ 595,636                                      | \$ 3,152,540                                       | \$ (2,556,904)                                 |
| Balances at June 30, 2021                             | \$ 15,829,724                                   | \$ 16,947,518                                      | \$ (1,117,794)                                 |

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

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

|   | <b>Rate</b>        |                         |                    |
|---|--------------------|-------------------------|--------------------|
|   | <b>1% Decrease</b> | <b>Current Discount</b> | <b>1% Increase</b> |
|   | <b>(5.75%)</b>     | <b>(6.75%)</b>          | <b>(7.75%)</b>     |
| County's                                      |                    |                         |                    |
| Net Pension Liability (Asset)                 | \$ 8,379,794       | \$ (779,492)            | \$ (8,225,468)     |
| Component Unit School Board (nonprofessional) |                    |                         |                    |
| Net Pension Liability (Asset)                 | \$ 505,791         | \$ (1,117,794)          | \$ (2,494,233)     |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 14—PENSION PLAN: (CONTINUED)**

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$786,078 and \$2,855, respectively. At June 30, 2022, 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                               | \$ 691,181                     | \$ 859,683                    | \$ 25,783                                     | \$ 109,178                    |
| Changes of assumptions   | 1,834,854                      | -                             | 227,800                                       | -                             |
| Net difference between projected and actual earnings on pension plan investments | -                              | 6,920,187                     | -   | 1,840,482                     |
| Deferred change in proportionate share   | 100,798                        | 100,798                       | -   | -                             |
| Employer contributions subsequent to the measurement date                        | 1,606,075                      | -                             | 225,436                                       | -                             |
| Total  | <u>\$ 4,232,908</u>            | <u>\$ 7,880,668</u>           | <u>\$ 479,019</u>                             | <u>\$ 1,949,660</u>           |

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

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

\$1,606,075 and \$225,436 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board<br/>(nonprofessional)</u> |
|---------------------------|-------------------------------|--|
| 2023                      | \$ (620,000)                  | \$ (304,438)   |
| 2024                      | (1,054,064)                   | (402,074)  |
| 2025                      | (1,482,620)                   | (428,001)  |
| 2026                      | (2,097,150)                   | (561,564)  |
| 2027                      | -                             | -  |
| Thereafter                | -                             | -  |

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report-pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Component Unit School Board (Professional)**

***Plan Description***

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division’s contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 14—PENSION PLAN: (CONTINUED)**

**Component Unit School Board (Professional) (continued)**

***Contributions (continued)***

Contributions to the pension plan from the school division were \$6,362,718 and \$6,134,530 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$33,662,343 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was .443362% as compared to .440000% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$344,562. Since there was a change in proportionate share measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|---|--|---|
| Differences between expected and actual experience  | \$ -   | \$ 2,867,154                                    |
| Change in assumptions   | 5,897,554  | -   |
| Net difference between projected and actual earnings on pension plan investments                              | -  | 21,213,108                                      |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 933,758  | 1,473,030                                       |
| Employer contributions subsequent to the measurement date   | 6,362,718  | -   |
| Total   | <b><u>\$ 13,194,030</u></b>                      | <b><u>\$ 25,553,292</u></b>                     |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 14—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)*

\$6,362,718 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> |    |             |
|----------------------------|----|-------------|
| 2023                       | \$ | (4,388,012) |
| 2024                       |    | (3,755,970) |
| 2025                       |    | (4,416,018) |
| 2026                       |    | (6,166,043) |
| 2027                       |    | 4,063       |

**Actuarial Assumptions**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 14—PENSION PLAN: (CONTINUED)

**Component Unit School Board (Professional) (continued)**

**Actuarial Assumptions (continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | 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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

|   | <b>Teacher Employee<br/>Retirement Plan</b> |
|---|---|
| Total Pension Liability   | \$ 53,381,141                               |
| Plan Fiduciary Net Position   | 45,617,878                                  |
| Employers' Net Pension Liability (Asset)                                      | <u>\$ 7,763,263</u>                         |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability | 85.46%                                      |

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 14—PENSION PLAN: (CONTINUED)**

**Component Unit School Board (Professional) (continued)**

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

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

|   | <b>Rate</b>        |                         |                    |
|---|--------------------|-------------------------|--------------------|
|   | <b>1% Decrease</b> | <b>Current Discount</b> | <b>1% Increase</b> |
|   | <b>(5.75%)</b>     | <b>(6.75%)</b>          | <b>(7.75%)</b>     |
| School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability | \$ 64,966,499      | \$ 33,662,343           | \$ 7,910,493       |

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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***

|                                   | <b>Deferred Outflows</b> | <b>Deferred Inflows</b> | <b>Net Pension Liability</b> | <b>Net Pension (Asset)</b> | <b>Pension Expense</b> |
|-----------------------------------|--------------------------|-------------------------|------------------------------|----------------------------|------------------------|
| VRS Pension Plans:                |                          |                         |                              |                            |                        |
| Primary Government                | \$ 4,232,908             | \$ 7,880,668            | \$ -                         | \$ (779,492)               | \$ 786,078             |
| Component Unit School Board:      |                          |                         |                              |                            |                        |
| School Board Nonprofessional      | \$ 479,019               | \$ 1,949,660            | \$ -                         | \$ (1,117,794)             | \$ 2,855               |
| School Board Professional         | 13,194,030               | 25,553,292              | 33,662,343                   | -                          | 344,562                |
| Total Component Unit School Board | \$ 13,673,049            | \$ 27,502,952           | \$ 33,662,343                | \$ (1,117,794)             | \$ 347,417             |

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

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**NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):**

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***Plan Description***

In addition to the pension benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, the County of Shenandoah OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

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

***Benefits Provided***

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

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**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)**

***Plan Membership***

At July 1, 2021 (the measurement date), the following employees were covered by the benefit terms:

|                                      | Primary<br>Government | Component<br>Unit School<br>Board |
|--------------------------------------|-----------------------|-----------------------------------|
| Total active employees with coverage | 273                   | 861                               |
| Total retirees with coverage         | 5                     | 34                                |
| Total                                | <u>278</u>            | <u>895</u>                        |

***Contributions***

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was \$52,000.

The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$277,000.

***Total OPEB Liability***

The County’s and School Board’s total OPEB liabilities were measured as of July 1, 2021. The measurement of the total OPEB liabilities is based on a valuation date of July 1, 2021.

***Actuarial Assumptions***

The total OPEB liability in the July 1, 2021 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

|                             |   |
|-----------------------------|---|
| Salary Increases            | 2.5% per year for general salary inflations   |
| Discount Rate               | The discount rate has been set to equal 1.92% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2021  |
| Healthcare Cost Trend Rates | (0.71%) for fiscal year end 2022 (to reflect actual experience), then 7.00% for fiscal year end 2023, decreasing 0.50% per year to an ultimate rate of 5.00%  |
| Mortality Rates             | 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-2021. |

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is equal to the Fidelity Index 20-Year Municipal GO AA Index. The final equivalent single discount rate used for this year’s valuation is 1.92% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

**Changes in Total OPEB Liability**

|  | <b>Primary<br/>Government<br/>Total OPEB<br/>Liability</b> | <b>Component Unit<br/>School Board<br/>Total OPEB<br/>Liability</b> |
|--|--|---|
| Balances at June 30, 2021                            | \$ 1,856,000   | \$ 5,675,000  |
| Changes for the year:                                |  |   |
| Service cost   | 141,000  | 546,000   |
| Interest   | 48,000   | 149,000   |
| Difference between expected<br>and actual experience | (108,000)  | 484,000   |
| Changes in assumptions                               | 203,000  | 451,000   |
| Benefit payments                                     | (52,000)   | (277,000)   |
| Net changes  | <u>232,000</u>   | <u>1,353,000</u>  |
| Balances at June 30, 2022                            | <u>\$ 2,088,000</u>  | <u>\$ 7,028,000</u>   |

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

The following amounts present the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (.92%) or one percentage point higher (2.92%) than the current discount rate:

|                                    | <b>Rate</b>                   |  |                                |
|------------------------------------|-------------------------------|--|--------------------------------|
|                                    | <b>1% Decrease<br/>(.92%)</b> | <b>Current Discount<br/>Rate (1.92%)</b> | <b>1% Increase<br/>(2.92%)</b> |
| <b>Primary Government</b>          |                               |  |                                |
| \$                                 | 2,325,000                     | \$ 2,088,000                             | \$ 1,875,000                   |
| <b>Component Unit School Board</b> |                               |  |                                |
| \$                                 | 7,624,000                     | \$ 7,028,000                             | \$ 6,472,000                   |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB 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 (1.71%) or one percentage point higher .71% than the current healthcare cost trend rates:

|                                    | <b>Rates</b>                   |   |                             |
|------------------------------------|--------------------------------|---|-----------------------------|
|                                    | <b>1% Decrease<br/>(1.71%)</b> | <b>Healthcare Cost<br/>Trend<br/>(.71%)</b> | <b>1% Increase<br/>.71%</b> |
| <b>Primary Government</b>          |                                |   |                             |
| \$                                 | 1,792,000                      | 2,088,000                                   | 1,875,000                   |
| <b>Component Unit School Board</b> |                                |   |                             |
| \$                                 | 6,132,000                      | 7,028,000                                   | 8,100,000                   |

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

For the year ended June 30, 2022, the Primary Government recognized OPEB expense in the amount of \$151,000. The School Board recognized OPEB expense in the amount of \$560,000. At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

|   | <b>Primary Government</b>                     |  | <b>Component Unit<br/>School Board</b>        |  |
|---|---|--|---|--|
|   | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
| Differences between expected and actual experience        | \$ -  | \$ 374,000                                   | \$ 686,000                                    | \$ 2,112,000                                 |
| Changes in assumptions                                    | 313,000                                       | 7,000  | 837,000                                       | 307,000                                      |
| Employer contributions subsequent to the measurement date | 52,000  | -  | 277,000                                       | -  |
| <b>Total</b>  | <b>\$ 365,000</b>                             | <b>\$ 381,000</b>                            | <b>\$ 1,800,000</b>                           | <b>\$ 2,419,000</b>                          |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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**NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)**

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***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
(continued)***

\$52,000 and \$277,000 reported as deferred outflows of resources related to the Pay as You Go OPEB Plan resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30,</u> | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board</u> |
|----------------------------|-------------------------------|--|
| 2023                       | \$ (43,000)                   | \$ (141,000)                           |
| 2024                       | (42,000)                      | (141,000)                              |
| 2025                       | (6,000)                       | (141,000)                              |
| 2026                       | 4,000                         | (141,000)                              |
| 2027                       | 8,000                         | (141,000)                              |
| Thereafter                 | 11,000                        | (191,000)                              |

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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**NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

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***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seat belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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**NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

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***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. County contributions to the Group Life Insurance Plan from the entity were \$87,527 and \$79,550 for the years ended June 30, 2022 and June 30, 2021, respectively. The Component Unit School Board's contributions to the Group Life Insurance Plan for nonprofessional employees were \$20,380 and \$19,425, for the years ended June 30, 2022 and June 30, 2021 respectively. The Component Unit School Board's contributions to the Group Life Insurance Plan for professional employees were \$215,652 and \$207,268 for the years ended June 30, 2022 and June 30, 2021 respectively.

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

At June 30, 2022, the County reported a liability of \$830,708 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.07130% as compared to 0.070300% at June 30, 2020.

At June 30, 2022, the School Board reported liability of \$202,817 for nonprofessional employees and \$2,164,497 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2021 and June 30, 2020, the participating employer's proportion for nonprofessional employees was 0.01740% and 0.01826% respectively. At June 30, 2021, the participating employer's proportion for School Board professional employees was 0.18590% as compared to 0.18780% at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$39,085, while the School Board recognized GLI OPEB expense of (\$680) and \$81,913 for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

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

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

|  | Primary Government             |                               | Component Unit School Board                              |                               |
|--|--------------------------------|-------------------------------|--|-------------------------------|
|  | Deferred Outflows of Resources | Deferred Inflows of Resources | Nonprofessional Employees Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience                                   | \$ 94,745                      | \$ 198,272                    | \$ 23,132  | \$ 48,408                     |
| Net difference between projected and actual earnings on GLI OPEB program investments | -                              | 6,330                         | -  | 1,545                         |
| Change in assumptions  | 45,798                         | 113,659                       | 11,181   | 27,750                        |
| Changes in proportion  | 34,030                         | 4,562                         | -  | 26,723                        |
| Employer contributions subsequent to the measurement date                            | 87,527                         | -                             | 20,380   | -                             |
| Total  | \$ 262,100                     | \$ 322,823                    | \$ 54,693  | \$ 104,426                    |

|  | Component Unit School Board                           |                               |
|--|---|-------------------------------|
|  | Professional Employees Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience                                   | \$ 246,868  | \$ 516,619                    |
| Net difference between projected and actual earnings on GLI OPEB program investments | -   | 16,492                        |
| Change in assumptions  | 119,328   | 296,149                       |
| Changes in proportion  | 65,429  | 84,105                        |
| Employer contributions subsequent to the measurement date                            | 215,652   | -                             |
| Total  | \$ 647,277  | \$ 913,365                    |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

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

\$87,527, \$20,380, and \$215,652 for the County, Component Unit School Board-Nonprofessional and Component Unit School Board-Professional respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| <u>Primary Government</u>  | <u>Component Unit School Board</u> |                            |                     |                            |              |
|----------------------------|------------------------------------|----------------------------|---------------------|----------------------------|--------------|
|                            | <u>Nonprofessional</u>             |                            | <u>Professional</u> |                            |              |
| <u>Year Ended June 30,</u> |                                    | <u>Year Ended June 30,</u> |                     | <u>Year Ended June 30,</u> |              |
| 2023                       | \$ (35,872)                        | 2023                       | \$ (18,980)         | 2023                       | \$ (113,394) |
| 2024                       | (24,923)                           | 2024                       | (15,494)            | 2024                       | (86,653)     |
| 2025                       | (23,097)                           | 2025                       | (12,306)            | 2025                       | (79,099)     |
| 2026                       | (55,683)                           | 2026                       | (18,194)            | 2026                       | (166,034)    |
| 2027                       | (8,675)                            | 2027                       | (5,139)             | 2027                       | (36,560)     |
| Thereafter                 | -                                  | Thereafter                 | -                   | Thereafter                 | -            |

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups as noted below. Salary increase and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Actuarial Assumptions (continued)***

***Mortality Rates – Teachers***

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | No change  |

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

**Actuarial Assumptions (continued)**

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

*Actuarial Assumptions (continued)*

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020                                  |
| Retirement Rates  | Adjusted rates to better fit experience and changed final retirement age from 65 to 70  |
| Withdrawal Rates  | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty |
| Disability Rates  | No change   |
| Salary Scale  | No change   |
| Line of Duty Disability   | No change   |
| Discount Rate   | No change   |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the Group Life Insurance Plan represents the Plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

|  | <b>Group Life<br/>Insurance OPEB<br/>Plan</b> |
|--|---|
| Total GLI OPEB Liability   | \$ 3,577,346                                  |
| Plan Fiduciary Net Position  | 2,413,074                                     |
| GLI Net OPEB Liability (Asset)   | \$ 1,164,272                                  |
| Plan Fiduciary Net Position as a Percentage<br>of the Total GLI OPEB Liability | 67.45%  |

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

**Long-Term Expected Rate of Return**

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

| <u>Asset Class (Strategy)</u>        | <u>Long-Term<br/>Target<br/>Asset<br/>Allocation</u> | <u>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</u> | <u>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</u> |
|--------------------------------------|--|---|--|
| Public Equity                        | 34.00%   | 5.00%   | 1.70%  |
| Fixed Income                         | 15.00%   | 0.57%   | 0.09%  |
| Credit Strategies                    | 14.00%   | 4.49%   | 0.63%  |
| Real Assets                          | 14.00%   | 4.76%   | 0.67%  |
| Private Equity                       | 14.00%   | 9.94%   | 1.39%  |
| MAPS - Multi-Asset Public Strategies | 6.00%  | 3.29%   | 0.20%  |
| PIP - Private Investment Partnership | 3.00%  | 6.84%   | 0.21%  |
| Total                                | <u>100.00%</u>                                       |   | <u>4.89%</u>   |
|                                      |  | Inflation   | <u>2.50%</u>   |
|                                      |  | Expected arithmetic nominal return*                             | <u>7.39%</u>   |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

*Long-Term Expected Rate of Return (continued)*

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, 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, 2021 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

|  | Rate                   |                             |                        |
|--|------------------------|-----------------------------|------------------------|
|  | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| County's proportionate share of the GLI Program Net OPEB Liability                                 | \$ 1,213,694           | \$ 830,708                  | \$ 521,429             |
| School Board's proportionate share of the GLI Program Net OPEB Liability-nonprofessional employees | \$ 296,322             | \$ 202,817                  | \$ 127,307             |
| School Board's proportionate share of the GLI Program Net OPEB Liability-professional employees    | \$ 3,162,408           | \$ 2,164,497                | \$ 1,358,638           |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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**NOTE 16—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

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***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 17—HEALTH INSURANCE CREDIT (HIC) PLAN:**

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***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

**Employees Covered by Benefit Terms**

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

|  | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board<br/>Nonprofessional</u> |
|--|-------------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 24                            | 62   |
| Total inactive members   | 24                            | 62   |
| Active members   | 166                           | 186  |
| Total covered employees  | <u>190</u>                    | <u>248</u>   |

**Contributions**

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County contractually required employer contribution rate for the year ended June 30, 2022 was .09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Plan were \$8,127 and \$7,131 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 1.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020.

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 \$27,901 and \$26,558 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

**Net HIC OPEB Liability**

The County net Health Insurance Credit OPEB liability was measured as of June 30, 2021. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2020 using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

**Actuarial Assumptions**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

*Actuarial Assumptions (continued)*

***Mortality Rates – Non-Largest Ten Locality Employers – General Employees (continued)***

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

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*Actuarial Assumptions (continued)*

***Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees (continued)***

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |   |
|---|---|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020                                  |
| Retirement Rates  | Adjusted rates to better fit experience and changed final retirement age from 65 to 70  |
| Withdrawal Rates  | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty |
| Disability Rates  | No change   |
| Salary Scale  | No change   |
| Line of Duty Disability   | No change   |
| Discount Rate   | No change   |

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

**Long-Term Expected Rate of Return**

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

| <u>Asset Class (Strategy)</u>        | <u>Long-Term Target Allocation</u> | <u>Arithmetic Long-term Rate of Return</u> | <u>Weighted Average Long-term Rate of Return*</u> |
|--------------------------------------|------------------------------------|--|---|
| Public Equity                        | 34.00%                             | 5.00%                                      | 1.70%   |
| Fixed Income                         | 15.00%                             | 0.57%                                      | 0.09%   |
| Credit Strategies                    | 14.00%                             | 4.49%                                      | 0.63%   |
| Real Assets                          | 14.00%                             | 4.76%                                      | 0.67%   |
| Private Equity                       | 14.00%                             | 9.94%                                      | 1.39%   |
| MAPS - Multi-Asset Public Strategies | 6.00%                              | 3.29%                                      | 0.20%   |
| PIP - Private Investment Partnership | 3.00%                              | 6.84%                                      | 0.21%   |
| Total                                | <u>100.00%</u>                     |  | <u>4.89%</u>                                      |
|                                      |                                    | Inflation                                  | <u>2.50%</u>                                      |
|                                      |                                    | Expected arithmetic nominal return*        | <u>7.39%</u>                                      |

\*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021 the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

Changes in Net HIC OPEB Liability (Asset)

|   | Primary Government                    |  |   |
|---|---------------------------------------|--|---|
|   | Increase (Decrease)                   |  |   |
|   | Total<br>HIC OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>HIC OPEB<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2020                             | \$ 234,789                            | \$ 239,189                               | \$ (4,400)  |
| Changes for the year:                                 |                                       |  |   |
| Service cost  | \$ 7,148                              | \$ -                                     | \$ 7,148  |
| Interest  | 15,336                                | -  | 15,336  |
| Changes of assumptions                                | 3,978                                 | -  | 3,978   |
| Differences between expected<br>and actual experience | 10,343                                | -  | 10,343  |
| Contributions - employer                              | -                                     | 7,131                                    | (7,131)   |
| Net investment income                                 | -                                     | 61,786                                   | (61,786)  |
| Benefit payments                                      | (15,188)                              | (15,188)                                 | -   |
| Other changes   | -                                     | (712)                                    | 712   |
| Net changes   | \$ 21,617                             | \$ 53,017                                | \$ (31,400)                                       |
| Balances at June 30, 2021                             | \$ 256,406                            | \$ 292,206                               | \$ (35,800)                                       |

|   | Component Unit School Board (nonprofessional) |  |   |
|---|---|--|---|
|   | Increase (Decrease)                           |  |   |
|   | Total<br>HIC OPEB<br>Liability<br>(a)         | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>HIC OPEB<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2020                             | \$ 319,890                                    | \$ -                                     | \$ 319,890  |
| Changes for the year:                                 |   |  |   |
| Service cost  | \$ 6,394                                      | \$ -                                     | \$ 6,394  |
| Interest  | 21,593  | -  | 21,593  |
| Changes of assumptions                                | 8,662   | -  | 8,662   |
| Differences between expected<br>and actual experience | (1)   | -  | (1)   |
| Contributions - employer                              | -   | 26,557                                   | (26,557)  |
| Net investment income                                 | -   | 3,892                                    | (3,892)   |
| Administrative expenses                               | -   | (119)                                    | 119   |
| Net changes   | \$ 36,648                                     | \$ 30,330                                | \$ 6,318  |
| Balances at June 30, 2021                             | \$ 356,538                                    | \$ 30,330                                | \$ 326,208  |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

**Sensitivity of the Health Insurance Credit Net OPEB Liability (Asset) to Changes in the Discount Rate**

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

|  | Rate                   |                             |                        |
|--|------------------------|-----------------------------|------------------------|
|  | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| County's   |                        |                             |                        |
| Net HIC OPEB Liability (Asset) \$                  | (3,652)                | (35,800)                    | (62,683)               |
| Component Unit School Board's<br>(nonprofessional) |                        |                             |                        |
| Net HIC OPEB Liability (Asset) \$                  | 359,625                | 326,208                     | 297,298                |

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized Health Insurance Credit Plan OPEB expense of (\$2,864), and \$28,601 respectively. At June 30, 2022, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County’s Health Insurance Credit Plan 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 |
| Net difference between projected and actual earnings on HIC OPEB plan investments | \$ -                           | \$ 29,551                     | \$ -  | \$ 1                          |
| Change in assumptions   | 7,362                          | 3,791                         | 6,675   | -                             |
| Differences between expected and actual experience                                | 9,014                          | 13,825                        | -   | 2,400                         |
| Employer contributions subsequent to the measurement date                         | 8,127                          | -                             | 27,901  | -                             |
| Total   | <u>\$ 24,503</u>               | <u>\$ 47,167</u>              | <u>\$ 34,576</u>                              | <u>\$ 2,401</u>               |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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

***Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB (continued)***

\$8,127 and \$27,901 reported as deferred outflows of resources related to the HIC OPEB resulting from the County’s Component Unit School Board’s (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30,</u> | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board<br/>(nonprofessional)</u> |
|----------------------------|-------------------------------|--|
| 2023                       | \$ (8,399)                    | \$ 1,387   |
| 2024                       | (8,328)                       | 1,387  |
| 2025                       | (8,582)                       | 1,387  |
| 2026                       | (9,545)                       | 113  |
| 2027                       | 955                           | -  |
| Thereafter                 | 3,108                         | -  |

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):**

***Plan Description***

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

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

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**NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):  
(CONTINUED)**

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***Plan Description (continued)***

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***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, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Plan were \$483,008 and \$464,781 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):  
(CONTINUED)**

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

At June 30, 2022, the school division reported a liability of \$5,574,926 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2021. The school division’s proportion of the Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division’s proportion of the VRS Teacher Employee HIC Plan was .43433% as compared to .44073% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$431,633. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Plan OPEB from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ -                                      | \$ 73,439                                |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | -   | 97,282                                   |
| Change in assumptions   | 150,700                                   | 22,405                                   |
| Change in proportion  | 122,133                                   | 191,550                                  |
| Employer contributions subsequent to the measurement date                                 | <u>483,008</u>                            | <u>-</u>                                 |
| Total   | <u>\$ 755,841</u>                         | <u>\$ 384,676</u>                        |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

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NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):  
(CONTINUED)

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

\$483,008 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, 2023. 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,

|            |    |          |
|------------|----|----------|
| 2023       | \$ | (29,221) |
| 2024       |    | (30,055) |
| 2025       |    | (22,444) |
| 2026       |    | (10,234) |
| 2027       |    | (3,562)  |
| Thereafter |    | (16,327) |

**Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):  
(CONTINUED)

*Actuarial Assumptions (continued)*

**Mortality Rates – Teachers**

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | No change  |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):  
(CONTINUED)**

***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

|   |    | <b>Teacher<br/>Employee HIC<br/>OPEB Plan</b> |
|---|----|---|
| Total Teacher Employee HIC OPEB Liability   | \$ | 1,477,874                                     |
| Plan Fiduciary Net Position   |    | 194,305                                       |
| Teacher Employee HIC OPEB Liability (Asset)   | \$ | <u>1,283,569</u>                              |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Teacher Employee HIC OPEB Liability |    | 13.15%  |

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

***Long-Term Expected Rate of Return***

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

| <b>Asset Class (Strategy)</b>        | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|--|---|--|
| Public Equity                        | 34.00%   | 5.00%   | 1.70%  |
| Fixed Income                         | 15.00%   | 0.57%   | 0.09%  |
| Credit Strategies                    | 14.00%   | 4.49%   | 0.63%  |
| Real Assets                          | 14.00%   | 4.76%   | 0.67%  |
| Private Equity                       | 14.00%   | 9.94%   | 1.39%  |
| MAPS - Multi-Asset Public Strategies | 6.00%  | 3.29%   | 0.20%  |
| PIP - Private Investment Partnership | 3.00%  | 6.84%   | 0.21%  |
| Total                                | <u>100.00%</u>                                       |   | <u>4.89%</u>   |
|                                      |  | Inflation   | <u>2.50%</u>   |
|                                      |  | Expected arithmetic nominal return*                             | <u>7.39%</u>   |

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements  
June 30, 2022 (Continued)

**NOTE 18—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):  
(CONTINUED)**

***Long-Term Expected Rate of Return (continued)***

\*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

|   | <b>Rate</b>        |                         |                    |
|---|--------------------|-------------------------|--------------------|
|   | <b>1% Decrease</b> | <b>Current Discount</b> | <b>1% Increase</b> |
|   | <b>(5.75%)</b>     | <b>(6.75%)</b>          | <b>(7.75%)</b>     |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan |                    |                         |                    |
| Net HIC OPEB Liability  | \$ 6,275,822       | \$ 5,574,926            | \$ 4,981,802       |

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 19—AGGREGATE OPEB INFORMATION:**

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

|   | <b>Primary Government</b>          |                             |                               |                             |                         |
|---|------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------|
|   | <b>Deferred<br/>Outflows</b>       | <b>Deferred<br/>Inflows</b> | <b>Net OPEB<br/>Liability</b> | <b>Net OPEB<br/>(Asset)</b> | <b>OPEB<br/>Expense</b> |
| VRS OPEB Plans:   |                                    |                             |                               |                             |                         |
| Group Life Insurance Program (Note 16):                                   |                                    |                             |                               |                             |                         |
| County  | \$ 262,100                         | \$ 322,823                  | \$ 830,708                    | \$ -                        | \$ 39,085               |
| County Health Insurance Credit Program (Note 17)                          | 24,503                             | 47,167                      | -                             | (35,800)                    | (2,864)                 |
| County Stand-Alone Plan (Note 15)   | 365,000                            | 381,000                     | 2,088,000                     | -                           | 151,000                 |
| Totals  | <u>\$ 651,603</u>                  | <u>\$ 750,990</u>           | <u>\$ 2,918,708</u>           | <u>\$ (35,800)</u>          | <u>\$ 187,221</u>       |
|   |                                    |                             |                               |                             |                         |
|   | <b>Component Unit School Board</b> |                             |                               |                             |                         |
|   | <b>Deferred<br/>Outflows</b>       | <b>Deferred<br/>Inflows</b> | <b>Net OPEB<br/>Liability</b> | <b>Net OPEB<br/>(Asset)</b> | <b>OPEB<br/>Expense</b> |
| VRS OPEB Plans:   |                                    |                             |                               |                             |                         |
| Group Life Insurance Program (Note 16):                                   |                                    |                             |                               |                             |                         |
| School Board Nonprofessional  | \$ 54,693                          | \$ 104,426                  | \$ 202,817                    | \$ -                        | \$ (680)                |
| School Board Professional   | 647,277                            | 913,365                     | 2,164,497                     | -                           | 81,913                  |
| School Board Nonprofessional Health Insurance<br>Credit Program (Note 17) | 34,576                             | 2,401                       | 326,208                       | -                           | 28,601                  |
| Teacher Health Insurance Credit Program (Note 18)                         | 755,841                            | 384,676                     | 5,574,926                     | -                           | 431,633                 |
| School Stand-Alone Plan (Note 15)   | 1,800,000                          | 2,419,000                   | 7,028,000                     | -                           | 560,000                 |
| Totals  | <u>\$ 3,292,387</u>                | <u>\$ 3,823,868</u>         | <u>\$ 15,296,448</u>          | <u>\$ -</u>                 | <u>\$ 1,101,467</u>     |

**NOTE 20—CONTINGENT LIABILITIES:**

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

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

**NOTE 21—RISK MANAGEMENT:**

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

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

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 21—RISK MANAGEMENT: (CONTINUED)**

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

**NOTE 22—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:**

State and federal laws and regulations require that the County of Shenandoah place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. During fiscal year 2003, the County opened new landfill cells and significantly completed closure of its old landfill. The estimated liability for landfill closure and post-closure care costs has a balance of \$12,828,024 for the old landfill, and landfill cells 1 and 2. However landfill cell #3 has capacity used to date estimated to be 47%. The estimated total current cost of the landfill closure and post-closure care of \$14,845,848 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain both of the landfills were incurred as of June 30, 2022. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

**NOTE 23—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:**

|  | Stoney Creek<br>Sanitary<br>District | Toms Brook<br>Sanitary<br>District | North Fork<br>Wastewater<br>Fund | Landfill<br>Fund | Total<br>Enterprise<br>Funds |
|--|--------------------------------------|------------------------------------|----------------------------------|------------------|------------------------------|
| Operating revenue  | \$ 1,164,376                         | \$ 767,640                         | \$ 164,053                       | \$ 1,823,760     | \$ 3,919,829                 |
| Depreciation and amortization                                  | 157,851                              | 124,120                            | 8,888                            | 906,871          | 1,197,730                    |
| Operating income (loss)  | (421,218)                            | (75,941)                           | (293,511)                        | (2,223,625)      | (3,014,295)                  |
| Capital contributions  | 72,000                               | 64,000                             | -                                | -                | 136,000                      |
| Property, plant and equipment<br>additions, net of retirements | (396,225)                            | (61,957)                           | -                                | (545,245)        | (1,003,427)                  |
| Net working capital  | 1,943,267                            | 803,783                            | (2,810)                          | (522,375)        | 2,221,865                    |
| Total assets   | 5,722,251                            | 2,939,638                          | 187,216                          | 9,825,155        | 18,674,260                   |
| Long-term liabilities  | 141,958                              | 222,181                            | -                                | 16,083,268       | 16,447,407                   |
| Net position   | 5,033,974                            | 2,536,264                          | 175,540                          | (7,167,047)      | 578,731                      |

**NOTE 24—OTHER ASSETS:**

Other assets consist of online textbook subscriptions purchased by the Component Unit School Board that spans several fiscal years. Other assets totaled \$1,017,634, net of amortization expense at June 30, 2022.

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

**NOTE 25—CONSTRUCTION COMMITMENTS:**

The County of Shenandoah has two active construction projects as of June 30, 2022. The projects consist of E-911 radio replacement, School energy savings project and Courthouse HVAC renovations. At year end the County's commitment with the contractors are as follows:

|                       | <b>Original<br/>Contract<br/>Amount</b> | <b>Amount<br/>Spent<br/>to Date</b> | <b>Amount of<br/>Contract<br/>Remaining<br/>at Year End</b> |
|-----------------------|---|-------------------------------------|---|
| 911 Radio Replacement | \$ 9,174,880                            | \$ 7,764,748                        | \$ 1,410,132  |
| Courthouse HVAC       | 1,426,071                               | -                                   | 1,426,071   |
| School Energy project | 5,306,782                               | 2,554,984                           | 2,751,798   |
| Total                 | <u>\$ 15,907,733</u>                    | <u>\$ 10,319,732</u>                | <u>\$ 5,588,001</u>   |

**NOTE 26—RESTATEMENT OF BEGINNING FUND BALANCE AND NET POSTION:**

The beginning fund balance and net position of the General Fund was restated to correct a prior year error in the calculation of ARPA unearned revenue as follows:

|  | Governmental Activities<br>General Fund |                      |
|--|---|----------------------|
|  | <u>Fund Balance</u>                     | <u>Net Position</u>  |
| Fund Balance/Net position at July 1, 2021 as originally reported | \$ 19,679,407                           | \$ 42,403,697        |
| Correction of prior period ARPA unearned revenue                 | (74,081)                                | (74,081)             |
| Fund Balance/Net position at July 1, 2021 as restated            | <u>\$ 19,605,326</u>                    | <u>\$ 42,329,616</u> |

**NOTE 27—LEASES RECEIVABLE:**

The Town recognized lease revenue of \$195,710 and interest revenue of \$94,311 during fiscal year 2022. Details of leases receivable at June 30, 2022 are as follows:

| <u>Lease Description</u>                              | <u>Start<br/>Date</u> | <u>End<br/>Date</u> | <u>Payment<br/>Frequency</u> | <u>Discount<br/>Rate</u> | <u>Ending<br/>Balance</u> | <u>Amount Due<br/>Within<br/>One Year</u> |
|---|-----------------------|---------------------|------------------------------|--------------------------|---------------------------|---|
| Telecommunications equipment-AT&T                     | 2021                  | 2024                | Monthly                      | 4.113%                   | \$ 22,574                 | \$ 11,756                                 |
| Telecommunications equipment-<br>Crown Communications | 2021                  | 2036                | Monthly                      | 4.113%                   | 167,864                   | 11,672                                    |
| Building-Edinburg School                              | 2021                  | 2043                | Monthly                      | 1.733%                   | 5,295,061                 | 209,862                                   |
| Building-Shenandoah County Human<br>Services          | 2021                  | 2026                | Annual                       | 0.687%                   | 31,908                    | 7,016                                     |
| Totals  |                       |                     |                              |                          | <u>\$ 5,517,407</u>       | <u>\$ 240,306</u>                         |

## COUNTY OF SHENANDOAH, VIRGINIA

### Notes to the Financial Statements June 30, 2022 (Continued)

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#### NOTE 28—LITIGATION:

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At June 30, 2022, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

#### NOTE 29—LINE OF DUTY ACT (LODA) (OPEB BENEFITS):

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The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2022 was \$83,924.

#### NOTE 30—UPCOMING PRONOUNCEMENTS:

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

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

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

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Financial Statements  
June 30, 2022 (Continued)**

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**NOTE 30—UPCOMING PRONOUNCEMENTS: (CONTINUED)**

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Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

General Fund

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

For the Year Ended June 30, 2022

|   | Budgeted Amounts      |                       | Actual<br>Amounts     | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|-----------------------|-----------------------|-----------------------|---|
|   | Original              | Final                 |                       |   |
| <b>REVENUES</b>   |                       |                       |                       |   |
| General property taxes                                    | \$ 50,796,000         | \$ 50,796,000         | \$ 56,998,543         | \$ 6,202,543  |
| Other local taxes   | 7,700,000             | 7,700,000             | 8,117,144             | 417,144   |
| Permits, privilege fees, and regulatory licenses          | 538,500               | 538,500               | 675,224               | 136,724   |
| Fines and forfeitures                                     | 54,000                | 54,000                | 36,731                | (17,269)  |
| Revenue from the use of money and property                | 694,767               | 694,767               | 436,052               | (258,715)   |
| Charges for services                                      | 2,083,700             | 2,595,809             | 2,566,812             | (28,997)  |
| Miscellaneous   | 537,722               | 835,645               | 1,723,757             | 888,112   |
| Recovered costs   | 709,879               | 715,987               | 771,935               | 55,948  |
| Intergovernmental:  |                       |                       |                       |   |
| Commonwealth  | 11,528,275            | 11,535,352            | 13,259,116            | 1,723,764   |
| Federal   | 2,946,652             | 3,126,794             | 3,345,770             | 218,976   |
| Total revenues  | <u>\$ 77,589,495</u>  | <u>\$ 78,592,854</u>  | <u>\$ 87,931,084</u>  | <u>\$ 9,338,230</u>                                       |
| <b>EXPENDITURES</b>                                       |                       |                       |                       |   |
| Current:  |                       |                       |                       |   |
| General government administration                         | \$ 3,550,119          | \$ 3,670,259          | \$ 3,706,528          | \$ (36,269)   |
| Judicial administration                                   | 2,435,288             | 2,500,878             | 2,437,426             | 63,452  |
| Public safety   | 20,272,531            | 21,712,240            | 22,467,268            | (755,028)   |
| Public works  | 1,458,378             | 1,577,616             | 1,433,805             | 143,811   |
| Health and welfare  | 10,221,576            | 10,545,494            | 12,247,451            | (1,701,957)   |
| Education   | 35,062,550            | 35,062,550            | 28,101,691            | 6,960,859   |
| Parks, recreation, and cultural                           | 2,166,763             | 2,976,242             | 2,520,247             | 455,995   |
| Community development                                     | 1,825,460             | 2,250,371             | 2,008,232             | 242,139   |
| Nondepartmental   | 678,000               | 461,497               | 37,662                | 423,835   |
| Capital projects  | 1,610,529             | -                     | -                     | -   |
| Total expenditures  | <u>\$ 79,281,194</u>  | <u>\$ 80,757,147</u>  | <u>\$ 74,960,310</u>  | <u>\$ 5,796,837</u>                                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (1,691,699)</u> | <u>\$ (2,164,293)</u> | <u>\$ 12,970,774</u>  | <u>\$ 15,135,067</u>                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                       |                       |                       |   |
| Transfers out   | \$ (7,663,667)        | \$ (7,892,504)        | \$ (7,287,328)        | \$ 605,176  |
| Issuance of general obligation bonds                      | 5,598,250             | 5,598,250             | 5,700,000             | 101,750   |
| Issuance of loans   | -                     | -                     | 168,510               | 168,510   |
| Leases (as lessee)  | -                     | -                     | 101,431               | 101,431   |
| Total other financing sources (uses)                      | <u>\$ (2,065,417)</u> | <u>\$ (2,294,254)</u> | <u>\$ (1,317,387)</u> | <u>\$ 976,867</u>   |
| Net change in fund balances                               | \$ (3,757,116)        | \$ (4,458,547)        | \$ 11,653,387         | \$ 16,111,934   |
| Fund balances - beginning, as restated                    | 3,757,116             | 4,458,547             | 19,605,326            | 15,146,779  |
| Fund balances - ending                                    | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 31,258,713</u>  | <u>\$ 31,258,713</u>                                      |

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**County of Shenandoah, Virginia**

Schedule of Changes in Net Pension Liability and Related Ratios  
 Primary Government  
 For the Measurement Dates of June 30, 2014 through June 30, 2021

|   | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          |
|---|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |
| Service cost  | \$ 1,773,500         | \$ 1,713,263         | \$ 1,513,031         |
| Interest  | 3,894,759            | 3,592,971            | 3,463,665            |
| Changes in benefit terms  | -                    | -                    | -                    |
| Changes of assumptions  | 2,404,202            | -                    | 1,712,494            |
| Differences between expected and actual experience                                | (1,179,422)          | 1,738,426            | (366,432)            |
| Benefit payments  | <u>(2,637,948)</u>   | <u>(2,509,516)</u>   | <u>(2,639,468)</u>   |
| <b>Net change in total pension liability</b>                                      | \$ 4,255,091         | \$ 4,535,144         | \$ 3,683,290         |
| <b>Total pension liability - beginning</b>  | 59,019,103           | 54,483,959           | 50,800,669           |
| <b>Total pension liability - ending (a)</b>                                       | <u>\$ 63,274,194</u> | <u>\$ 59,019,103</u> | <u>\$ 54,483,959</u> |
| <b>Plan fiduciary net position</b>  |                      |                      |                      |
| Contributions - employer  | \$ 1,464,689         | \$ 1,295,253         | \$ 1,238,866         |
| Contributions - employee  | 703,186              | 704,382              | 665,080              |
| Net investment income   | 13,888,840           | 957,278              | 3,183,353            |
| Benefit payments  | (2,637,948)          | (2,509,516)          | (2,639,468)          |
| Administrator charges   | (34,082)             | (32,475)             | (31,516)             |
| Other   | <u>1,314</u>         | <u>(1,142)</u>       | <u>(2,006)</u>       |
| <b>Net change in plan fiduciary net position</b>                                  | \$ 13,385,999        | \$ 413,780           | \$ 2,414,309         |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>50,667,687</u>    | <u>50,253,907</u>    | <u>47,839,598</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>\$ 64,053,686</u> | <u>\$ 50,667,687</u> | <u>\$ 50,253,907</u> |
| <b>County's net pension liability - ending (a) - (b)</b>                          | \$ (779,492)         | \$ 8,351,416         | \$ 4,230,052         |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 101.23%              | 85.85%               | 92.24%               |
| <b>Covered payroll</b>  | \$ 14,728,542        | \$ 14,459,661        | \$ 13,221,665        |
| <b>County's net pension liability as a percentage of covered payroll</b>          | -5.29%               | 57.76%               | 31.99%               |

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.

|    | <u>2018</u>        | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          | <u>2014</u>          |
|----|--------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 1,527,395          | \$ 1,552,258         | \$ 1,551,145         | \$ 2,097,765         | \$ 1,508,647         |
|    | 3,323,028          | 3,179,653            | 3,018,636            | 2,851,117            | 2,676,488            |
|    | -                  | -                    | 535,857              | -                    | -                    |
|    | -                  | (234,494)            | -                    | -                    | -                    |
|    | (478,973)          | (369,474)            | (729,854)            | (666,172)            | -                    |
|    | <u>(2,085,220)</u> | <u>(2,074,224)</u>   | <u>(2,076,885)</u>   | <u>(1,702,272)</u>   | <u>(1,678,590)</u>   |
| \$ | 2,286,230          | \$ 2,053,719         | \$ 2,298,899         | \$ 2,580,438         | \$ 2,506,545         |
|    | 48,514,439         | 46,460,720           | 44,161,821           | 41,581,383           | 39,074,838           |
| \$ | <u>50,800,669</u>  | <u>\$ 48,514,439</u> | <u>\$ 46,460,720</u> | <u>\$ 44,161,821</u> | <u>\$ 41,581,383</u> |
| \$ | 1,220,983          | \$ 1,191,677         | \$ 1,419,174         | \$ 1,314,841         | \$ 1,629,069         |
|    | 627,075            | 612,314              | 617,782              | 601,964              | 660,270              |
|    | 3,310,920          | 4,905,320            | 697,945              | 1,739,727            | 5,094,975            |
|    | (2,085,220)        | (2,074,224)          | (2,076,885)          | (1,702,272)          | (1,678,590)          |
|    | (28,169)           | (28,037)             | (24,366)             | (23,243)             | (26,677)             |
|    | <u>(2,969)</u>     | <u>(4,378)</u>       | <u>(294)</u>         | <u>(366)</u>         | <u>268</u>           |
| \$ | 3,042,620          | \$ 4,602,672         | \$ 633,356           | \$ 1,930,651         | \$ 5,679,315         |
|    | 44,796,978         | 40,194,306           | 39,560,950           | 37,630,301           | 31,950,986           |
| \$ | <u>47,839,598</u>  | <u>\$ 44,796,978</u> | <u>\$ 40,194,306</u> | <u>\$ 39,560,952</u> | <u>\$ 37,630,301</u> |
| \$ | 2,961,071          | \$ 3,717,461         | \$ 6,266,414         | \$ 4,600,869         | \$ 3,951,082         |
|    | 94.17%             | 92.34%               | 86.51%               | 89.58%               | 90.50%               |
| \$ | 12,900,731         | \$ 12,460,402        | \$ 12,364,231        | \$ 11,980,248        | \$ 13,032,381        |
|    | 22.95%             | 29.83%               | 50.68%               | 38.40%               | 30.32%               |

**County of Shenandoah, Virginia**

Schedule of Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (nonprofessional)  
 For the Measurement Dates of June 30, 2014 through June 30, 2021

|   | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          |
|---|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |
| Service cost  | \$ 314,070           | \$ 330,718           | \$ 313,409           |
| Interest  | 996,739              | 946,946              | 935,964              |
| Changes of assumptions  | 422,500              | -                    | 343,688              |
| Differences between expected and actual experience                                | (202,493)            | 422,455              | 8,719                |
| Benefit payments  | <u>(935,180)</u>     | <u>(989,723)</u>     | <u>(897,992)</u>     |
| <b>Net change in total pension liability</b>                                      | \$ 595,636           | \$ 710,396           | \$ 703,788           |
| <b>Total pension liability - beginning</b>  | <u>15,234,088</u>    | <u>14,523,692</u>    | <u>13,819,904</u>    |
| <b>Total pension liability - ending (a)</b>                                       | <u>\$ 15,829,724</u> | <u>\$ 15,234,088</u> | <u>\$ 14,523,692</u> |
| <b>Plan fiduciary net position</b>  |                      |                      |                      |
| Contributions - employer  | \$ 214,822           | \$ 207,606           | \$ 208,097           |
| Contributions - employee  | 162,264              | 170,644              | 168,578              |
| Net investment income   | 3,719,835            | 266,331              | 902,461              |
| Benefit payments  | (935,180)            | (989,723)            | (897,992)            |
| Administrative expense  | (9,549)              | (9,430)              | (9,297)              |
| Other   | <u>348</u>           | <u>(311)</u>         | <u>(565)</u>         |
| <b>Net change in plan fiduciary net position</b>                                  | \$ 3,152,540         | \$ (354,883)         | \$ 371,282           |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>13,794,978</u>    | <u>14,149,861</u>    | <u>13,778,579</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>\$ 16,947,518</u> | <u>\$ 13,794,978</u> | <u>\$ 14,149,861</u> |
| <b>School Division's net pension liability - ending (a) - (b)</b>                 | \$ (1,117,794)       | \$ 1,439,110         | \$ 373,831           |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 107.06%              | 90.55%               | 97.43%               |
| <b>Covered payroll</b>  | \$ 3,588,896         | \$ 3,758,974         | \$ 3,336,274         |
| <b>School Division's net pension liability as a percentage of covered payroll</b> | -31.15%              | 38.28%               | 11.21%               |

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.

Exhibit 14

|    | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       | <u>2015</u>       | <u>2014</u>       |
|----|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 361,956           | \$ 359,495        | \$ 427,181        | \$ 447,419        | \$ 457,061        |
|    | 924,180           | 942,619           | 896,199           | 850,571           | 804,295           |
|    | -                 | (187,557)         | -                 | -                 | -                 |
|    | (213,776)         | (558,069)         | 33,565            | (9,646)           | -                 |
|    | <u>(910,061)</u>  | <u>(729,744)</u>  | <u>(657,857)</u>  | <u>(615,175)</u>  | <u>(585,358)</u>  |
| \$ | 162,299           | \$ (173,256)      | \$ 699,088        | \$ 673,169        | \$ 675,998        |
|    | 13,657,605        | 13,830,861        | 13,131,773        | 12,458,604        | 11,782,606        |
| \$ | <u>13,819,904</u> | <u>13,657,605</u> | <u>13,830,861</u> | <u>13,131,773</u> | <u>12,458,604</u> |
| \$ | 205,999           | \$ 235,452        | \$ 328,594        | \$ 376,586        | \$ 425,500        |
|    | 156,422           | 175,693           | 194,128           | 207,759           | 201,912           |
|    | 977,080           | 1,474,249         | 211,944           | 534,599           | 1,583,539         |
|    | (910,061)         | (729,744)         | (657,857)         | (615,175)         | (585,358)         |
|    | (8,738)           | (8,654)           | (7,534)           | (7,246)           | (8,448)           |
|    | <u>(855)</u>      | <u>(1,306)</u>    | <u>(89)</u>       | <u>(112)</u>      | <u>83</u>         |
| \$ | 419,847           | \$ 1,145,690      | \$ 69,186         | \$ 496,411        | \$ 1,617,228      |
|    | 13,358,732        | 12,213,042        | 12,143,856        | 11,647,445        | 10,030,217        |
| \$ | <u>13,778,579</u> | <u>13,358,732</u> | <u>12,213,042</u> | <u>12,143,856</u> | <u>11,647,445</u> |
| \$ | 41,325            | \$ 298,873        | \$ 1,617,819      | \$ 987,917        | \$ 811,159        |
|    | 99.70%            | 97.81%            | 88.30%            | 92.48%            | 93.49%            |
| \$ | 3,568,341         | \$ 3,668,393      | \$ 3,734,178      | \$ 4,162,752      | \$ 4,045,497      |
|    | 1.16%             | 8.15%             | 43.32%            | 23.73%            | 20.05%            |

**County of Shenandoah, Virginia**

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Measurement Dates of June 30, 2014 through June 30, 2021

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|  | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   |
|--|---------------|---------------|---------------|
| Employer's Proportion of the Net Pension Liability   | 0.443362%     | 0.440000%     | 0.446710%     |
| Employer's Proportionate Share of the Net Pension Liability  | \$ 33,662,343 | \$ 64,038,832 | \$ 58,789,575 |
| Employer's Covered Payroll   | \$ 38,411,652 | \$ 38,638,034 | \$ 37,525,255 |
| Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 88%           | 166%          | 157%          |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                         | 85.46%        | 71.47%        | 73.51%        |

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.

Exhibit 15

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| <u>2018</u>   | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   |
|---------------|---------------|---------------|---------------|---------------|
| 0.430540%     | 0.433720%     | 0.444314%     | 0.43849%      | 0.42994%      |
| \$ 50,631,000 | \$ 53,339,000 | \$ 62,103,000 | \$ 55,190,000 | \$ 51,957,000 |
| \$ 34,908,815 | \$ 34,345,532 | \$ 33,789,530 | \$ 32,605,067 | \$ 31,484,690 |
| 145%          | 155%          | 184%          | 169%          | 165%          |
| 74.81%        | 72.92%        | 68.28%        | 70.68%        | 70.88%        |

Schedule of Employer Contributions  
Pension Plans  
Years Ended June 30, 2013 through June 30, 2022

| <u>Date</u>  | <u>Contractually<br/>Required<br/>Contribution<br/>(1)*</u> | <u>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution<br/>(2)*</u> | <u>Contribution<br/>Deficiency<br/>(Excess)<br/>(3)</u> | <u>Employer's<br/>Covered<br/>Payroll<br/>(4)</u> | <u>Contributions<br/>as a % of<br/>Covered<br/>Payroll<br/>(5)</u> |
|--|---|--|---|---|--|
| <b>Primary Government</b>                            |   |  |   |   |  |
| 2022   | \$ 1,606,075  | \$ 1,606,075   | \$ -  | \$ 16,179,911                                     | 9.93%  |
| 2021   | 1,464,690   | 1,464,690  | -   | 14,728,542  | 9.94%  |
| 2020   | 1,291,119   | 1,291,119  | -   | 14,459,661  | 9.37%  |
| 2019   | 1,238,870   | 1,238,870  | -   | 13,221,665  | 9.37%  |
| 2018   | 1,220,980   | 1,220,980  | -   | 12,900,731  | 9.46%  |
| 2017   | 1,191,675   | 1,191,675  | -   | 12,460,402  | 9.56%  |
| 2016   | 1,433,014   | 1,433,014  | -   | 12,364,231  | 11.59%   |
| 2015   | 1,321,421   | 1,321,421  | -   | 11,980,248  | 11.03%   |
| 2014   | 1,616,015   | 1,616,015  | -   | 13,032,381  | 12.40%   |
| 2013   | 1,337,231   | 1,337,231  | -   | 11,814,373  | 11.32%   |
| <b>Component Unit School Board (nonprofessional)</b> |   |  |   |   |  |
| 2022   | \$ 225,436  | \$ 225,436   | \$ -  | \$ 3,770,366                                      | 5.98%  |
| 2021   | 215,469   | 215,469  | -   | 3,588,896   | 6.00%  |
| 2020   | 209,530   | 209,530  | -   | 3,758,974   | 5.57%  |
| 2019   | 209,518   | 209,518  | -   | 3,336,274   | 6.28%  |
| 2018   | 221,810   | 221,810  | -   | 3,568,341   | 6.22%  |
| 2017   | 240,836   | 240,836  | -   | 3,668,393   | 6.57%  |
| 2016   | 335,329   | 335,329  | -   | 3,734,178   | 8.98%  |
| 2015   | 373,815   | 373,815  | -   | 4,162,752   | 8.98%  |
| 2014   | 425,991   | 425,991  | -   | 4,045,497   | 10.53%   |
| 2013   | 410,155   | 410,155  | -   | 3,896,702   | 10.53%   |
| <b>Component Unit School Board (professional)</b>    |   |  |   |   |  |
| 2022   | \$ 6,362,718  | \$ 6,362,718   | \$ -  | \$ 39,918,034                                     | 15.94%   |
| 2021   | 6,134,530   | 6,134,530  | -   | 38,411,652  | 15.97%   |
| 2020   | 5,840,296   | 5,840,296  | -   | 38,638,034  | 15.12%   |
| 2019   | 5,792,551   | 5,792,551  | -   | 37,525,255  | 15.44%   |
| 2018   | 5,595,934   | 5,595,934  | -   | 34,908,815  | 16.32%   |
| 2017   | 4,933,757   | 4,933,757  | -   | 34,345,532  | 14.66%   |
| 2016   | 4,715,959   | 4,715,959  | -   | 33,789,530  | 14.06%   |
| 2015   | 4,430,421   | 4,430,421  | -   | 32,605,067  | 14.50%   |
| 2014   | 3,664,224   | 3,664,224  | -   | 31,484,690  | 11.66%   |
| 2013   | 3,663,267   | 3,663,267  | -   | 31,419,940  | 11.66%   |

\*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information  
 Pension Plans  
 For the Year Ended June 30, 2022

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age             |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

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

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates  | Adjusted rates to better fit experience and changed final retirement age from 65 to 70   |
| Withdrawal Rates  | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty      |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

Component Unit School Board - Professional Employees:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | No change  |

Schedule of Changes in Total OPEB Liability and Related Ratios  
 Primary Government  
 For the Years Ended June 30, 2018 through June 30, 2022

|  | <u>2022</u>                | <u>2021</u>                | <u>2020</u>                | <u>2019</u>                | <u>2018</u>                |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Total OPEB liability</b>  |                            |                            |                            |                            |                            |
| Service cost   | \$ 141,000                 | \$ 117,000                 | \$ 105,000                 | \$ 111,000                 | \$ 108,000                 |
| Interest   | 48,000                     | 60,000                     | 61,000                     | 68,000                     | 64,000                     |
| Changes in assumptions   | 203,000                    | 132,000                    | 88,000                     | -                          | -                          |
| Differences between expected and actual experience                                       | (108,000)                  | -                          | (4,000)                    | (337,000)                  | -                          |
| Other changes  | -                          | (222,000)                  | -                          | (19,000)                   | -                          |
| Benefit payments   | (52,000)                   | (52,000)                   | (36,000)                   | (39,000)                   | (60,000)                   |
| <b>Net change in total OPEB liability</b>  | <u>\$ 232,000</u>          | <u>\$ 35,000</u>           | <u>\$ 214,000</u>          | <u>\$ (216,000)</u>        | <u>\$ 112,000</u>          |
| <b>Total OPEB liability - beginning</b>  | <u>1,856,000</u>           | <u>1,821,000</u>           | <u>1,607,000</u>           | <u>1,823,000</u>           | <u>1,711,000</u>           |
| <b>Total OPEB liability - ending</b>   | <u><u>\$ 2,088,000</u></u> | <u><u>\$ 1,856,000</u></u> | <u><u>\$ 1,821,000</u></u> | <u><u>\$ 1,607,000</u></u> | <u><u>\$ 1,823,000</u></u> |
| <b>Covered-employee payroll</b>  | \$ 13,368,000              | \$ 13,368,000              | \$ 13,001,000              | \$ 13,001,000              | \$ 11,212,000              |
| <b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b> | 15.62%                     | 13.88%                     | 14.01%                     | 12.36%                     | 16.26%                     |

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

Schedule of Changes in Total OPEB Liability and Related Ratios  
 Component Unit School Board  
 For the Years Ended June 30, 2018 through June 30, 2022

|  | <u>2022</u>          | <u>2021</u>           | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB liability</b>  |                      |                       |                      |                      |                      |
| Service cost   | \$ 546,000           | \$ 547,000            | \$ 518,000           | \$ 451,000           | \$ 440,000           |
| Interest   | 149,000              | 239,000               | 259,000              | 242,000              | 230,000              |
| Changes in assumptions   | 451,000              | 306,000               | 288,000              | (535,000)            | -                    |
| Differences between expected and actual experience   | 484,000              | (2,374,000)           | (370,000)            | 442,000              | -                    |
| Benefit payments   | (277,000)            | (231,000)             | (269,000)            | (377,000)            | (283,000)            |
| <b>Net change in total OPEB liability</b>  | <b>\$ 1,353,000</b>  | <b>\$ (1,513,000)</b> | <b>\$ 426,000</b>    | <b>\$ 223,000</b>    | <b>\$ 387,000</b>    |
| <b>Total OPEB liability - beginning</b>  | <b>5,675,000</b>     | <b>7,188,000</b>      | <b>6,762,000</b>     | <b>6,539,000</b>     | <b>6,152,000</b>     |
| <b>Total OPEB liability - ending</b>   | <b>\$ 7,028,000</b>  | <b>\$ 5,675,000</b>   | <b>\$ 7,188,000</b>  | <b>\$ 6,762,000</b>  | <b>\$ 6,539,000</b>  |
| <b>Covered-employee payroll</b>  | <b>\$ 37,888,000</b> | <b>\$ 37,888,000</b>  | <b>\$ 38,776,000</b> | <b>\$ 38,776,000</b> | <b>\$ 33,263,000</b> |
| <b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b> | <b>18.55%</b>        | <b>14.98%</b>         | <b>18.54%</b>        | <b>17.44%</b>        | <b>19.66%</b>        |

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

Notes to Required Supplementary Information - OPEB  
For the Year Ended June 30, 2022

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**PRIMARY GOVERNMENT**

Valuation Date: 7/1/2021  
Measurement Date: 7/1/2021

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

*Methods and assumptions used to determine OPEB liability:*

|                       |  |
|-----------------------|--|
| Actuarial Cost Method | Entry age normal level % of salary   |
| Discount Rate         | 1.92%  |
| Healthcare Trend Rate | (.71%) for fiscal year 2022 (to reflect actual expense), then 7.00% for fiscal year 2023, decreasing .50% per year to an ultimate rate of 5.00%  |
| Salary Increase Rates | 2.5% annually  |
| Mortality Rates       | The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021. |

**COMPONENT UNIT SCHOOL BOARD**

Valuation Date: 7/1/2021  
Measurement Date: 7/1/2021

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

*Methods and assumptions used to determine OPEB liability:*

|                       |  |
|-----------------------|--|
| Actuarial Cost Method | Entry age normal level % of salary   |
| Discount Rate         | 1.92%  |
| Healthcare Trend Rate | 12.00% for fiscal year 2021 (to reflect actual expense), then 6.00% for fiscal year 2022, decreasing .25% per year to an ultimate rate of 5.00%  |
| Salary Increase Rates | 2.5% annually  |
| Mortality Rates       | The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021. |

Schedule of County's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates Ended June 30, 2017 through June 30, 2021

| <b>Date<br/>(1)</b> | <b>Employer's<br/>Proportion of the<br/>Net GLI OPEB<br/>Liability<br/>(2)</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net GLI OPEB<br/>Liability<br/>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll<br/>(4)</b> | <b>Employer's<br/>Proportionate Share<br/>of the Net GLI OPEB<br/>Liability<br/>as a Percentage of<br/>Covered Payroll<br/>(3)/(4)<br/>(5)</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of Total<br/>GLI OPEB Liability<br/>(6)</b> |
|---------------------|--|---|---|--|--|
| 2021                | 0.07130% \$  | 830,708   | \$ 14,731,520                                     | 5.64%  | 52.64%   |
| 2020                | 0.07030%   | 1,173,192   | 14,468,455  | 8.11%  | 52.64%   |
| 2019                | 0.06983%   | 1,136,319   | 13,688,932  | 8.30%  | 52.00%   |
| 2018                | 0.06788%   | 1,030,000   | 12,907,494  | 7.98%  | 51.22%   |
| 2017                | 0.06765%   | 1,018,000   | 12,477,922  | 8.16%  | 48.86%   |

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

Schedule of School Board's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates Ended June 30, 2017 through June 30, 2021

| Date<br>(1)  | Employer's<br>Proportion of the<br>Net GLI OPEB<br>Liability<br>(2) | Employer's<br>Proportionate<br>Share of the<br>Net GLI OPEB<br>Liability<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Employer's<br>Proportionate Share<br>of the Net GLI OPEB<br>Liability<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>GLI OPEB Liability<br>(6) |
|--|---|---|---|--|---|
| <b>Component Unit School Board (nonprofessional)</b> |   |   |   |  |   |
| 2021   | 0.01740% \$   | 202,817 \$  | 3,597,292                               | 5.64%  | 52.64%  |
| 2020   | 0.01826%  | 304,729   | 3,758,974                               | 8.11%  | 52.64%  |
| 2019   | 0.01876%  | 305,275   | 3,677,842                               | 8.30%  | 52.00%  |
| 2018   | 0.01876%  | 285,000   | 3,568,341                               | 7.99%  | 52.21%  |
| 2017   | 0.02000%  | 300,000   | 3,668,393                               | 8.18%  | 48.86%  |
| <b>Component Unit School Board (professional)</b>    |   |   |   |  |   |
| 2021   | 0.18590% \$   | 2,164,497 \$  | 38,411,652                              | 5.64%  | 52.64%  |
| 2020   | 0.18777%  | 3,133,574   | 38,642,859                              | 8.11%  | 52.64%  |
| 2019   | 0.19142%  | 3,114,913   | 37,525,255                              | 8.30%  | 52.00%  |
| 2018   | 0.18357%  | 2,787,000   | 34,908,815                              | 7.98%  | 52.21%  |
| 2017   | 0.18620%  | 2,802,000   | 34,345,532                              | 8.16%  | 48.86%  |

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

Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 Years Ended June 30, 2013 through June 30, 2022

| <u>Date</u>  | <u>Contractually<br/>Required<br/>Contribution<br/>(1)</u> | <u>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution<br/>(2)</u> | <u>Contribution<br/>Deficiency<br/>(Excess)<br/>(3)</u> | <u>Employer's<br/>Covered<br/>Payroll<br/>(4)</u> | <u>Contributions<br/>as a % of<br/>Covered<br/>Payroll<br/>(5)</u> |
|--|--|---|---|---|--|
| <b>Primary Government</b>                            |  |   |   |   |  |
| 2022   | \$ 87,527  | \$ 87,527   | \$ -  | \$ 16,208,492                                     | 0.54%  |
| 2021   | 79,550   | 79,550  | -   | 14,731,520  | 0.54%  |
| 2020   | 75,236   | 75,236  | -   | 14,468,455  | 0.52%  |
| 2019   | 71,182   | 71,182  | -   | 13,688,932  | 0.52%  |
| 2018   | 67,119   | 67,119  | -   | 12,907,494  | 0.52%  |
| 2017   | 64,885   | 64,885  | -   | 12,477,922  | 0.52%  |
| 2016   | 59,348   | 59,348  | -   | 12,364,231  | 0.48%  |
| 2015   | 57,505   | 57,505  | -   | 11,980,248  | 0.48%  |
| 2014   | 62,555   | 62,555  | -   | 13,032,381  | 0.48%  |
| 2013   | 56,709   | 56,709  | -   | 11,814,373  | 0.48%  |
| <b>Component Unit School Board (nonprofessional)</b> |  |   |   |   |  |
| 2022   | \$ 20,380  | \$ 20,380   | \$ -  | \$ 3,773,983                                      | 0.54%  |
| 2021   | 19,425   | 19,425  | -   | 3,597,292   | 0.54%  |
| 2020   | 19,547   | 19,547  | -   | 3,758,974   | 0.52%  |
| 2019   | 19,125   | 19,125  | -   | 3,677,842   | 0.52%  |
| 2018   | 18,555   | 18,555  | -   | 3,568,341   | 0.52%  |
| 2017   | 19,180   | 19,180  | -   | 3,668,393   | 0.52%  |
| 2016   | 17,924   | 17,924  | -   | 3,734,178   | 0.48%  |
| 2015   | 19,981   | 19,981  | -   | 4,162,752   | 0.48%  |
| 2014   | 19,418   | 19,418  | -   | 4,045,497   | 0.48%  |
| 2013   | 18,704   | 18,704  | -   | 3,896,702   | 0.48%  |
| <b>Component Unit School Board (professional)</b>    |  |   |   |   |  |
| 2022   | \$ 215,652   | \$ 215,652  | \$ -  | \$ 39,918,034                                     | 0.54%  |
| 2021   | 207,268  | 207,268   | -   | 38,411,652  | 0.54%  |
| 2020   | 200,943  | 200,943   | -   | 38,642,859  | 0.52%  |
| 2019   | 195,131  | 195,131   | -   | 37,525,255  | 0.52%  |
| 2018   | 181,805  | 181,805   | -   | 34,908,815  | 0.52%  |
| 2017   | 178,597  | 178,597   | -   | 34,345,532  | 0.52%  |
| 2016   | 162,190  | 162,190   | -   | 33,789,530  | 0.48%  |
| 2015   | 156,504  | 156,504   | -   | 32,605,067  | 0.48%  |
| 2014   | 151,127  | 151,127   | -   | 31,484,690  | 0.48%  |
| 2013   | 150,816  | 150,816   | -   | 31,419,940  | 0.48%  |

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 For the Year Ended June 30, 2022

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | No change  |

**Non-Largest Ten Locality Employers - General Employees**

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates  | Adjusted rates to better fit experience and changed final retirement age from 65 to 70   |
| Withdrawal Rates  | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty          |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

Schedule of Changes in the County's Net OPEB (Asset) Liability and Related Ratios  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2021

|  | <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total HIC OPEB Liability</b>  |                   |                   |                   |                   |                   |
| Service cost   | \$ 7,148          | \$ 6,964          | \$ 6,695          | \$ 7,593          | \$ 7,593          |
| Interest   | 15,336            | 15,014            | 15,372            | 15,288            | 15,288            |
| Changes in benefit terms   | -                 | -                 | -                 | -                 | -                 |
| Differences between expected and actual experience                                 | 10,343            | (1,832)           | (12,246)          | -                 | -                 |
| Changes of assumptions   | 3,978             | -                 | 6,293             | (10,066)          | (10,066)          |
| Benefit payments   | <u>(15,188)</u>   | <u>(15,570)</u>   | <u>(11,356)</u>   | <u>(15,000)</u>   | <u>(7,151)</u>    |
| <b>Net change in total HIC OPEB liability</b>                                      | \$ 21,617         | \$ 4,576          | \$ 4,758          | \$ (2,185)        | \$ 5,664          |
| <b>Total HIC OPEB Liability - beginning</b>  | <u>234,789</u>    | <u>230,213</u>    | <u>225,455</u>    | <u>227,640</u>    | <u>221,976</u>    |
| <b>Total HIC OPEB Liability - ending (a)</b>                                       | <u>\$ 256,406</u> | <u>\$ 234,789</u> | <u>\$ 230,213</u> | <u>\$ 225,455</u> | <u>\$ 227,640</u> |
| <b>Plan fiduciary net position</b>   |                   |                   |                   |                   |                   |
| Contributions - employer   | \$ 7,131          | \$ 8,434          | \$ 7,947          | \$ 8,953          | \$ 8,841          |
| Net investment income  | 61,786            | 4,811             | 14,757            | 15,768            | 22,932            |
| Benefit payments   | (15,188)          | (15,570)          | (11,356)          | (15,000)          | (7,151)           |
| Administrator charges  | (712)             | (456)             | (496)             | -                 | (376)             |
| Other  | <u>-</u>          | <u>(2)</u>        | <u>(17)</u>       | <u>(1,000)</u>    | <u>1,155</u>      |
| <b>Net change in plan fiduciary net position</b>                                   | \$ 53,017         | \$ (2,783)        | \$ 10,835         | \$ 8,721          | \$ 25,401         |
| <b>Plan fiduciary net position - beginning</b>                                     | <u>239,189</u>    | <u>241,972</u>    | <u>231,137</u>    | <u>222,416</u>    | <u>197,015</u>    |
| <b>Plan fiduciary net position - ending (b)</b>                                    | <u>\$ 292,206</u> | <u>\$ 239,189</u> | <u>\$ 241,972</u> | <u>\$ 231,137</u> | <u>\$ 222,416</u> |
| <b>County's net HIC OPEB (asset) liability - ending (a) - (b)</b>                  | \$ (35,800)       | \$ (4,400)        | \$ (11,759)       | \$ (5,682)        | \$ 5,224          |
| <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b> | 113.96%           | 101.87%           | 105.11%           | 102.52%           | 97.71%            |
| <b>Covered payroll</b>   | \$ 7,922,934      | \$ 7,665,307      | \$ 7,223,984      | \$ 6,885,719      | \$ 6,799,392      |
| <b>County's net HIC OPEB liability as a percentage of covered payroll</b>          | -0.45%            | -0.06%            | -0.16%            | -0.08%            | 0.08%             |

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

Schedule of Changes in the Component Unit School Board's (nonprofessional) Net OPEB  
 (Asset) Liability and Related Ratios  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2020 through June 30, 2021

|  | <u>2021</u>              | <u>2020</u>              |
|--|--------------------------|--------------------------|
| <b>Total HIC OPEB Liability</b>  |                          |                          |
| Service cost   | \$ 6,394                 | \$ -                     |
| Interest   | 21,593                   | -                        |
| Changes in benefit terms   | -                        | 319,890                  |
| Differences between expected and actual experience                                 | (1)                      | -                        |
| Changes of assumptions   | 8,662                    | -                        |
| <b>Net change in total HIC OPEB liability</b>                                      | <b>\$ 36,648</b>         | <b>\$ 319,890</b>        |
| <b>Total HIC OPEB Liability - beginning</b>  | <b>319,890</b>           | <b>-</b>                 |
| <b>Total HIC OPEB Liability - ending (a)</b>                                       | <b>\$ <u>356,538</u></b> | <b>\$ <u>319,890</u></b> |
| <b>Plan fiduciary net position</b>   |                          |                          |
| Contributions - employer   | \$ 26,557                | \$ -                     |
| Net investment income  | 3,892                    | -                        |
| Administration charges   | (119)                    | -                        |
| <b>Net change in plan fiduciary net position</b>                                   | <b>\$ <u>30,330</u></b>  | <b>\$ <u>-</u></b>       |
| <b>Plan fiduciary net position - beginning</b>                                     | <b>-</b>                 | <b>-</b>                 |
| <b>Plan fiduciary net position - ending (b)</b>                                    | <b>\$ <u>30,330</u></b>  | <b>\$ <u>-</u></b>       |
| <b>School Board's net HIC OPEB (asset) liability - ending (a) - (b)</b>            | <b>\$ 326,208</b>        | <b>\$ 319,890</b>        |
| <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b> | <b>8.51%</b>             | <b>0.00%</b>             |
| <b>Covered payroll</b>   | <b>\$ 3,588,896</b>      | <b>\$ -</b>              |
| <b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>    | <b>9.09%</b>             | <b>N/A</b>               |

Schedule is intended to show information for 10 years. 2020 was the first year of participation by the Component Unit School Board. However, additional years will be included as they become available.

Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2013 through June 30, 2022

| <u>Date</u>  | <u>Contractually<br/>Required<br/>Contribution<br/>(1)</u> | <u>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution<br/>(2)</u> | <u>Contribution<br/>Deficiency<br/>(Excess)<br/>(3)</u> | <u>Employer's<br/>Covered<br/>Payroll<br/>(4)</u> | <u>Contributions<br/>as a % of<br/>Covered<br/>Payroll<br/>(5)</u> |
|--|--|---|---|---|--|
| <b>Primary Government</b>                            |  |   |   |   |  |
| 2022   | \$ 8,127   | \$ 8,127  | \$ -  | \$ 9,028,307                                      | 0.09%  |
| 2021   | 7,131  | 7,131   | -   | 7,922,934   | 0.09%  |
| 2020   | 8,432  | 8,432   | -   | 7,665,307   | 0.11%  |
| 2019   | 7,946  | 7,946   | -   | 7,223,984   | 0.11%  |
| 2018   | 8,951  | 8,951   | -   | 6,885,719   | 0.13%  |
| 2017   | 8,839  | 8,839   | -   | 6,799,392   | 0.13%  |
| 2016   | 8,891  | 8,891   | -   | 6,838,899   | 0.13%  |
| 2015   | 8,567  | 8,567   | -   | 6,590,251   | 0.13%  |
| 2014   | 6,364  | 6,364   | -   | 7,071,347   | 0.09%  |
| 2013   | 10,631   | 10,631  | -   | 11,812,527  | 0.09%  |
| <b>Component Unit School Board (nonprofessional)</b> |  |   |   |   |  |
| 2022   | \$ 27,901  | \$ 27,901   | \$ -  | \$ 3,770,366                                      | 0.74%  |
| 2021   | 26,558   | 26,558  | -   | 3,588,896   | 0.74%  |

Schedule is intended to show information for 10 years. 2020 was the first year of participation by the Component Unit School Board. However, additional years will be included as they become available.

Notes to Required Supplementary Information  
 Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2022

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates  | Adjusted rates to better fit experience and changed final retirement age from 65 to 70   |
| Withdrawal Rates  | Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty          |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

Schedule of County School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2021

| <b>Date<br/>(1)</b> | <b>Employer's<br/>Proportion of the<br/>Net HIC OPEB<br/>Liability<br/>(2)</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net HIC OPEB<br/>Liability<br/>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll<br/>(4)</b> | <b>Employer's<br/>Proportionate Share<br/>of the Net HIC OPEB<br/>Liability<br/>as a Percentage of<br/>Covered Payroll<br/>(3)/(4)<br/>(5)</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of Total<br/>HIC OPEB Liability<br/>(6)</b> |
|---------------------|--|---|---|--|--|
| 2021                | 0.43433% \$  | 5,574,926 \$  | 38,411,652  | 14.51%   | 9.95%  |
| 2020                | 0.44073%   | 5,749,395   | 38,638,034  | 14.88%   | 9.95%  |
| 2019                | 0.44739%   | 5,856,771   | 37,525,255  | 15.61%   | 8.97%  |
| 2018                | 0.43160%   | 5,480,000   | 34,904,821  | 15.70%   | 8.08%  |
| 2017                | 0.43519%   | 5,521,000   | 34,345,532  | 16.07%   | 7.04%  |

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

Schedule of Employer Contributions  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2013 through June 30, 2022

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| <b>Date</b> | <b>Contractually<br/>Required<br/>Contribution<br/>(1)</b> | <b>Contributions in<br/>Relation to<br/>Contractually<br/>Required<br/>Contribution<br/>(2)</b> | <b>Contribution<br/>Deficiency<br/>(Excess)<br/>(3)</b> | <b>Employer's<br/>Covered<br/>Payroll<br/>(4)</b> | <b>Contributions<br/>as a % of<br/>Covered<br/>Payroll<br/>(5)</b> |
|-------------|--|---|---|---|--|
| 2022        | \$ 483,008   | \$ 483,008  | \$ -  | \$ 39,918,034                                     | 1.21%  |
| 2021        | 464,781  | 464,781   | -   | 38,411,652  | 1.21%  |
| 2020        | 463,698  | 463,698   | -   | 38,638,034  | 1.20%  |
| 2019        | 450,303  | 450,303   | -   | 37,525,255  | 1.20%  |
| 2018        | 429,329  | 429,329   | -   | 34,908,815  | 1.23%  |
| 2017        | 381,235  | 381,235   | -   | 34,345,532  | 1.11%  |
| 2016        | 358,152  | 358,152   | -   | 33,789,530  | 1.06%  |
| 2015        | 345,571  | 345,571   | -   | 32,605,067  | 1.06%  |
| 2014        | 349,000  | 349,000   | -   | 31,484,690  | 1.11%  |
| 2013        | 348,709  | 348,709   | -   | 31,419,940  | 1.11%  |

Notes to Required Supplementary Information  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2022

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

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|   |  |
|---|--|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | No change  |

## **OTHER SUPPLEMENTARY INFORMATION**

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

County Debt Service Fund

For the Year Ended June 30, 2022

|   | <u>Budgeted Amounts</u> |                       | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-------------------------|-----------------------|-----------------------|---|
|   | <u>Original</u>         | <u>Final</u>          |                       |   |
| <b>REVENUES</b>   |                         |                       |                       |   |
| Miscellaneous   | \$ 522,892              | \$ 522,892            | \$ 588,406            | \$ 65,514   |
| Total revenues  | <u>\$ 522,892</u>       | <u>\$ 522,892</u>     | <u>\$ 588,406</u>     | <u>\$ 65,514</u>  |
| <b>EXPENDITURES</b>                                       |                         |                       |                       |   |
| Debt service:   |                         |                       |                       |   |
| Principal retirement                                      | \$ 4,442,565            | \$ 4,442,565          | \$ 5,086,837          | \$ (644,272)  |
| Interest and other fiscal charges                         | 1,893,268               | 1,893,268             | 1,802,433             | 90,835  |
| Total expenditures  | <u>\$ 6,335,833</u>     | <u>\$ 6,335,833</u>   | <u>\$ 6,889,270</u>   | <u>\$ (553,437)</u>                                     |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (5,812,941)</u>   | <u>\$ (5,812,941)</u> | <u>\$ (6,300,864)</u> | <u>\$ (487,923)</u>                                     |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                         |                       |                       |   |
| Transfers in  | \$ 5,812,941            | \$ 5,812,941          | \$ 5,919,195          | \$ 106,254  |
| Total other financing sources (uses)                      | <u>\$ 5,812,941</u>     | <u>\$ 5,812,941</u>   | <u>\$ 5,919,195</u>   | <u>\$ 106,254</u>                                       |
| Net change in fund balances                               | \$ -                    | \$ -                  | \$ (381,669)          | \$ (381,669)  |
| Fund balances - beginning                                 | -                       | -                     | 383,294               | 383,294   |
| Fund balances - ending                                    | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ 1,625</u>       | <u>\$ 1,625</u>   |

COUNTY OF SHENANDOAH, VIRGINIA

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

County Capital Projects Fund

For the Year Ended June 30, 2022

|  | <u>Budgeted Amounts</u> |                | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|----------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>   |                           |   |
| <b>REVENUES</b>  |                         |                |                           |   |
| Revenue from the use of money and property                   | \$ -                    | \$ -           | \$ 16,039                 | \$ 16,039   |
| Total revenues   | \$ -                    | \$ -           | \$ 16,039                 | \$ 16,039   |
| <b>EXPENDITURES</b>  |                         |                |                           |   |
| Capital projects   | \$ -                    | \$ 4,059,337   | \$ 1,265,101              | \$ 2,794,236  |
| Total expenditures   | \$ -                    | \$ 4,059,337   | \$ 1,265,101              | \$ 2,794,236  |
| Excess (deficiency) of revenues over (under)<br>expenditures | \$ -                    | \$ (4,059,337) | \$ (1,249,062)            | \$ 2,810,275  |
| Net change in fund balances                                  | \$ -                    | \$ (4,059,337) | \$ (1,249,062)            | \$ 2,810,275  |
| Fund balances - beginning                                    | -                       | 4,059,337      | 12,833,125                | 8,773,788   |
| Fund balances - ending                                       | <u>-</u>                | <u>-</u>       | <u>11,584,063</u>         | <u>11,584,063</u>   |

## **COMBINING FUND STATEMENTS**

|                                     | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|-------------------------------------|-------------------------------------|--------------------------------------|--|
| <b>ASSETS</b>                       |                                     |                                      |  |
| Cash and cash equivalents           | \$ 407,927                          | \$ 100,084                           | \$ 508,011   |
| Total assets                        | <u>\$ 407,927</u>                   | <u>\$ 100,084</u>                    | <u>\$ 508,011</u>                                    |
| <b>FUND BALANCES</b>                |                                     |                                      |  |
| Assigned:                           |                                     |                                      |  |
| Landfill contingency                | \$ 407,927                          | \$ -                                 | \$ 407,927   |
| Capital projects                    | -                                   | 100,084                              | 100,084  |
| Total fund balances                 | <u>\$ 407,927</u>                   | <u>\$ 100,084</u>                    | <u>\$ 508,011</u>                                    |
| Total liabilities and fund balances | <u>\$ 407,927</u>                   | <u>\$ 100,084</u>                    | <u>\$ 508,011</u>                                    |

COUNTY OF SHENANDOAH, VIRGINIA  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2022

Exhibit 35

|  | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|----------------------------|-----------------------------|--|
| <b>REVENUES</b>  |                            |                             |  |
| Revenue from the use of money and property                       | \$ -                       | \$ -                        | \$ -                                       |
| Miscellaneous  | -                          | -                           | -  |
| Total revenues   | <u>\$ -</u>                | <u>\$ -</u>                 | <u>\$ -</u>                                |
| <br>Excess (deficiency) of revenues over (under)<br>expenditures | <br><u>\$ -</u>            | <br><u>\$ -</u>             | <br><u>\$ -</u>                            |
| <br><b>OTHER FINANCING SOURCES (USES)</b>                        |                            |                             |  |
| Transfers in   | \$ 50,546                  | \$ -                        | \$ 50,546                                  |
| Total other financing sources (uses)                             | <u>\$ 50,546</u>           | <u>\$ -</u>                 | <u>\$ 50,546</u>                           |
| <br>Net change in fund balances                                  | <br>\$ 50,546              | <br>\$ -                    | <br>\$ 50,546                              |
| Fund balances - beginning  | 357,381                    | 100,084                     | 457,465                                    |
| Fund balances - ending   | <u><u>\$ 407,927</u></u>   | <u><u>\$ 100,084</u></u>    | <u><u>\$ 508,011</u></u>                   |

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2022**

**Exhibit 36**

|   | <u>Special<br/>Welfare</u> | <u>Ambulance<br/>Recovery</u> | <u>Total</u>        |
|---|----------------------------|-------------------------------|---------------------|
| <b>ASSETS</b>                               |                            |                               |                     |
| Cash and cash equivalents                   | \$ 6,947                   | \$ 628,708                    | \$ 635,655          |
| Receivables:                                |                            |                               |                     |
| Accounts receivable                         | -                          | 371,120                       | 371,120             |
| Total assets                                | <u>\$ 6,947</u>            | <u>\$ 999,828</u>             | <u>\$ 1,006,775</u> |
| <b>NET POSITION</b>                         |                            |                               |                     |
| Restricted:                                 |                            |                               |                     |
| Individuals, organizations, and governments | <u>\$ 6,947</u>            | <u>\$ 999,828</u>             | <u>\$ 1,006,775</u> |
| Total liabilities                           | <u>\$ 6,947</u>            | <u>\$ 999,828</u>             | <u>\$ 1,006,775</u> |

COUNTY OF SHENANDOAH, VIRGINIA  
 Combining Statement of Fiduciary Net Position  
 Custodial Funds  
 For the Year Ended June 30, 2022

Exhibit 37

|   | <u>Special<br/>Welfare</u> | <u>Ambulance<br/>Recovery</u> | <u>Total</u>        |
|---|----------------------------|-------------------------------|---------------------|
| <b>Additions</b>  |                            |                               |                     |
| Interest earnings   | \$ -                       | \$ 64                         | \$ 64               |
| Miscellaneous   | 33,625                     | -                             | 33,625              |
| Ambulance recovery collections for other governments            | -                          | 1,302,120                     | 1,302,120           |
| Total additions   | <u>\$ 33,625</u>           | <u>\$ 1,302,184</u>           | <u>\$ 1,335,809</u> |
| <b>Deductions</b>   |                            |                               |                     |
| Beneficiary payments to individuals                             | \$ 33,736                  | \$ -                          | \$ 33,736           |
| Payments of ambulance recovery collections to other governments | -                          | 1,264,692                     | 1,264,692           |
| Total deductions  | <u>\$ 33,736</u>           | <u>\$ 1,264,692</u>           | <u>\$ 1,298,428</u> |
| Net increase (decrease) in fiduciary net position               | \$ (111)                   | \$ 37,492                     | \$ 37,381           |
| Net position, beginning   | 7,058                      | 962,336                       | 969,394             |
| Net position ending   | <u>\$ 6,947</u>            | <u>\$ 999,828</u>             | <u>\$ 1,006,775</u> |

**DISCRETELY PRESENTED COMPONENT UNIT -  
SCHOOL BOARD**

COUNTY OF SHENANDOAH, VIRGINIA  
 Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2022

Exhibit 38

|   | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | Student Activities<br>Special<br>Revenue<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------------|--|--------------------------------|
| <b>ASSETS</b>   |                             |                             |  |                                |
| Cash and cash equivalents                             | \$ 4,872,532                | \$ 1,871,000                | \$ 1,368,685                                     | \$ 8,112,217                   |
| Receivables (net of allowance<br>for uncollectibles): |                             |                             |  |                                |
| Accounts receivable                                   | 216,274                     | -                           | 21,206   | 237,480                        |
| Due from other funds                                  | 145,157                     | -                           | -  | 145,157                        |
| Due from other governmental units                     | 3,475,679                   | 48,603                      | -  | 3,524,282                      |
| Inventories   | -                           | 149,738                     | -  | 149,738                        |
| Prepaid items   | 96,069                      | 3,756                       | -  | 99,825                         |
| Restricted assets:                                    |                             |                             |  |                                |
| Cash and cash equivalents                             | 2,572,318                   | -                           | -  | 2,572,318                      |
| Total assets  | <u>\$ 11,378,029</u>        | <u>\$ 2,073,097</u>         | <u>\$ 1,389,891</u>                              | <u>\$ 14,841,017</u>           |
| <b>LIABILITIES</b>                                    |                             |                             |  |                                |
| Accounts payable                                      | \$ 1,788,091                | \$ 21,160                   | \$ 17,314  | \$ 1,826,565                   |
| Accrued payroll                                       | 3,245,901                   | 82,051                      | -  | 3,327,952                      |
| Due to other funds                                    | -                           | 145,157                     | -  | 145,157                        |
| Due to primary government                             | 3,771,719                   | -                           | -  | 3,771,719                      |
| Contract payable                                      | 881,377                     | -                           | -  | 881,377                        |
| Total liabilities                                     | <u>\$ 9,687,088</u>         | <u>\$ 248,368</u>           | <u>\$ 17,314</u>                                 | <u>\$ 9,952,770</u>            |
| <b>FUND BALANCES</b>                                  |                             |                             |  |                                |
| Nonspendable:   |                             |                             |  |                                |
| Inventory   | \$ -                        | \$ 149,738                  | \$ -   | \$ 149,738                     |
| Prepaid items   | 96,069                      | -                           | -  | 96,069                         |
| Capital projects                                      | 1,690,941                   | -                           | -  | 1,690,941                      |
| Cafeteria   | -                           | 1,674,991                   | -  | 1,674,991                      |
| Student activities                                    | -                           | -                           | 1,372,577  | 1,372,577                      |
| Unassigned (deficit)                                  | (96,069)                    | -                           | -  | (96,069)                       |
| Total fund balances                                   | <u>\$ 1,690,941</u>         | <u>\$ 1,824,729</u>         | <u>\$ 1,372,577</u>                              | <u>\$ 4,888,247</u>            |
| Total liabilities and fund balances                   | <u>\$ 11,378,029</u>        | <u>\$ 2,073,097</u>         | <u>\$ 1,389,891</u>                              | <u>\$ 14,841,017</u>           |

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

Total fund balances per above \$ 4,888,247

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

|                            |                  |            |
|----------------------------|------------------|------------|
| Land                       | \$ 5,725,275     |            |
| Buildings and improvements | 43,841,629       |            |
| Machinery and equipment    | 8,179,550        |            |
| Construction in progress   | 1,478,647        |            |
| Lease assets-equipment     | <u>1,228,025</u> | 60,453,126 |

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

|                       |                  |            |
|-----------------------|------------------|------------|
| Other assets          | \$ 1,017,634     |            |
| Net pension asset     | 1,117,794        |            |
| Pension related items | 13,673,049       |            |
| OPEB related items    | <u>3,292,387</u> | 19,100,864 |

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

|                       |                     |              |
|-----------------------|---------------------|--------------|
| Accrued interest      | \$ (1,733)          |              |
| Loans payable         | (5,306,803)         |              |
| Leases liabilities    | (1,237,266)         |              |
| Compensated absences  | (777,643)           |              |
| Net pension liability | (33,662,343)        |              |
| Net OPEB liabilities  | <u>(15,296,448)</u> | (56,282,236) |

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

|                       |                    |              |
|-----------------------|--------------------|--------------|
| Pension related items | \$ (27,502,952)    |              |
| OPEB related items    | <u>(3,823,868)</u> | (31,326,820) |

Net position of governmental activities \$ (3,166,819)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2022

|   | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | Student Activities<br>Special<br>Revenue<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------------|--|--------------------------------|
| <b>REVENUES</b>   |                             |                             |  |                                |
| Revenue from the use of money and property                | \$ 27,250                   | \$ 3,221                    | \$ -   | \$ 30,471                      |
| Charges for services                                      | 1,187,286                   | 29,658                      | -  | 1,216,944                      |
| Miscellaneous   | 239,163                     | 15,453                      | 2,090,833  | 2,345,449                      |
| Recovered costs   | 79,050                      | -                           | -  | 79,050                         |
| Intergovernmental:  |                             |                             |  |                                |
| Local government  | 28,053,602                  | -                           | -  | 28,053,602                     |
| Commonwealth  | 41,871,109                  | 50,641                      | -  | 41,921,750                     |
| Federal   | 6,960,003                   | 3,426,137                   | -  | 10,386,140                     |
| Total revenues  | <u>\$ 78,417,463</u>        | <u>\$ 3,525,110</u>         | <u>\$ 2,090,833</u>                              | <u>\$ 84,033,406</u>           |
| <b>EXPENDITURES</b>                                       |                             |                             |  |                                |
| Current:  |                             |                             |  |                                |
| Education   | \$ 82,037,500               | \$ 2,553,365                | \$ 1,977,402                                     | \$ 86,568,267                  |
| Total expenditures  | <u>\$ 82,037,500</u>        | <u>\$ 2,553,365</u>         | <u>\$ 1,977,402</u>                              | <u>\$ 86,568,267</u>           |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (3,620,037)</u>       | <u>\$ 971,745</u>           | <u>\$ 113,431</u>                                | <u>\$ (2,534,861)</u>          |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                             |                             |  |                                |
| Transfers in  | \$ 4,175                    | \$ -                        | \$ -   | \$ 4,175                       |
| Transfers out   | -                           | (4,175)                     | -  | (4,175)                        |
| Total other financing sources (uses)                      | <u>\$ 4,175</u>             | <u>\$ (4,175)</u>           | <u>\$ -</u>                                      | <u>\$ -</u>                    |
| Net change in fund balances                               | \$ (3,615,862)              | \$ 967,570                  | \$ 113,431                                       | \$ (2,534,861)                 |
| Fund balances - beginning, as restated                    | 5,306,803                   | 857,159                     | 1,259,146  | 7,423,108                      |
| Fund balances - ending                                    | <u>\$ 1,690,941</u>         | <u>\$ 1,824,729</u>         | <u>\$ 1,372,577</u>                              | <u>\$ 4,888,247</u>            |

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

Net change in fund balances - total governmental funds \$ (2,534,861)

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

|  |                  |                     |
|--|------------------|---------------------|
| Capital outlays  | \$ 7,550,770     |                     |
| Depreciation and amortization expense                                      | (3,797,521)      |                     |
| Allocation of debt financed school assets based on current year repayments | <u>(524,296)</u> | 3,228,953           |
| Compensated absences   | \$ 185,975       |                     |
| Subscription based informational technology arrangement                    | (146,440)        |                     |
| Lease payments   | 239,943          |                     |
| Pension expense  | 6,512,203        |                     |
| OPEB expense   | <u>(24,027)</u>  | 6,767,654           |
| Change in net position of governmental activities                          |                  | <u>\$ 7,461,746</u> |

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2022**

|   | <b>School Operating Fund</b> |                      |                       |   |
|---|------------------------------|----------------------|-----------------------|---|
|   | <b>Budgeted Amounts</b>      |                      | <b>Actual</b>         | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|   | <b>Original</b>              | <b>Final</b>         |                       |   |
| <b>REVENUES</b>   |                              |                      |                       |   |
| Revenue from the use of money and property                | \$ 25,000                    | \$ 25,000            | \$ 27,250             | \$ 2,250  |
| Charges for services                                      | 612,450                      | 531,297              | 1,187,286             | 655,989   |
| Miscellaneous   | 522,000                      | 524,400              | 239,163               | (285,237)   |
| Recovered costs   | 60,000                       | 60,000               | 79,050                | 19,050  |
| Intergovernmental:  |                              |                      |                       |   |
| Local government  | 35,014,461                   | 35,014,461           | 28,053,602            | (6,960,859)   |
| Commonwealth  | 41,001,256                   | 41,081,129           | 41,871,109            | 789,980   |
| Federal   | 3,356,591                    | 10,958,481           | 6,960,003             | (3,998,478)   |
| Total revenues  | <u>\$ 80,591,758</u>         | <u>\$ 88,194,768</u> | <u>\$ 78,417,463</u>  | <u>\$ (9,777,305)</u>   |
| <b>EXPENDITURES</b>                                       |                              |                      |                       |   |
| Current:  |                              |                      |                       |   |
| Education   | \$ 80,591,758                | \$ 88,194,768        | \$ 82,037,500         | \$ 6,157,268  |
| Total expenditures  | <u>\$ 80,591,758</u>         | <u>\$ 88,194,768</u> | <u>\$ 82,037,500</u>  | <u>\$ 6,157,268</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u>                  | <u>\$ -</u>          | <u>\$ (3,620,037)</u> | <u>\$ (3,620,037)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                              |                      |                       |   |
| Transfers in  | \$ -                         | \$ -                 | \$ 4,175              | \$ 4,175  |
| Transfers out   | -                            | -                    | -                     | -   |
| Total other financing sources and uses                    | <u>\$ -</u>                  | <u>\$ -</u>          | <u>\$ 4,175</u>       | <u>\$ 4,175</u>   |
| Net change in fund balances                               | \$ -                         | \$ -                 | \$ (3,615,862)        | \$ (3,615,862)  |
| Fund balances - beginning                                 | -                            | -                    | 5,306,803             | 5,306,803   |
| Fund balances - ending                                    | <u>\$ -</u>                  | <u>\$ -</u>          | <u>\$ 1,690,941</u>   | <u>\$ 1,690,941</u>   |

| <b>School Cafeteria Fund</b> |                     |                     |   |
|------------------------------|---------------------|---------------------|---|
| <b>Budgeted Amounts</b>      |                     | <b>Actual</b>       | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
| <b>Original</b>              | <b>Final</b>        |                     |   |
| \$ 2,500                     | \$ 2,500            | \$ 3,221            | \$ 721  |
| 22,500                       | 22,500              | 29,658              | 7,158   |
| 2,500                        | 2,500               | 15,453              | 12,953  |
| -                            | -                   | -                   | -   |
| -                            | -                   | -                   | -   |
| 50,696                       | 50,696              | 50,641              | (55)  |
| 2,011,293                    | 2,526,293           | 3,426,137           | 899,844   |
| <u>\$ 2,089,489</u>          | <u>\$ 2,604,489</u> | <u>\$ 3,525,110</u> | <u>\$ 920,621</u>   |
| <br>                         |                     |                     |   |
| \$ 2,089,489                 | \$ 2,604,489        | \$ 2,553,365        | \$ 51,124   |
| <u>\$ 2,089,489</u>          | <u>\$ 2,604,489</u> | <u>\$ 2,553,365</u> | <u>\$ 51,124</u>  |
| <br>                         |                     |                     |   |
| \$ -                         | \$ -                | \$ 971,745          | \$ 971,745  |
| <br>                         |                     |                     |   |
| \$ -                         | \$ -                | \$ -                | \$ -  |
|                              |                     | (4,175)             | (4,175)   |
| <u>\$ -</u>                  | <u>\$ -</u>         | <u>\$ (4,175)</u>   | <u>\$ (4,175)</u>   |
| <br>                         |                     |                     |   |
| \$ -                         | \$ -                | \$ 967,570          | \$ 967,570  |
| -                            | -                   | 857,159             | 857,159   |
| <u>\$ -</u>                  | <u>\$ -</u>         | <u>\$ 1,824,729</u> | <u>\$ 1,824,729</u>   |

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## **SUPPORTING SCHEDULES**

| Fund, Major and Minor Revenue Source                   | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
| <b>General Fund:</b>                                   |                      |                      |                      |   |
| Revenue from local sources:                            |                      |                      |                      |   |
| General property taxes:                                |                      |                      |                      |   |
| Real property taxes                                    | \$ 31,118,000        | \$ 31,118,000        | \$ 32,884,664        | \$ 1,766,664  |
| Real and personal public service corporation taxes     | 1,900,000            | 1,900,000            | 1,821,782            | (78,218)  |
| Personal property taxes                                | 13,543,000           | 13,543,000           | 18,385,886           | 4,842,886   |
| Mobile home taxes                                      | -                    | -                    | 31,694               | 31,694  |
| Machinery and tools taxes                              | 3,200,000            | 3,200,000            | 2,733,343            | (466,657)   |
| Merchants capital                                      | 300,000              | 300,000              | 350,524              | 50,524  |
| Penalties  | 385,000              | 385,000              | 469,454              | 84,454  |
| Interest   | 350,000              | 350,000              | 321,196              | (28,804)  |
| Total general property taxes                           | <u>\$ 50,796,000</u> | <u>\$ 50,796,000</u> | <u>\$ 56,998,543</u> | <u>\$ 6,202,543</u>                                       |
| Other local taxes:                                     |                      |                      |                      |   |
| Local sales and use taxes                              | \$ 4,300,000         | \$ 4,300,000         | \$ 4,671,421         | \$ 371,421  |
| Consumers' utility taxes                               | 1,800,000            | 1,800,000            | 1,616,603            | (183,397)   |
| Utility license taxes                                  | 25,000               | 25,000               | 73,300               | 48,300  |
| Motor vehicle licenses                                 | 920,000              | 920,000              | 922,217              | 2,217   |
| Taxes on recordation and wills                         | 475,000              | 475,000              | 691,810              | 216,810   |
| Transient occupancy tax                                | 180,000              | 180,000              | 141,793              | (38,207)  |
| Total other local taxes                                | <u>\$ 7,700,000</u>  | <u>\$ 7,700,000</u>  | <u>\$ 8,117,144</u>  | <u>\$ 417,144</u>   |
| Permits, privilege fees, and regulatory licenses:      |                      |                      |                      |   |
| Animal licenses  | \$ 21,700            | \$ 21,700            | \$ 20,242            | \$ (1,458)  |
| Land use application fees                              | -                    | -                    | 50,299               | 50,299  |
| Transfer fees  | -                    | -                    | 2,573                | 2,573   |
| Permits and other licenses                             | 516,800              | 516,800              | 602,110              | 85,310  |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 538,500</u>    | <u>\$ 538,500</u>    | <u>\$ 675,224</u>    | <u>\$ 136,724</u>   |
| Fines and forfeitures:                                 |                      |                      |                      |   |
| Court fines and forfeitures                            | \$ 54,000            | \$ 54,000            | \$ 36,731            | \$ (17,269)   |
| Revenue from use of money and property:                |                      |                      |                      |   |
| Revenue from use of money                              | \$ 310,000           | \$ 310,000           | \$ 89,076            | \$ (220,924)  |
| Revenue from use of property                           | 384,767              | 384,767              | 346,976              | (37,791)  |
| Total revenue from use of money and property           | <u>\$ 694,767</u>    | <u>\$ 694,767</u>    | <u>\$ 436,052</u>    | <u>\$ (258,715)</u>                                       |
| Charges for services:                                  |                      |                      |                      |   |
| Charges for courthouse security                        | \$ 75,000            | \$ 75,000            | \$ 56,999            | \$ (18,001)   |
| Law library fees                                       | 24,700               | 24,700               | 5,870                | (18,830)  |
| Charges for Commonwealth's Attorney                    | 5,000                | 5,000                | 4,632                | (368)   |
| Charges for animal protection                          | 9,500                | 9,500                | 8,115                | (1,385)   |
| Charges for courthouse construction                    | 27,000               | 27,000               | 18,856               | (8,144)   |
| Charges for parks and recreation                       | 255,500              | 312,609              | 642,163              | 329,554   |
| Charges for spay and neuter                            | 5,000                | 5,000                | 5,400                | 400   |
| KidzRec  | 500,000              | 955,000              | 929,868              | (25,132)  |
| Charges for courthouse maintenance                     | 17,000               | 17,000               | 12,154               | (4,846)   |
| Charges for ambulance recoveries                       | 1,050,000            | 1,050,000            | 804,773              | (245,227)   |
| Charges for services - other                           | 115,000              | 115,000              | 77,982               | (37,018)  |
| Total charges for services                             | <u>\$ 2,083,700</u>  | <u>\$ 2,595,809</u>  | <u>\$ 2,566,812</u>  | <u>\$ (28,997)</u>  |

| Fund, Major and Minor Revenue Source    | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
| <b>General Fund (continued):</b>        |                      |                      |                      |   |
| Revenue from local sources: (continued) |                      |                      |                      |   |
| Miscellaneous:                          |                      |                      |                      |   |
| Miscellaneous                           | \$ 327,000           | \$ 576,005           | \$ 544,218           | \$ (31,787)   |
| Refunds and recoveries                  | 210,722              | 259,640              | 562,539              | 302,899   |
| Donation of land                        | -                    | -                    | 617,000              | 617,000   |
| Total miscellaneous                     | <u>\$ 537,722</u>    | <u>\$ 835,645</u>    | <u>\$ 1,723,757</u>  | <u>\$ 888,112</u>   |
| Recovered costs:                        |                      |                      |                      |   |
| Other recovered costs                   | \$ 709,879           | \$ 715,987           | \$ 771,935           | \$ 55,948   |
| Total recovered costs                   | <u>\$ 709,879</u>    | <u>\$ 715,987</u>    | <u>\$ 771,935</u>    | <u>\$ 55,948</u>  |
| Total revenue from local sources        | <u>\$ 63,114,568</u> | <u>\$ 63,930,708</u> | <u>\$ 71,326,198</u> | <u>\$ 7,395,490</u>                                       |
| Intergovernmental:                      |                      |                      |                      |   |
| Revenue from the Commonwealth:          |                      |                      |                      |   |
| Noncategorical aid:                     |                      |                      |                      |   |
| Rolling stock tax                       | \$ 40,000            | \$ 40,000            | \$ 28,536            | \$ (11,464)   |
| Mobile home titling tax                 | 12,000               | 12,000               | 8,155                | (3,845)   |
| Games of skill distribution             | -                    | -                    | 7,776                | 7,776   |
| Motor vehicle rental tax                | 5,500                | 5,500                | 11,265               | 5,765   |
| Moped sales tax                         | 3,000                | 3,000                | 2,487                | (513)   |
| State recordation tax                   | 250,000              | 250,000              | 191,853              | (58,147)  |
| Personal property tax relief funds      | 3,647,829            | 3,647,829            | 3,647,829            | -   |
| Payment in lieu of tax state forest     | 12,000               | 12,000               | -                    | (12,000)  |
| Total noncategorical aid                | <u>\$ 3,970,329</u>  | <u>\$ 3,970,329</u>  | <u>\$ 3,897,901</u>  | <u>\$ (72,428)</u>  |
| Categorical aid:                        |                      |                      |                      |   |
| Shared expenses:                        |                      |                      |                      |   |
| Commonwealth's attorney                 | \$ 426,500           | \$ 426,500           | \$ 320,345           | \$ (106,155)  |
| Sheriff                                 | 1,906,200            | 1,906,200            | 1,962,760            | 56,560  |
| Commissioner of revenue                 | 143,600              | 143,600              | 170,030              | 26,430  |
| Treasurer                               | 139,600              | 139,600              | 178,598              | 38,998  |
| Registrar/electoral board               | 75,000               | 75,000               | 77,566               | 2,566   |
| Clerk of the Circuit Court              | 393,400              | 393,400              | 391,324              | (2,076)   |
| Total shared expenses                   | <u>\$ 3,084,300</u>  | <u>\$ 3,084,300</u>  | <u>\$ 3,100,623</u>  | <u>\$ 16,323</u>  |
| Other categorical aid:                  |                      |                      |                      |   |
| Litter control grant                    | \$ 18,000            | \$ 25,077            | \$ 25,077            | \$ -  |
| Welfare administration and assistance   | 811,056              | 811,056              | 1,155,801            | 344,745   |
| Forfeited drug assets                   | -                    | -                    | 6,151                | 6,151   |
| Commission for the arts                 | 4,500                | 4,500                | 4,500                | -   |
| Comprehensive services act              | 3,018,600            | 3,018,600            | 4,618,243            | 1,599,643   |
| VJCCCA grant                            | 31,201               | 31,201               | 23,403               | (7,798)   |
| Victim-witness grant                    | 26,425               | 26,425               | 18,784               | (7,641)   |
| Wireless E-911 grant                    | 130,000              | 130,000              | 187,109              | 57,109  |
| Fire programs fund                      | 91,269               | 91,269               | 101,426              | 10,157  |
| Four for life                           | 46,895               | 46,895               | -                    | (46,895)  |
| RSAF grant                              | 160,000              | 160,000              | -                    | (160,000)   |
| School resource officer                 | 79,745               | 79,745               | 39,337               | (40,408)  |
| Extradition of prisoners                | 4,500                | 4,500                | 2,389                | (2,111)   |
| Rent health department                  | 7,200                | 7,200                | 7,200                | -   |
| Other categorical aid                   | 44,255               | 44,255               | 71,172               | 26,917  |
| Total other categorical aid             | <u>\$ 4,473,646</u>  | <u>\$ 4,480,723</u>  | <u>\$ 6,260,592</u>  | <u>\$ 1,779,869</u>                                       |
| Total categorical aid                   | <u>\$ 7,557,946</u>  | <u>\$ 7,565,023</u>  | <u>\$ 9,361,215</u>  | <u>\$ 1,796,192</u>                                       |
| Total revenue from the Commonwealth     | <u>\$ 11,528,275</u> | <u>\$ 11,535,352</u> | <u>\$ 13,259,116</u> | <u>\$ 1,723,764</u>                                       |

| Fund, Major and Minor Revenue Source      | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
| <b>General Fund (continued):</b>          |                      |                      |                      |   |
| Intergovernmental: (continued)            |                      |                      |                      |   |
| Revenue from the federal government:      |                      |                      |                      |   |
| Noncategorical aid                        |                      |                      |                      |   |
| CARES Act                                 | \$ -                 | \$ -                 | \$ 14,501            | \$ 14,501   |
| ARPA funds                                | -                    | -                    | 735,743              | 735,743   |
| Payments in lieu of taxes                 | 220,000              | 220,000              | 219,549              | (451)   |
| Total noncategorical aid                  | <u>\$ 220,000</u>    | <u>\$ 220,000</u>    | <u>\$ 969,793</u>    | <u>\$ 749,793</u>   |
| Categorical aid:                          |                      |                      |                      |   |
| DMV ground transportation safety grant    | \$ 28,724            | \$ 28,724            | \$ 6,090             | \$ (22,634)   |
| U.S. Forest Service Patrol                | 5,684                | 5,684                | 3,399                | (2,285)   |
| Bullet proof vest grant                   | 17,738               | 18,978               | 6,751                | (12,227)  |
| Welfare administration and assistance     | 2,566,197            | 2,566,197            | 2,061,433            | (504,764)   |
| Forfeited drug assets                     | -                    | -                    | 90,707               | 90,707  |
| Emergency management                      | -                    | -                    | 4,786                | 4,786   |
| CDBG                                      | -                    | 178,902              | 124,929              | (53,973)  |
| Victim witness                            | 79,273               | 79,273               | 51,603               | (27,670)  |
| Project lifesaver                         | 3,527                | 3,527                | 2,320                | (1,207)   |
| Homeland security grant                   | 23,509               | 23,509               | 964                  | (22,545)  |
| Triad grant                               | 2,000                | 2,000                | 700                  | (1,300)   |
| Other categorical aid                     | -                    | -                    | 22,295               | 22,295  |
| Total categorical aid                     | <u>\$ 2,726,652</u>  | <u>\$ 2,906,794</u>  | <u>\$ 2,375,977</u>  | <u>\$ (530,817)</u>                                       |
| Total revenue from the federal government | <u>\$ 2,946,652</u>  | <u>\$ 3,126,794</u>  | <u>\$ 3,345,770</u>  | <u>\$ 218,976</u>   |
| Total General Fund                        | <u>\$ 77,589,495</u> | <u>\$ 78,592,854</u> | <u>\$ 87,931,084</u> | <u>\$ 9,338,230</u>                                       |
| <b>Debt Service Funds:</b>                |                      |                      |                      |   |
| <b>County Debt Service Fund:</b>          |                      |                      |                      |   |
| Revenue from local sources:               |                      |                      |                      |   |
| Miscellaneous:                            |                      |                      |                      |   |
| Interest subsidy                          | \$ 522,892           | \$ 522,892           | \$ 588,406           | \$ 65,514   |
| Total miscellaneous                       | <u>\$ 522,892</u>    | <u>\$ 522,892</u>    | <u>\$ 588,406</u>    | <u>\$ 65,514</u>  |
| Total Debt Service Fund                   | <u>\$ 522,892</u>    | <u>\$ 522,892</u>    | <u>\$ 588,406</u>    | <u>\$ 65,514</u>  |
| <b>Capital Projects Funds:</b>            |                      |                      |                      |   |
| <b>County Capital Projects Fund:</b>      |                      |                      |                      |   |
| Revenue from local sources:               |                      |                      |                      |   |
| Revenue from use of money and property:   |                      |                      |                      |   |
| Revenue from the use of money             | \$ -                 | \$ -                 | \$ 16,039            | \$ 16,039   |
| Total Capital Projects Fund               | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 16,039</u>     | <u>\$ 16,039</u>  |
| Total Primary Government                  | <u>\$ 78,112,387</u> | <u>\$ 79,115,746</u> | <u>\$ 88,535,529</u> | <u>\$ 9,419,783</u>                                       |

| Fund, Major and Minor Revenue Source                      | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
| <b>Discretely Presented Component Unit - School Board</b> |                      |                      |                      |   |
| <b>School Operating Fund:</b>                             |                      |                      |                      |   |
| Revenue from local sources:                               |                      |                      |                      |   |
| Revenue from use of money and property:                   |                      |                      |                      |   |
| Revenue from the use of property                          | \$ 25,000            | \$ 25,000            | \$ 27,250            | \$ 2,250  |
| Total revenue from use of money and property              | <u>\$ 25,000</u>     | <u>\$ 25,000</u>     | <u>\$ 27,250</u>     | <u>\$ 2,250</u>   |
| Charges for services:                                     |                      |                      |                      |   |
| Tuition and other payments                                | \$ 512,450           | \$ 431,297           | \$ 723,795           | \$ 292,498  |
| Other charges for services                                | 100,000              | 100,000              | 463,491              | 363,491   |
| Total charges for services                                | <u>\$ 612,450</u>    | <u>\$ 531,297</u>    | <u>\$ 1,187,286</u>  | <u>\$ 655,989</u>   |
| Miscellaneous:  |                      |                      |                      |   |
| Other miscellaneous                                       | \$ 522,000           | \$ 524,400           | \$ 239,163           | \$ (285,237)  |
| Total miscellaneous                                       | <u>\$ 522,000</u>    | <u>\$ 524,400</u>    | <u>\$ 239,163</u>    | <u>\$ (285,237)</u>                                       |
| Recovered costs:  |                      |                      |                      |   |
| Other recovered costs                                     | \$ 60,000            | \$ 60,000            | \$ 79,050            | \$ 19,050   |
| Total revenue from local sources                          | <u>\$ 1,219,450</u>  | <u>\$ 1,140,697</u>  | <u>\$ 1,532,749</u>  | <u>\$ 392,052</u>   |
| Intergovernmental:  |                      |                      |                      |   |
| Revenues from local governments:                          |                      |                      |                      |   |
| Contribution from County of Shenandoah, Virginia          | \$ 35,014,461        | \$ 35,014,461        | \$ 28,053,602        | \$ (6,960,859)  |
| Revenue from the Commonwealth:                            |                      |                      |                      |   |
| Categorical aid:  |                      |                      |                      |   |
| State sales tax   | \$ 7,706,107         | \$ 7,706,107         | \$ 9,559,268         | \$ 1,853,161  |
| Basic aid   | 17,636,051           | 17,636,051           | 16,475,974           | (1,160,077)   |
| Remedial summer school                                    | 678,358              | 595,395              | 180,516              | (414,879)   |
| Foster home children                                      | 40,383               | 40,383               | 25,659               | (14,724)  |
| ISAP  | 16,772               | 16,772               | 16,465               | (307)   |
| Gifted and talented                                       | 178,870              | 178,870              | 176,561              | (2,309)   |
| Remedial education  | -                    | -                    | 669,600              | 669,600   |
| Special education   | 1,920,326            | 1,920,326            | 1,895,534            | (24,792)  |
| Textbook payments   | 362,702              | 362,702              | 358,019              | (4,683)   |
| Vocational education                                      | 822,588              | 819,156              | 831,084              | 11,928  |
| Fringe benefits   | 3,570,658            | 3,570,658            | 3,524,562            | (46,096)  |
| Early reading intervention                                | 146,913              | 42,660               | 306,981              | 264,321   |
| Mentor teacher program                                    | 5,628                | 5,628                | 8,579                | 2,951   |
| Compensation supplement                                   | 1,179,776            | 1,179,776            | 1,165,468            | (14,308)  |
| Special education regional program                        | 976,556              | 976,556              | 1,078,103            | 101,547   |
| At risk program   | 1,151,776            | 1,151,776            | 1,136,962            | (14,814)  |
| Primary class size payments                               | 774,541              | 774,541              | 773,258              | (1,283)   |
| School technology funds                                   | 284,000              | 284,000              | 284,000              | -   |
| School construction                                       | -                    | -                    | 13,998               | 13,998  |
| Special education- foster children                        | -                    | -                    | 28,370               | 28,370  |
| Algebra readiness   | 81,905               | 81,905               | 79,813               | (2,092)   |
| Supplemental lottery per pupil                            | 1,364,434            | 1,364,434            | 1,353,870            | (10,564)  |
| English as a second language                              | 382,409              | 382,409              | 397,458              | 15,049  |
| No-loss COVID 19 funding                                  | 861,928              | 861,928              | 183,271              | (678,657)   |
| Virginia preschool initiative payment                     | 642,138              | 642,138              | 553,286              | (88,852)  |
| Academic year governors school                            | 100,000              | 59,296               | 267,418              | 208,122   |
| National board certification bonus                        | -                    | -                    | 15,000               | 15,000  |
| Other categorical aid                                     | 116,437              | 427,662              | 512,032              | 84,370  |
| Total categorical aid                                     | <u>\$ 41,001,256</u> | <u>\$ 41,081,129</u> | <u>\$ 41,871,109</u> | <u>\$ 789,980</u>   |
| Total revenue from the Commonwealth                       | <u>\$ 41,001,256</u> | <u>\$ 41,081,129</u> | <u>\$ 41,871,109</u> | <u>\$ 789,980</u>   |

| Fund, Major and Minor Revenue Source                                 | Original<br>Budget          | Final<br>Budget             | Actual                      | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| <b>Discretely Presented Component Unit School Board (continued):</b> |                             |                             |                             |   |
| <b>School Operating Fund (continued):</b>                            |                             |                             |                             |   |
| Intergovernmental: (continued)                                       |                             |                             |                             |   |
| Revenue from the federal government:                                 |                             |                             |                             |   |
| Categorical aid:   |                             |                             |                             |   |
| Title I  | \$ 1,291,017                | \$ 1,327,408                | \$ 1,242,036                | \$ (85,372)   |
| Forest reserve   | 15,000                      | 15,000                      | 14,316                      | (684)   |
| Title II Part A  | 185,163                     | 503,330                     | 111,200                     | (392,130)   |
| Title VI-B   | 1,318,791                   | 1,566,775                   | 1,363,480                   | (203,295)   |
| Title III-Part A   | 46,227                      | 109,798                     | 104,237                     | (5,561)   |
| Vocational education   | 107,000                     | 116,964                     | 122,451                     | 5,487   |
| Preschool  | 41,943                      | 41,943                      | 43,539                      | 1,596   |
| Title IV Part A  | 89,813                      | 77,400                      | 117,548                     | 40,148  |
| CARES Act ESSER  | 261,637                     | 7,199,863                   | 3,841,196                   | (3,358,667)   |
| Total categorical aid  | <u>\$ 3,356,591</u>         | <u>\$ 10,958,481</u>        | <u>\$ 6,960,003</u>         | <u>\$ (3,998,478)</u>                                     |
| Total revenue from the federal government                            | <u>\$ 3,356,591</u>         | <u>\$ 10,958,481</u>        | <u>\$ 6,960,003</u>         | <u>\$ (3,998,478)</u>                                     |
| Total School Operating Fund  | <u><u>\$ 80,591,758</u></u> | <u><u>\$ 88,194,768</u></u> | <u><u>\$ 78,417,463</u></u> | <u><u>\$ (9,777,305)</u></u>                              |
| <b>School Cafeteria Fund:</b>  |                             |                             |                             |   |
| Revenue from local sources:  |                             |                             |                             |   |
| Revenue from use of money and property:                              |                             |                             |                             |   |
| Revenue from the use of money  | <u>\$ 2,500</u>             | <u>\$ 2,500</u>             | <u>\$ 3,221</u>             | <u>\$ 721</u>   |
| Charges for services:  |                             |                             |                             |   |
| School food services   | <u>\$ 22,500</u>            | <u>\$ 22,500</u>            | <u>\$ 29,658</u>            | <u>\$ 7,158</u>   |
| Miscellaneous:   |                             |                             |                             |   |
| Miscellaneous  | <u>\$ 2,500</u>             | <u>\$ 2,500</u>             | <u>\$ 15,453</u>            | <u>\$ 12,953</u>  |
| Total revenue from local sources                                     | <u>\$ 27,500</u>            | <u>\$ 27,500</u>            | <u>\$ 48,332</u>            | <u>\$ 20,832</u>  |
| Intergovernmental:   |                             |                             |                             |   |
| Revenue from the Commonwealth:                                       |                             |                             |                             |   |
| Categorical aid:   |                             |                             |                             |   |
| School food program  | <u>\$ 50,696</u>            | <u>\$ 50,696</u>            | <u>\$ 50,641</u>            | <u>\$ (55)</u>  |
| Total revenue from the Commonwealth                                  | <u>\$ 50,696</u>            | <u>\$ 50,696</u>            | <u>\$ 50,641</u>            | <u>\$ (55)</u>  |

| Fund, Major and Minor Revenue Source                                 | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
| <b>Discretely Presented Component Unit School Board (continued):</b> |                      |                      |                      |   |
| <b>School Cafeteria Fund (continued):</b>                            |                      |                      |                      |   |
| Intergovernmental: (continued)                                       |                      |                      |                      |   |
| Revenue from the federal government:                                 |                      |                      |                      |   |
| Categorical aid:   |                      |                      |                      |   |
| Summer Food Service Program for Children                             | \$ -                 | \$ 515,000           | \$ 34,573            | \$ (480,427)  |
| School lunch and breakfast reimbursements                            | 1,600,000            | 1,600,000            | 3,184,447            | 1,584,447   |
| Other  | 411,293              | 411,293              | 3,063                | (408,230)   |
| USDA commodities   | -                    | -                    | 204,054              | 204,054   |
| Total categorical aid  | <u>\$ 2,011,293</u>  | <u>\$ 2,526,293</u>  | <u>\$ 3,426,137</u>  | <u>\$ 899,844</u>   |
| Total revenue from the federal government                            | <u>\$ 2,011,293</u>  | <u>\$ 2,526,293</u>  | <u>\$ 3,426,137</u>  | <u>\$ 899,844</u>   |
| Total School Cafeteria Fund  | <u>\$ 2,089,489</u>  | <u>\$ 2,604,489</u>  | <u>\$ 3,525,110</u>  | <u>\$ 920,621</u>   |
| <b>Student Activities Special Revenue Fund:</b>                      |                      |                      |                      |   |
| Revenue from local sources:  |                      |                      |                      |   |
| Miscellaneous revenue:   |                      |                      |                      |   |
| Other miscellaneous  | \$ -                 | \$ -                 | \$ 2,090,833         | \$ 2,090,833  |
| Total Student Activities Special Revenue Fund                        | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 2,090,833</u>  | <u>\$ 2,090,833</u>                                       |
| Total Discretely Presented Component Unit - School Board             | <u>\$ 82,681,247</u> | <u>\$ 90,799,257</u> | <u>\$ 84,033,406</u> | <u>\$ (6,765,851)</u>                                     |

COUNTY OF SHENANDOAH, VIRGINIA  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2022

| Fund, Function, Activity and Elements     | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
| <b>General Fund:</b>                      |                     |                     |                     |   |
| General government administration:        |                     |                     |                     |   |
| Legislative:                              |                     |                     |                     |   |
| Board of supervisors                      | \$ 266,580          | \$ 276,080          | \$ 293,047          | \$ (16,967)   |
| General and financial information:        |                     |                     |                     |   |
| County administrator                      | \$ 640,215          | \$ 644,767          | \$ 578,508          | \$ 66,259   |
| Finance                                   | 374,874             | 380,121             | 347,471             | 32,650  |
| Legal services                            | 200,000             | 200,000             | 276,378             | (76,378)  |
| Commissioner of revenue                   | 561,192             | 565,130             | 624,362             | (59,232)  |
| Reassessment                              | 221,008             | 221,008             | 178,295             | 42,713  |
| Treasurer                                 | 688,575             | 692,446             | 779,928             | (87,482)  |
| Central accounting                        | 101,000             | 101,000             | 88,237              | 12,763  |
| Geographic information system             | 113,375             | 123,170             | 117,795             | 5,375   |
| Total general and financial information   | <u>\$ 2,900,239</u> | <u>\$ 2,927,642</u> | <u>\$ 2,990,974</u> | <u>\$ (63,332)</u>  |
| Board of elections:                       |                     |                     |                     |   |
| Electoral board and officials             | \$ 185,399          | \$ 266,597          | \$ 217,668          | \$ 48,929   |
| Registrar                                 | 197,901             | 199,940             | 204,839             | (4,899)   |
| Total board of elections                  | <u>\$ 383,300</u>   | <u>\$ 466,537</u>   | <u>\$ 422,507</u>   | <u>\$ 44,030</u>  |
| Total general government administration   | <u>\$ 3,550,119</u> | <u>\$ 3,670,259</u> | <u>\$ 3,706,528</u> | <u>\$ (36,269)</u>  |
| Judicial administration:                  |                     |                     |                     |   |
| Courts:                                   |                     |                     |                     |   |
| Circuit court                             | \$ 88,581           | \$ 88,581           | \$ 58,314           | \$ 30,267   |
| General district court                    | 11,225              | 11,225              | 13,003              | (1,778)   |
| Special magistrates                       | 5,311               | 5,311               | 2,558               | 2,753   |
| Clerk of the circuit court                | 679,900             | 681,489             | 754,089             | (72,600)  |
| Sheriff                                   | 840,975             | 901,491             | 870,871             | 30,620  |
| Juvenile domestic                         | 15,350              | 15,350              | 9,287               | 6,063   |
| Law library                               | 24,700              | 24,700              | 13,455              | 11,245  |
| Records restoration                       | -                   | -                   | 31,319              | (31,319)  |
| Victim witness                            | 105,098             | 105,098             | 91,189              | 13,909  |
| Total courts                              | <u>\$ 1,771,140</u> | <u>\$ 1,833,245</u> | <u>\$ 1,844,085</u> | <u>\$ (10,840)</u>  |
| Commonwealth's attorney:                  |                     |                     |                     |   |
| Commonwealth's attorney                   | \$ 664,148          | \$ 667,633          | \$ 593,341          | \$ 74,292   |
| Total judicial administration             | <u>\$ 2,435,288</u> | <u>\$ 2,500,878</u> | <u>\$ 2,437,426</u> | <u>\$ 63,452</u>  |
| Public safety:                            |                     |                     |                     |   |
| Law enforcement and traffic control:      |                     |                     |                     |   |
| Sheriff                                   | \$ 6,370,949        | \$ 7,037,973        | \$ 7,147,609        | \$ (109,636)  |
| Total law enforcement and traffic control | <u>\$ 6,370,949</u> | <u>\$ 7,037,973</u> | <u>\$ 7,147,609</u> | <u>\$ (109,636)</u>                                       |
| Fire and rescue services:                 |                     |                     |                     |   |
| Volunteer fire department                 | \$ 1,082,300        | \$ 1,082,300        | \$ 1,833,528        | \$ (751,228)  |
| Forest fire extinction                    | 11,096              | 11,096              | 11,095              | 1   |
| Fire and rescue services                  | 6,187,478           | 6,812,370           | 7,283,170           | (470,800)   |
| Total fire and rescue services            | <u>\$ 7,280,874</u> | <u>\$ 7,905,766</u> | <u>\$ 9,127,793</u> | <u>\$ (1,222,027)</u>                                     |

| Fund, Function, Activity and Elements         | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
| <b>General Fund: (continued)</b>              |                      |                      |                      |   |
| Public safety: (continued)                    |                      |                      |                      |   |
| Correction and detention:                     |                      |                      |                      |   |
| Jail  | \$ 3,058,483         | \$ 3,058,483         | \$ 2,750,512         | \$ 307,971  |
| Juvenile probation and detention              | 657,200              | 657,200              | 678,831              | (21,631)  |
| Total correction and detention                | <u>\$ 3,715,683</u>  | <u>\$ 3,715,683</u>  | <u>\$ 3,429,343</u>  | <u>\$ 286,340</u>   |
| Inspections:                                  |                      |                      |                      |   |
| Building                                      | \$ 594,299           | \$ 633,623           | \$ 570,775           | \$ 62,848   |
| Other protection:                             |                      |                      |                      |   |
| Animal control                                | \$ 202,600           | \$ 239,569           | \$ 189,813           | \$ 49,756   |
| Animal shelter                                | 281,910              | 332,902              | 270,017              | 62,885  |
| Medical examiner                              | 2,500                | 2,500                | 1,967                | 533   |
| Emergency services                            | 1,823,716            | 1,844,224            | 1,729,951            | 114,273   |
| Total other protection                        | <u>\$ 2,310,726</u>  | <u>\$ 2,419,195</u>  | <u>\$ 2,191,748</u>  | <u>\$ 227,447</u>   |
| Total public safety                           | <u>\$ 20,272,531</u> | <u>\$ 21,712,240</u> | <u>\$ 22,467,268</u> | <u>\$ (755,028)</u>                                       |
| Public works:                                 |                      |                      |                      |   |
| Maintenance of general buildings and grounds: |                      |                      |                      |   |
| General properties                            | \$ 1,458,378         | \$ 1,577,616         | \$ 1,433,805         | \$ 143,811  |
| Total public works                            | <u>\$ 1,458,378</u>  | <u>\$ 1,577,616</u>  | <u>\$ 1,433,805</u>  | <u>\$ 143,811</u>   |
| Health and welfare:                           |                      |                      |                      |   |
| Health:                                       |                      |                      |                      |   |
| Supplement of local health department         | \$ 361,126           | \$ 361,126           | \$ 361,126           | \$ -  |
| Mental health and mental retardation:         |                      |                      |                      |   |
| Northwestern Community Services Board         | \$ 260,000           | \$ 260,000           | \$ 259,000           | \$ 1,000  |
| Total mental health and mental retardation    | <u>\$ 260,000</u>    | <u>\$ 260,000</u>    | <u>\$ 259,000</u>    | <u>\$ 1,000</u>   |
| Welfare:                                      |                      |                      |                      |   |
| Welfare administration                        | \$ 4,799,350         | \$ 4,847,268         | \$ 4,581,649         | \$ 265,619  |
| Comprehensive services act                    | 4,368,600            | 4,643,600            | 6,491,876            | (1,848,276)   |
| Area Agency on Aging                          | 78,000               | 78,000               | 78,000               | -   |
| Tax relief for the elderly                    | 295,000              | 295,000              | 415,300              | (120,300)   |
| Other local health and welfare organizations  | 59,500               | 60,500               | 60,500               | -   |
| Total welfare administration                  | <u>\$ 9,600,450</u>  | <u>\$ 9,924,368</u>  | <u>\$ 11,627,325</u> | <u>\$ (1,702,957)</u>                                     |
| Total health and welfare                      | <u>\$ 10,221,576</u> | <u>\$ 10,545,494</u> | <u>\$ 12,247,451</u> | <u>\$ (1,701,957)</u>                                     |

| Fund, Function, Activity and Elements    | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
| <b>General Fund: (continued)</b>         |                      |                      |                      |   |
| Education:                               |                      |                      |                      |   |
| Other instructional costs:               |                      |                      |                      |   |
| Contributions to community colleges      | \$ 48,089            | \$ 48,089            | \$ 48,089            | \$ -  |
| Contribution to County School Board      | 35,014,461           | 35,014,461           | 28,053,602           | 6,960,859   |
| Total education                          | <u>\$ 35,062,550</u> | <u>\$ 35,062,550</u> | <u>\$ 28,101,691</u> | <u>\$ 6,960,859</u>                                       |
| Parks, recreation, and cultural:         |                      |                      |                      |   |
| Parks and recreation:                    |                      |                      |                      |   |
| Administration                           | \$ 810,921           | \$ 1,072,906         | \$ 1,131,943         | \$ (59,037)   |
| KidzRec                                  | 446,767              | 972,928              | 475,891              | 497,037   |
| Total parks and recreation               | <u>\$ 1,257,688</u>  | <u>\$ 2,045,834</u>  | <u>\$ 1,607,834</u>  | <u>\$ 438,000</u>   |
| Cultural enrichment:                     |                      |                      |                      |   |
| Contributions to community programs      | \$ 56,000            | \$ 56,000            | \$ 65,927            | \$ (9,927)  |
| Total cultural enrichment                | <u>\$ 56,000</u>     | <u>\$ 56,000</u>     | <u>\$ 65,927</u>     | <u>\$ (9,927)</u>   |
| Library:                                 |                      |                      |                      |   |
| Contribution to County Library           | \$ 853,075           | \$ 874,408           | \$ 846,486           | \$ 27,922   |
| Total parks, recreation, and cultural    | <u>\$ 2,166,763</u>  | <u>\$ 2,976,242</u>  | <u>\$ 2,520,247</u>  | <u>\$ 455,995</u>   |
| Community development:                   |                      |                      |                      |   |
| Planning and community development:      |                      |                      |                      |   |
| Community development                    | \$ 421,582           | \$ 788,833           | \$ 659,758           | \$ 129,075  |
| Economic development                     | 810,340              | 860,039              | 705,618              | 154,421   |
| Litter control                           | 18,000               | 25,077               | 25,514               | (437)   |
| Total planning and community development | <u>\$ 1,249,922</u>  | <u>\$ 1,673,949</u>  | <u>\$ 1,390,890</u>  | <u>\$ 283,059</u>   |
| Environmental management:                |                      |                      |                      |   |
| Soil and water conservation district     | \$ 408,077           | \$ 408,077           | \$ 460,681           | \$ (52,604)   |
| Total environmental management           | <u>\$ 408,077</u>    | <u>\$ 408,077</u>    | <u>\$ 460,681</u>    | <u>\$ (52,604)</u>  |
| Cooperative extension program:           |                      |                      |                      |   |
| Extension office                         | \$ 167,461           | \$ 168,345           | \$ 156,661           | \$ 11,684   |
| Total community development              | <u>\$ 1,825,460</u>  | <u>\$ 2,250,371</u>  | <u>\$ 2,008,232</u>  | <u>\$ 242,139</u>   |
| Nondepartmental:                         |                      |                      |                      |   |
| Judgments and settlements                | \$ 500               | \$ 500               | \$ 200               | \$ 300  |
| Revenue refunds                          | 7,000                | 7,000                | 645                  | 6,355   |
| Contingencies                            | 670,500              | 453,997              | 36,817               | 417,180   |
| Total nondepartmental                    | <u>\$ 678,000</u>    | <u>\$ 461,497</u>    | <u>\$ 37,662</u>     | <u>\$ 423,835</u>   |
| Capital projects:                        |                      |                      |                      |   |
| Other capital projects                   | \$ 1,610,529         | \$ -                 | \$ -                 | \$ -  |
| Total capital projects                   | <u>\$ 1,610,529</u>  | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>   |
| Total General Fund                       | <u>\$ 79,281,194</u> | <u>\$ 80,757,147</u> | <u>\$ 74,960,310</u> | <u>\$ 5,796,837</u>                                       |

**Governmental Funds**  
**For the Year Ended June 30, 2022 (Continued)**

| Fund, Function, Activity and Elements                      | Original<br>Budget   | Final<br>Budget      | Actual               | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
| <b>Debt Service Funds:</b>                                 |                      |                      |                      |   |
| <b>County Debt Service Fund</b>                            |                      |                      |                      |   |
| Debt service:  |                      |                      |                      |   |
| Principal  | \$ 4,442,565         | \$ 4,442,565         | \$ 5,086,837         | \$ (644,272)  |
| Interest and other fiscal charges                          | 1,893,268            | 1,893,268            | 1,802,433            | 90,835  |
| Total debt service   | <u>\$ 6,335,833</u>  | <u>\$ 6,335,833</u>  | <u>\$ 6,889,270</u>  | <u>\$ (553,437)</u>                                       |
| Total County Debt Service Fund                             | <u>\$ 6,335,833</u>  | <u>\$ 6,335,833</u>  | <u>\$ 6,889,270</u>  | <u>\$ (553,437)</u>                                       |
| <b>Capital Projects Funds:</b>                             |                      |                      |                      |   |
| <b>County Capital Projects Fund</b>                        |                      |                      |                      |   |
| Capital projects expenditures:                             |                      |                      |                      |   |
| 911 Radio  | \$ -                 | \$ 3,459,337         | \$ 1,172,480         | \$ 2,286,857  |
| Construction of sheriff's office                           | -                    | 250,000              | -                    | 250,000   |
| Emergency communications center                            | -                    | 350,000              | 92,621               | 257,379   |
| Total County Capital Projects Expenditures                 | <u>\$ -</u>          | <u>\$ 4,059,337</u>  | <u>\$ 1,265,101</u>  | <u>\$ 2,794,236</u>                                       |
| Total County Capital Projects Fund                         | <u>\$ -</u>          | <u>\$ 4,059,337</u>  | <u>\$ 1,265,101</u>  | <u>\$ 2,794,236</u>                                       |
| Total Primary Government                                   | <u>\$ 85,617,027</u> | <u>\$ 91,152,317</u> | <u>\$ 83,114,681</u> | <u>\$ 8,037,636</u>                                       |
| <b>Discretely Presented Component Unit - School Board:</b> |                      |                      |                      |   |
| <b>School Operating Fund:</b>                              |                      |                      |                      |   |
| Education:   |                      |                      |                      |   |
| Instructional  | \$ 58,758,468        | \$ 59,055,611        | \$ 56,890,064        | \$ 2,165,547  |
| Operating costs:   |                      |                      |                      |   |
| Attendance and health services                             | \$ 4,216,275         | \$ 4,214,775         | \$ 4,379,818         | \$ (165,043)  |
| Pupil transportation                                       | 6,398,259            | 6,398,259            | 6,431,633            | (33,374)  |
| Operation and maintenance of school plant                  | 8,844,530            | 16,125,897           | 11,177,066           | 4,948,831   |
| Electronic technology                                      | 2,374,226            | 2,400,226            | 3,158,919            | (758,693)   |
| Total operating costs                                      | <u>\$ 21,833,290</u> | <u>\$ 29,139,157</u> | <u>\$ 25,147,436</u> | <u>\$ 3,991,721</u>                                       |
| Total School Operating Fund                                | <u>\$ 80,591,758</u> | <u>\$ 88,194,768</u> | <u>\$ 82,037,500</u> | <u>\$ 6,157,268</u>                                       |
| <b>School Cafeteria Fund:</b>                              |                      |                      |                      |   |
| Education:   |                      |                      |                      |   |
| School food services:                                      |                      |                      |                      |   |
| School cafeteria   | \$ 2,089,489         | \$ 2,604,489         | \$ 2,553,365         | \$ 51,124   |
| Total School Cafeteria Fund                                | <u>\$ 2,089,489</u>  | <u>\$ 2,604,489</u>  | <u>\$ 2,553,365</u>  | <u>\$ 51,124</u>  |
| <b>Student Activities Special Revenue Fund:</b>            |                      |                      |                      |   |
| Education:   |                      |                      |                      |   |
| Instructional services:                                    |                      |                      |                      |   |
| Other instructional services                               | \$ -                 | \$ -                 | \$ 1,977,402         | \$ (1,977,402)  |
| Total Student Activities Special Revenue Fund              | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 1,977,402</u>  | <u>\$ (1,977,402)</u>                                     |
| Total Discretely Presented Component Unit School Board     | <u>\$ 82,681,247</u> | <u>\$ 90,799,257</u> | <u>\$ 86,568,267</u> | <u>\$ 4,230,990</u>                                       |

## **STATISTICAL SECTION**

## Statistical Section

| <u>Contents</u>   | <u>Tables</u> |
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| Financial Trends<br>These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.  | 1 - 5         |
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| Debt Capacity<br>These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.  | 11-13         |
| Demographic and Economic Information<br>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. | 14-15         |
| Operating Information<br>These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.                     | 16-18         |

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

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COUNTY OF SHENANDOAH, VIRGINIA

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

|   | Fiscal Year           |                      |                       |                      |
|---|-----------------------|----------------------|-----------------------|----------------------|
|   | 2013                  | 2014                 | 2015                  | 2016                 |
| <b>Governmental Activities:</b>             |                       |                      |                       |                      |
| Net investment in capital assets            | \$ 766,198            | \$ 2,474,405         | \$ 3,945,296          | \$ 4,603,873         |
| Restricted                                  | 6,120,414             | 4,442,313            | 3,577,673             | 3,625,033            |
| Unrestricted                                | 16,233,023            | 20,139,058           | 16,908,410            | 14,181,432           |
| Total governmental activities net position  | \$ <u>23,119,635</u>  | \$ <u>27,055,776</u> | \$ <u>24,431,379</u>  | \$ <u>22,410,338</u> |
| <b>Business-type Activities:</b>            |                       |                      |                       |                      |
| Net investment in capital assets            | \$ 6,744,936          | \$ 7,182,189         | \$ 7,613,307          | \$ 11,198,699        |
| Restricted                                  | -                     | -                    | -                     | -                    |
| Unrestricted                                | (9,790,291)           | (7,811,096)          | (9,038,825)           | (11,194,508)         |
| Total business-type activities net position | \$ <u>(3,045,355)</u> | \$ <u>(628,907)</u>  | \$ <u>(1,425,518)</u> | \$ <u>4,191</u>      |
| <b>Primary government:</b>                  |                       |                      |                       |                      |
| Net investment in capital assets            | \$ 7,511,134          | \$ 9,656,594         | \$ 11,558,603         | \$ 15,802,572        |
| Restricted                                  | 6,120,414             | 4,442,313            | 3,577,673             | 3,625,033            |
| Unrestricted                                | 6,442,732             | 12,327,962           | 7,869,585             | 2,986,924            |
| Total primary government net position       | \$ <u>20,074,280</u>  | \$ <u>26,426,869</u> | \$ <u>23,005,861</u>  | \$ <u>22,414,529</u> |

Table 1

| Fiscal Year |                    |                    |                    |                    |                    |                     |
|-------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
|             | 2017               | 2018               | 2019               | 2020               | 2021               | 2022                |
| \$          | 5,506,961          | \$ 7,241,929       | \$ 11,418,828      | \$ 20,131,947      | \$ 19,597,089      | \$ 25,266,213       |
|             | 5,648,061          | 5,939,307          | 5,130,470          | 1,067,924          | 5,784,306          | 6,661,998           |
|             | <u>16,345,010</u>  | <u>17,011,415</u>  | <u>18,486,326</u>  | <u>14,626,816</u>  | <u>17,022,302</u>  | <u>24,135,890</u>   |
| \$          | <u>27,500,032</u>  | <u>30,192,651</u>  | <u>35,035,624</u>  | <u>35,826,687</u>  | <u>42,403,697</u>  | <u>56,064,101</u>   |
|             |                    |                    |                    |                    |                    |                     |
| \$          | 11,391,963         | \$ 11,091,949      | \$ 11,351,123      | \$ 11,313,348      | \$ 11,114,850      | \$ 11,574,663       |
|             | -                  | -                  | -                  | -                  | 470                | 71,316              |
|             | <u>(9,748,424)</u> | <u>(9,588,862)</u> | <u>(9,790,428)</u> | <u>(9,359,821)</u> | <u>(9,467,230)</u> | <u>(11,067,248)</u> |
| \$          | <u>1,643,539</u>   | <u>1,503,087</u>   | <u>1,560,695</u>   | <u>1,953,527</u>   | <u>1,648,090</u>   | <u>578,731</u>      |
|             |                    |                    |                    |                    |                    |                     |
| \$          | 16,898,924         | \$ 18,333,878      | \$ 22,769,951      | \$ 31,445,295      | \$ 30,711,939      | \$ 36,840,876       |
|             | 5,648,061          | 5,939,307          | 5,130,470          | 1,067,924          | 5,784,776          | 6,733,314           |
|             | <u>6,596,586</u>   | <u>7,422,553</u>   | <u>8,695,898</u>   | <u>5,266,995</u>   | <u>7,555,072</u>   | <u>13,068,642</u>   |
| \$          | <u>29,143,571</u>  | <u>31,695,738</u>  | <u>36,596,319</u>  | <u>37,780,214</u>  | <u>44,051,787</u>  | <u>56,642,832</u>   |

COUNTY OF SHENANDOAH, VIRGINIA

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

|   | Fiscal Year     |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2013            | 2014            | 2015            | 2016            |
| <b>Expenses</b>                                 |                 |                 |                 |                 |
| Governmental Activities:                        |                 |                 |                 |                 |
| General government administration               | \$ 2,463,006    | \$ 1,969,430    | \$ 2,668,706    | \$ 2,897,841    |
| Judicial administration                         | 1,982,483       | 2,073,679       | 2,083,473       | 2,042,118       |
| Public safety                                   | 13,053,085      | 13,932,695      | 12,701,606      | 14,947,334      |
| Public works                                    | 1,414,273       | 1,228,217       | 1,677,832       | 1,147,692       |
| Health and welfare                              | 6,971,130       | 6,420,661       | 6,513,167       | 7,143,608       |
| Education                                       | 24,661,559      | 25,808,176      | 27,252,564      | 28,333,067      |
| Parks, recreation, and cultural                 | 1,426,020       | 1,548,584       | 1,589,374       | 1,666,378       |
| Community development                           | 892,852         | 1,086,801       | 732,115         | 1,491,749       |
| Interest on long-term debt                      | 2,639,028       | 2,285,296       | 2,187,944       | 2,037,564       |
| Total governmental activities expenses          | \$ 55,503,436   | \$ 56,353,539   | \$ 57,406,781   | \$ 61,707,351   |
| Business-type Activities:                       |                 |                 |                 |                 |
| Sanitary Districts                              | \$ 2,249,735    | \$ 2,189,967    | \$ 2,199,988    | \$ 2,233,317    |
| North Fork Wastewater                           | 209,261         | 177,751         | 256,978         | 272,530         |
| Landfill  | 2,833,612       | 409,841         | 2,726,110       | 4,063,526       |
| Total business-type activities expenses         | \$ 5,292,608    | \$ 2,777,559    | \$ 5,183,076    | \$ 6,569,373    |
| Total primary government expenses               | \$ 60,796,044   | \$ 59,131,098   | \$ 62,589,857   | \$ 68,276,724   |
| <b>Program Revenues</b>                         |                 |                 |                 |                 |
| Governmental Activities:                        |                 |                 |                 |                 |
| Charges for services:                           |                 |                 |                 |                 |
| General government administration               | \$ 332,185      | \$ 329,430      | \$ 426,174      | \$ 412,296      |
| Judicial administration                         | 249,069         | 196,855         | 231,627         | 206,785         |
| Public safety                                   | 1,046,987       | 924,949         | 622,799         | 861,624         |
| Public works                                    | -               | 2,400           | 8,022           | 473             |
| Health and welfare                              | 27,283          | -               | -               | -               |
| Education                                       | 355,435         | 397,445         | 367,829         | 390,566         |
| Parks, recreation, and cultural                 | 262,619         | 428,031         | 383,428         | 427,623         |
| Operating grants and contributions              | 7,994,332       | 8,941,953       | 7,492,689       | 8,263,660       |
| Capital grants and contributions                | 1,102,782       | 1,190,549       | 492,667         | 390,388         |
| Total governmental activities program revenues  | \$ 11,370,692   | \$ 12,411,612   | \$ 10,025,235   | \$ 10,953,415   |
| Business-type Activities:                       |                 |                 |                 |                 |
| Charges for services:                           |                 |                 |                 |                 |
| Sanitary Districts                              | \$ 1,628,981    | \$ 1,650,491    | \$ 1,662,924    | \$ 1,823,913    |
| North Fork Wastewater                           | 100,784         | 105,479         | 66,336          | 65,473          |
| Landfill  | 1,095,874       | 1,036,704       | 1,207,176       | 1,240,290       |
| Operating grants and contributions              | -               | -               | -               | -               |
| Capital grants and contributions                | 515,666         | 202,000         | 104,333         | 36,168          |
| Total business-type activities program revenues | \$ 3,341,305    | \$ 2,994,674    | \$ 3,040,769    | \$ 3,165,844    |
| Total primary government program revenues       | \$ 14,711,997   | \$ 15,406,286   | \$ 13,066,004   | \$ 14,119,259   |
| Net (expense) / revenue                         |                 |                 |                 |                 |
| Governmental Activities                         | \$ (44,132,744) | \$ (43,941,927) | \$ (47,381,546) | \$ (50,753,936) |
| Business-type Activities                        | (1,951,303)     | 217,115         | (2,142,307)     | (3,403,529)     |
| Total primary government net expense            | \$ (46,084,047) | \$ (43,724,812) | \$ (49,523,853) | \$ (54,157,465) |

Table 2

| Fiscal Year |                     |                     |                     |                     |                     |                     |
|-------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|             | 2017                | 2018                | 2019                | 2020                | 2021                | 2022                |
| \$          | 2,844,200           | \$ 2,986,698        | \$ 2,763,462        | \$ 2,906,778        | \$ 4,206,060        | \$ 3,870,956        |
|             | 2,214,773           | 2,303,707           | 2,380,720           | 2,358,719           | 2,377,823           | 2,527,254           |
|             | 15,601,779          | 15,269,440          | 17,046,346          | 17,671,034          | 19,746,148          | 21,359,512          |
|             | 1,203,056           | 1,130,117           | 1,605,648           | 1,401,848           | 1,471,966           | 1,393,594           |
|             | 8,038,337           | 8,379,289           | 9,041,290           | 10,356,776          | 12,065,852          | 11,724,892          |
|             | 27,662,686          | 29,061,555          | 32,187,526          | 32,287,111          | 29,106,490          | 27,577,395          |
|             | 1,977,186           | 2,162,708           | 2,163,070           | 2,407,958           | 2,068,448           | 2,517,604           |
|             | 1,099,573           | 1,114,388           | 1,092,330           | 1,072,502           | 4,040,598           | 1,396,423           |
|             | 1,879,970           | 1,715,549           | 2,042,052           | 2,059,559           | 1,825,032           | 1,693,591           |
| \$          | <u>62,521,560</u>   | <u>64,123,451</u>   | <u>70,322,444</u>   | <u>72,522,285</u>   | <u>76,908,417</u>   | <u>74,061,221</u>   |
| \$          | 2,050,702           | \$ 2,089,228        | \$ 2,139,489        | \$ 2,065,750        | \$ 2,553,474        | \$ 2,439,419        |
|             | 265,486             | 276,138             | 179,363             | 168,662             | 199,628             | 457,564             |
|             | 2,802,246           | 2,737,626           | 2,830,512           | 3,009,120           | 3,824,356           | 4,136,742           |
| \$          | <u>5,118,434</u>    | <u>5,102,992</u>    | <u>5,149,364</u>    | <u>5,243,532</u>    | <u>6,577,458</u>    | <u>7,033,725</u>    |
| \$          | <u>67,639,994</u>   | <u>69,226,443</u>   | <u>75,471,808</u>   | <u>77,765,817</u>   | <u>83,485,875</u>   | <u>81,094,946</u>   |
| \$          | 426,606             | \$ 519,425          | \$ 104,001          | \$ 77,682           | \$ 85,279           | \$ 477,830          |
|             | 237,787             | 208,277             | 177,960             | 159,351             | 123,375             | 135,242             |
|             | 741,236             | 952,459             | 1,161,014           | 1,549,855           | 1,536,105           | 1,440,640           |
|             | -                   | 2,400               | -                   | -                   | -                   | -                   |
|             | -                   | -                   | -                   | -                   | -                   | -                   |
|             | -                   | -                   | -                   | -                   | -                   | -                   |
|             | 844,570             | 1,060,521           | 1,029,266           | 910,056             | 751,185             | 1,572,031           |
|             | 11,213,697          | 8,576,980           | 9,080,561           | 10,221,751          | 18,018,615          | 13,108,310          |
|             | 79,708              | 700,000             | 3,406,369           | -                   | 277,320             | 713,335             |
| \$          | <u>13,543,604</u>   | <u>12,020,062</u>   | <u>14,959,171</u>   | <u>12,918,695</u>   | <u>20,791,879</u>   | <u>17,447,388</u>   |
| \$          | 1,783,104           | \$ 1,832,866        | \$ 1,821,974        | \$ 1,829,705        | \$ 1,792,586        | \$ 1,932,016        |
|             | 85,581              | 103,685             | 139,400             | 145,186             | 193,478             | 164,053             |
|             | 1,367,091           | 1,387,496           | 1,406,250           | 1,358,085           | 1,670,386           | 1,823,760           |
|             | -                   | -                   | -                   | -                   | -                   | 17,725              |
|             | 117,500             | 134,000             | 28,833              | 50,000              | 132,000             | 136,000             |
| \$          | <u>3,353,276</u>    | <u>3,458,047</u>    | <u>3,396,457</u>    | <u>3,382,976</u>    | <u>3,788,450</u>    | <u>4,073,554</u>    |
| \$          | <u>16,896,880</u>   | <u>15,478,109</u>   | <u>18,355,628</u>   | <u>16,301,671</u>   | <u>24,580,329</u>   | <u>21,520,942</u>   |
| \$          | (48,977,956)        | \$ (52,103,389)     | \$ (55,363,273)     | \$ (59,603,590)     | \$ (56,116,538)     | \$ (56,613,833)     |
|             | (1,765,158)         | (1,644,945)         | (1,752,907)         | (1,860,556)         | (2,789,008)         | (2,960,171)         |
| \$          | <u>(50,743,114)</u> | <u>(53,748,334)</u> | <u>(57,116,180)</u> | <u>(61,464,146)</u> | <u>(58,905,546)</u> | <u>(59,574,004)</u> |

COUNTY OF SHENANDOAH, VIRGINIA

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

|   | Fiscal Year   |               |               |                |
|---|---------------|---------------|---------------|----------------|
|   | 2013          | 2014          | 2015          | 2016           |
| <b>General Revenues and Other Changes in Net Position</b> |               |               |               |                |
| Governmental Activities:                                  |               |               |               |                |
| Taxes   |               |               |               |                |
| Property taxes  | \$ 35,569,694 | \$ 37,418,269 | \$ 39,124,452 | \$ 41,148,042  |
| Local sales and use taxes                                 | 3,224,641     | 3,207,116     | 3,262,733     | 3,246,390      |
| Consumer utility taxes                                    | 1,943,136     | 1,994,637     | 1,955,209     | 1,881,288      |
| Motor vehicle licenses taxes                              | 825,623       | 830,861       | 864,693       | 871,892        |
| Taxes on recordation and wills                            | 347,126       | 304,745       | 291,431       | 347,726        |
| Other local taxes   | 154,857       | 160,650       | 166,728       | 176,892        |
| Unrestricted grants and contributions                     | 3,874,170     | 4,066,927     | 4,036,318     | 4,092,036      |
| Unrestricted revenues from use of money and property      | 130,565       | 360,343       | 452,848       | 422,388        |
| Miscellaneous   | 2,705,887     | 1,106,265     | 771,242       | 782,381        |
| Transfers   | (1,632,819)   | (1,571,745)   | (1,363,318)   | (4,236,140)    |
| Total governmental activities                             | \$ 47,142,880 | \$ 47,878,068 | \$ 49,562,336 | \$ 48,732,895  |
| Business-type Activities:                                 |               |               |               |                |
| Property taxes  | \$ 592,586    | \$ 572,600    | \$ 569,402    | \$ 580,181     |
| Unrestricted revenues from use of money and property      | 10,256        | 6,084         | 2,685         | 5,783          |
| Miscellaneous   | -             | 48,904        | 59,139        | 11,134         |
| Transfers   | 1,632,819     | 1,571,745     | 1,363,318     | 4,236,140      |
| Total business-type activities                            | \$ 2,235,661  | \$ 2,199,333  | \$ 1,994,544  | \$ 4,833,238   |
| Total primary government                                  | \$ 49,378,541 | \$ 50,077,401 | \$ 51,556,880 | \$ 53,566,133  |
| <b>Change in Net Position</b>                             |               |               |               |                |
| Governmental Activities                                   | \$ 3,010,136  | \$ 3,936,141  | \$ 2,180,790  | \$ (2,021,041) |
| Business-type Activities                                  | 284,358       | 2,416,448     | (147,763)     | 1,429,709      |
| Total primary government                                  | \$ 3,294,494  | \$ 6,352,589  | \$ 2,033,027  | \$ (591,332)   |

Table 2

|    |                   | Fiscal Year |                   |      |                   |      |                   |    |                   |    |                   |
|----|-------------------|-------------|-------------------|------|-------------------|------|-------------------|----|-------------------|----|-------------------|
|    |                   | 2017        | 2018              | 2019 | 2020              | 2021 | 2022              |    |                   |    |                   |
| \$ | 42,461,477        | \$          | 44,834,747        | \$   | 47,553,596        | \$   | 48,673,614        | \$ | 50,916,675        | \$ | 58,202,348        |
|    | 3,536,415         |             | 3,651,977         |      | 3,756,891         |      | 4,364,517         |    | 4,591,538         |    | 4,671,421         |
|    | 1,937,678         |             | 1,867,094         |      | 1,797,031         |      | 1,756,968         |    | 1,665,423         |    | 1,616,603         |
|    | 871,435           |             | 891,545           |      | 916,167           |      | 916,402           |    | 920,131           |    | 922,217           |
|    | 410,384           |             | 366,337           |      | 404,259           |      | 463,305           |    | 664,903           |    | 691,810           |
|    | 168,394           |             | 212,490           |      | 192,681           |      | 157,415           |    | 69,116            |    | 215,093           |
|    | 4,146,519         |             | 4,104,013         |      | 4,161,599         |      | 4,220,789         |    | 4,182,522         |    | 4,117,449         |
|    | 569,096           |             | 705,696           |      | 1,120,228         |      | 887,025           |    | 616,576           |    | 105,115           |
|    | 1,323,671         |             | 1,155,162         |      | 1,497,574         |      | 591,756           |    | 980,122           |    | 1,123,849         |
|    | (1,357,419)       |             | (1,143,142)       |      | (1,193,780)       |      | (1,637,138)       |    | (1,913,458)       |    | (1,317,587)       |
| \$ | <u>54,067,650</u> | \$          | <u>56,645,919</u> | \$   | <u>60,206,246</u> | \$   | <u>60,394,653</u> | \$ | <u>62,693,548</u> | \$ | <u>70,348,318</u> |
| \$ | 560,226           | \$          | 562,737           | \$   | 566,297           | \$   | 558,942           | \$ | 564,707           | \$ | 568,325           |
|    | 12,389            |             | 23,197            |      | 37,537            |      | 26,044            |    | 2,836             |    | 3,354             |
|    | 8,040             |             | 8,727             |      | 12,901            |      | 31,264            |    | 2,570             |    | 1,546             |
|    | 1,357,419         |             | 1,143,142         |      | 1,193,780         |      | 1,637,138         |    | 1,913,458         |    | 1,317,587         |
| \$ | <u>1,938,074</u>  | \$          | <u>1,737,803</u>  | \$   | <u>1,810,515</u>  | \$   | <u>2,253,388</u>  | \$ | <u>2,483,571</u>  | \$ | <u>1,890,812</u>  |
| \$ | <u>56,005,724</u> | \$          | <u>58,383,722</u> | \$   | <u>62,016,761</u> | \$   | <u>62,648,041</u> | \$ | <u>65,177,119</u> | \$ | <u>72,239,130</u> |
| \$ | 5,089,694         | \$          | 4,542,530         | \$   | 4,842,973         | \$   | 791,063           | \$ | 6,577,010         | \$ | 13,734,485        |
|    | 172,916           |             | 92,858            |      | 57,608            |      | 392,832           |    | (305,437)         |    | (1,069,359)       |
| \$ | <u>5,262,610</u>  | \$          | <u>4,635,388</u>  | \$   | <u>4,900,581</u>  | \$   | <u>1,183,895</u>  | \$ | <u>6,271,573</u>  | \$ | <u>12,665,126</u> |

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

| <b>Fiscal Year</b> | <b>Property Tax</b> | <b>Local sales and use Tax</b> | <b>Consumer Utility Tax</b> | <b>Motor Vehicle License Tax</b> | <b>Record-ation and Wills Tax</b> | <b>Total</b>  |
|--------------------|---------------------|--------------------------------|-----------------------------|----------------------------------|-----------------------------------|---------------|
| 2013               | \$ 35,569,694       | \$ 3,224,641                   | \$ 1,943,136                | \$ 825,623                       | \$ 347,126                        | \$ 41,910,220 |
| 2014               | 37,418,269          | 3,207,116                      | 1,994,637                   | 830,861                          | 304,745                           | 43,755,628    |
| 2015               | 39,124,452          | 3,262,733                      | 1,955,209                   | 864,693                          | 291,431                           | 45,498,518    |
| 2016               | 41,148,042          | 3,246,390                      | 1,881,288                   | 871,892                          | 347,726                           | 47,495,338    |
| 2017               | 42,461,477          | 3,536,415                      | 1,937,678                   | 871,435                          | 410,384                           | 49,217,389    |
| 2018               | 44,834,747          | 3,651,977                      | 1,867,094                   | 891,545                          | 366,377                           | 51,611,740    |
| 2019               | 47,553,596          | 3,756,891                      | 1,797,031                   | 916,167                          | 404,259                           | 54,427,944    |
| 2020               | 48,673,614          | 4,364,517                      | 1,756,968                   | 916,402                          | 463,305                           | 56,174,806    |
| 2021               | 50,916,675          | 4,591,538                      | 1,665,423                   | 920,131                          | 664,903                           | 58,758,670    |
| 2022               | 58,202,348          | 4,671,421                      | 1,616,603                   | 922,217                          | 691,810                           | 66,104,399    |

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**COUNTY OF SHENANDOAH, VIRGINIA**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

|                                    | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General fund                       |                      |                      |                      |                      |
| Nonspendable                       | \$ 16,995            | \$ 39,075            | \$ 70,758            | \$ 45,765            |
| Restricted                         | 3,938,418            | 4,217,739            | 3,509,063            | 3,625,033            |
| Assigned                           | 1,178,694            | 1,247,724            | 1,495,113            | 1,496,740            |
| Unassigned                         | <u>10,497,972</u>    | <u>12,772,653</u>    | <u>13,577,568</u>    | <u>10,656,213</u>    |
| Total general fund                 | <u>\$ 15,632,079</u> | <u>\$ 18,277,191</u> | <u>\$ 18,652,502</u> | <u>\$ 15,823,751</u> |
| All other governmental funds       |                      |                      |                      |                      |
| Debt service funds                 | \$ -                 | \$ -                 | \$ 182,987           | \$ -                 |
| Restricted, reported in:           |                      |                      |                      |                      |
| Capital projects funds             | 1,788,689            | 224,574              | 68,610               | -                    |
| Committed, reported in:            |                      |                      |                      |                      |
| Landfill contingency               | -                    | -                    | -                    | -                    |
| Assigned, reported in:             |                      |                      |                      |                      |
| Debt service funds                 | -                    | -                    | -                    | -                    |
| Capital projects funds             | 8,780,403            | 8,192,892            | 7,937,178            | 7,863,564            |
| Special revenue funds              | <u>99,903</u>        | <u>164,067</u>       | <u>188,603</u>       | <u>188,603</u>       |
| Total all other governmental funds | <u>\$ 10,668,995</u> | <u>\$ 8,581,533</u>  | <u>\$ 8,377,378</u>  | <u>\$ 8,052,167</u>  |

Table 4

| Fiscal Year          |                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
| \$ 42,998            | \$ 160,559           | \$ 336,882           | \$ 350,605           | \$ 103,193           | \$ 308,153           |
| 5,648,061            | 5,939,307            | 5,130,470            | 1,067,924            | 1,003,213            | 987,031              |
| 961,601              | 979,660              | 1,261,466            | 1,253,627            | 1,397,672            | 2,718,587            |
| <u>12,871,656</u>    | <u>14,582,450</u>    | <u>13,463,207</u>    | <u>11,759,917</u>    | <u>17,175,329</u>    | <u>27,244,942</u>    |
| <u>\$ 19,524,316</u> | <u>\$ 21,661,976</u> | <u>\$ 20,192,025</u> | <u>\$ 14,432,073</u> | <u>\$ 19,679,407</u> | <u>\$ 31,258,713</u> |
| \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 1,625             | \$ 1,625             |
| -                    | -                    | -                    | -                    | 4,775,538            | 4,181,939            |
| -                    | -                    | -                    | -                    | -                    | -                    |
| -                    | 184,372              | 184,372              | -                    | 381,669              | -                    |
| 8,104,694            | 8,102,474            | 22,528,595           | 17,820,499           | 8,157,671            | 7,502,208            |
| <u>188,603</u>       | <u>188,603</u>       | <u>267,535</u>       | <u>312,170</u>       | <u>357,381</u>       | <u>407,927</u>       |
| <u>\$ 8,293,297</u>  | <u>\$ 8,475,449</u>  | <u>\$ 22,980,502</u> | <u>\$ 18,132,669</u> | <u>\$ 13,673,884</u> | <u>\$ 12,093,699</u> |

**COUNTY OF SHENANDOAH, VIRGINIA**

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

|  | Fiscal Year           |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2013                  | 2014                  | 2015                  | 2016                  |
| <b>Revenues</b>  |                       |                       |                       |                       |
| General property taxes   | \$ 35,693,366         | \$ 37,482,790         | \$ 39,515,727         | \$ 40,894,148         |
| Other local taxes  | 6,495,383             | 6,498,009             | 6,540,794             | 6,524,188             |
| Permits, privilege fees and regulatory licenses                  | 347,305               | 349,335               | 445,277               | 432,609               |
| Fines and forfeitures  | 78,423                | 71,259                | 83,303                | 66,671                |
| Revenue from use of money and property                           | 130,565               | 360,343               | 452,848               | 509,396               |
| Charges for services   | 1,847,850             | 1,858,516             | 1,511,299             | 1,800,087             |
| Miscellaneous  | 2,705,887             | 1,805,065             | 1,092,112             | 1,267,177             |
| Recovered costs  | 499,341               | 550,983               | 512,397               | 492,482               |
| Intergovernmental:   |                       |                       |                       |                       |
| Commonwealth   | 10,281,425            | 10,303,365            | 9,562,497             | 10,334,634            |
| Federal  | 2,689,859             | 3,896,064             | 2,459,177             | 2,332,300             |
| <b>Total revenues</b>  | <b>\$ 60,769,404</b>  | <b>\$ 63,175,729</b>  | <b>\$ 62,175,431</b>  | <b>\$ 64,653,692</b>  |
| <b>Expenditures</b>  |                       |                       |                       |                       |
| General government administration                                | \$ 2,540,618          | \$ 2,463,728          | \$ 2,735,318          | \$ 2,861,575          |
| Judicial administration  | 1,764,922             | 1,822,544             | 1,890,580             | 1,949,965             |
| Public safety  | 13,244,694            | 14,007,900            | 13,795,977            | 14,736,082            |
| Public works   | 1,062,575             | 1,172,071             | 1,088,347             | 1,149,372             |
| Health and welfare   | 6,775,287             | 6,353,432             | 6,836,916             | 7,474,288             |
| Education  | 22,094,286            | 23,354,643            | 24,856,868            | 25,685,320            |
| Parks, recreation and cultural                                   | 1,384,394             | 1,408,573             | 1,465,408             | 1,522,188             |
| Community development  | 951,035               | 1,033,232             | 1,058,542             | 1,629,086             |
| Nondepartmental  | 16,891                | 13,374                | 14,152                | 13,533                |
| Capital projects   | 6,932,038             | 3,535,193             | 672,597               | 676,488               |
| Debt service:  |                       |                       |                       |                       |
| Principal  | 3,897,642             | 3,802,563             | 3,830,034             | 4,037,566             |
| Interest and other fiscal charges                                | 2,569,834             | 2,476,051             | 2,396,218             | 2,246,551             |
| Bond issuance costs  | 156,175               | -                     | -                     | -                     |
| <b>Total expenditures</b>  | <b>\$ 63,390,391</b>  | <b>\$ 61,443,304</b>  | <b>\$ 60,640,957</b>  | <b>\$ 63,982,014</b>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>\$ (2,620,987)</b> | <b>\$ 1,732,425</b>   | <b>\$ 1,534,474</b>   | <b>\$ 671,678</b>     |
| <b>Other financing sources (uses)</b>                            |                       |                       |                       |                       |
| Transfers in   | \$ 5,868,257          | \$ 5,833,132          | \$ 5,565,693          | \$ 5,235,600          |
| Transfers out  | (7,501,076)           | (7,404,877)           | (6,929,011)           | (9,471,740)           |
| Bonds issued   | 4,495,000             | -                     | -                     | -                     |
| Premium on bonds issued  | 285,655               | -                     | -                     | -                     |
| Leases (as lessee)   | -                     | -                     | -                     | -                     |
| Payment to refunded bond escrow agent                            | -                     | -                     | -                     | -                     |
| Capital leases   | 393,307               | 396,970               | -                     | 410,500               |
| <b>Total other financing sources (uses)</b>                      | <b>\$ 3,541,143</b>   | <b>\$ (1,174,775)</b> | <b>\$ (1,363,318)</b> | <b>\$ (3,825,640)</b> |
| <b>Net change in fund balances</b>                               | <b>\$ 920,156</b>     | <b>\$ 557,650</b>     | <b>\$ 171,156</b>     | <b>\$ (3,153,962)</b> |
| <b>Debt service as a percentage of noncapital expenditures</b>   | <b>11.84%</b>         | <b>10.86%</b>         | <b>10.55%</b>         | <b>9.98%</b>          |

**Table 5**

|    |                    |    |                   |    |                    |    | Fiscal Year         |      |                    |      |                   |      |
|----|--------------------|----|-------------------|----|--------------------|----|---------------------|------|--------------------|------|-------------------|------|
|    |                    |    |                   |    |                    |    | 2017                | 2018 | 2019               | 2020 | 2021              | 2022 |
| \$ | 42,563,588         | \$ | 45,169,428        | \$ | 47,363,914         | \$ | 48,206,372          | \$   | 50,937,428         | \$   | 56,998,543        |      |
|    | 6,924,306          |    | 6,989,443         |    | 7,067,029          |    | 7,658,607           |      | 7,911,111          |      | 8,117,144         |      |
|    | 372,308            |    | 426,374           |    | 405,834            |    | 521,730             |      | 664,815            |      | 675,224           |      |
|    | 60,697             |    | 51,449            |    | 41,221             |    | 52,366              |      | 36,379             |      | 36,731            |      |
|    | 569,096            |    | 705,696           |    | 1,120,228          |    | 887,025             |      | 616,576            |      | 452,091           |      |
|    | 1,817,194          |    | 2,265,259         |    | 2,025,186          |    | 2,122,848           |      | 1,794,750          |      | 2,566,812         |      |
|    | 1,206,726          |    | 1,855,162         |    | 4,903,943          |    | 1,162,130           |      | 1,399,696          |      | 2,285,325         |      |
|    | 526,766            |    | 497,565           |    | 579,109            |    | 484,538             |      | 528,055            |      | 771,935           |      |
|    | 10,317,912         |    | 10,513,169        |    | 10,932,525         |    | 11,953,904          |      | 12,123,609         |      | 13,285,954        |      |
|    | 5,122,012          |    | 2,167,824         |    | 2,309,635          |    | 2,488,636           |      | 10,354,848         |      | 3,345,770         |      |
| \$ | <u>69,480,605</u>  | \$ | <u>70,641,369</u> | \$ | <u>76,748,624</u>  | \$ | <u>75,538,156</u>   | \$   | <u>86,367,267</u>  | \$   | <u>88,535,529</u> |      |
| \$ | 2,488,722          | \$ | 2,618,367         | \$ | 2,661,475          | \$ | 2,845,989           | \$   | 3,770,714          | \$   | 3,706,528         |      |
|    | 1,971,210          |    | 2,132,675         |    | 2,297,440          |    | 2,133,644           |      | 2,159,194          |      | 2,437,426         |      |
|    | 15,198,189         |    | 15,984,765        |    | 17,185,771         |    | 17,995,053          |      | 18,961,893         |      | 22,467,268        |      |
|    | 1,140,004          |    | 1,157,835         |    | 1,627,059          |    | 1,342,442           |      | 1,449,966          |      | 1,433,805         |      |
|    | 8,037,115          |    | 8,556,685         |    | 9,240,789          |    | 10,732,125          |      | 12,231,084         |      | 12,247,451        |      |
|    | 25,490,023         |    | 26,617,409        |    | 30,412,369         |    | 30,693,557          |      | 26,573,821         |      | 28,101,691        |      |
|    | 1,944,929          |    | 2,194,716         |    | 2,198,531          |    | 2,386,781           |      | 2,005,987          |      | 2,520,247         |      |
|    | 1,377,922          |    | 1,460,829         |    | 1,480,775          |    | 1,474,148           |      | 4,414,083          |      | 2,008,232         |      |
|    | 21,829             |    | 105,689           |    | 212,682            |    | 8,026               |      | 56,943             |      | 37,662            |      |
|    | 255,451            |    | 933,869           |    | 4,152,533          |    | 9,008,154           |      | 5,066,792          |      | 1,265,101         |      |
|    | 4,160,835          |    | 4,212,946         |    | 4,437,300          |    | 4,662,414           |      | 4,909,191          |      | 5,086,837         |      |
|    | 2,095,262          |    | 1,932,353         |    | 2,094,365          |    | 2,282,173           |      | 2,114,168          |      | 1,802,433         |      |
|    | -                  |    | -                 |    | 118,057            |    | -                   |      | -                  |      | -                 |      |
| \$ | <u>64,181,491</u>  | \$ | <u>67,908,138</u> | \$ | <u>78,119,146</u>  | \$ | <u>85,564,506</u>   | \$   | <u>83,713,836</u>  | \$   | <u>83,114,681</u> |      |
| \$ | <u>5,299,114</u>   | \$ | <u>2,733,231</u>  | \$ | <u>(1,370,522)</u> | \$ | <u>(10,026,350)</u> | \$   | <u>2,653,431</u>   | \$   | <u>5,420,848</u>  |      |
| \$ | 5,408,275          | \$ | 6,038,539         | \$ | 6,427,200          | \$ | 10,470,713          | \$   | 6,620,654          | \$   | 5,969,741         |      |
|    | (6,765,694)        |    | (7,181,681)       |    | (7,620,980)        |    | (12,107,851)        |      | (8,534,112)        |      | (7,287,328)       |      |
|    | -                  |    | -                 |    | 13,970,000         |    | -                   |      | 1,475,000          |      | 5,700,000         |      |
|    | -                  |    | -                 |    | 1,530,581          |    | -                   |      | -                  |      | -                 |      |
|    | -                  |    | -                 |    | -                  |    | -                   |      | -                  |      | 101,431           |      |
|    | -                  |    | -                 |    | -                  |    | -                   |      | (1,426,424)        |      | -                 |      |
|    | -                  |    | 729,723           |    | 98,823             |    | 1,055,703           |      | -                  |      | 168,510           |      |
| \$ | <u>(1,357,419)</u> | \$ | <u>(413,419)</u>  | \$ | <u>14,405,624</u>  | \$ | <u>(581,435)</u>    | \$   | <u>(1,864,882)</u> | \$   | <u>4,652,354</u>  |      |
| \$ | <u>3,941,695</u>   | \$ | <u>2,319,812</u>  | \$ | <u>13,035,102</u>  | \$ | <u>(10,607,785)</u> | \$   | <u>788,549</u>     | \$   | <u>10,073,202</u> |      |
|    | 9.83%              |    | 9.32%             |    | 8.90%              |    | 9.16%               |      | 8.96%              |      | 8.57%             |      |

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

| <b>Fiscal Year</b> | <b>Property Tax</b> | <b>Local sales and use Tax</b> | <b>Consumer Utility Tax</b> | <b>Motor Vehicle License Tax</b> | <b>Recordation and Wills Tax</b> | <b>Total</b> |
|--------------------|---------------------|--------------------------------|-----------------------------|----------------------------------|----------------------------------|--------------|
| 2013 \$            | 35,693,366 \$       | 3,224,641 \$                   | 1,943,136 \$                | 825,623 \$                       | 347,126 \$                       | 42,033,892   |
| 2014               | 37,482,790          | 3,207,116                      | 1,994,637                   | 830,861                          | 304,745                          | 43,820,149   |
| 2015               | 39,515,727          | 3,262,733                      | 1,955,209                   | 864,693                          | 291,431                          | 45,889,793   |
| 2016               | 40,894,148          | 3,246,390                      | 1,881,288                   | 871,892                          | 347,726                          | 47,241,444   |
| 2017               | 42,563,588          | 3,536,415                      | 1,937,678                   | 871,435                          | 410,384                          | 49,319,500   |
| 2018               | 45,169,428          | 3,651,977                      | 1,867,094                   | 891,545                          | 366,337                          | 51,946,381   |
| 2019               | 47,363,914          | 3,756,891                      | 1,797,031                   | 916,167                          | 404,259                          | 54,238,262   |
| 2020               | 48,206,372          | 4,364,517                      | 1,781,678                   | 916,402                          | 463,305                          | 55,732,274   |
| 2021               | 50,937,428          | 4,591,538                      | 1,665,423                   | 920,131                          | 664,903                          | 58,779,423   |
| 2022               | 56,998,543          | 4,671,421                      | 1,616,603                   | 922,217                          | 691,810                          | 64,900,594   |

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**COUNTY OF SHENANDOAH, VIRGINIA**

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

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| <b>Fiscal Year</b> | <b>Real Estate (1)</b> | <b>Personal Property</b> | <b>Mobile Homes</b> | <b>Machinery and Tools</b> | <b>Merchants' Capital</b> | <b>Public Service (2)</b> |
|--------------------|------------------------|--------------------------|---------------------|----------------------------|---------------------------|---------------------------|
| 2013 \$            | 4,441,341,600          | \$ 367,548,462           | \$ 4,141,738        | \$ 75,260,772              | \$ 46,502,386             | \$ 194,991,068            |
| 2014               | 4,465,692,800          | 381,440,803              | 4,202,476           | 74,590,349                 | 48,541,466                | 209,304,337               |
| 2015               | 4,479,926,100          | 393,610,302              | 4,298,296           | 70,749,206                 | 47,243,710                | 222,281,742               |
| 2016               | 4,364,147,300          | 420,770,509              | 4,870,181           | 80,349,258                 | 46,311,933                | 241,371,336               |
| 2017               | 4,383,540,000          | 431,716,486              | 4,964,567           | 96,057,176                 | 53,095,887                | 254,718,911               |
| 2018               | 4,406,982,871          | 389,568,841              | 4,883,411           | 96,239,068                 | 56,513,020                | 267,575,579               |
| 2019               | 4,429,431,900          | 461,818,927              | 4,937,071           | 94,669,186                 | 54,758,072                | 289,945,878               |
| 2020               | 4,471,055,200          | 473,024,856              | 4,898,211           | 97,670,952                 | 51,791,848                | 289,209,579               |
| 2021               | 4,523,911,400          | 533,641,945              | 5,110,469           | 86,137,279                 | 57,477,855                | 295,495,431               |
| 2022               | 5,994,141,000          | 696,021,750              | 4,823,005           | 85,274,945                 | 53,966,946                | 288,180,330               |

Source: Commissioner of Revenue

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

Table 7

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|    | <b>Total Taxable<br/>Assessed<br/>Value</b> | <b>Estimated<br/>Actual<br/>Taxable<br/>Value</b> | <b>State<br/>Sales<br/>Assessment<br/>Ratio (3)</b> | <b>Total<br/>Direct<br/>Rate</b> |
|----|---|---|---|----------------------------------|
| \$ | 5,129,786,026                               | \$ 4,735,332,803                                  | 108.33%   | \$ 8.33                          |
|    | 5,183,772,231                               | 4,785,167,757                                     | 108.33%   | 8.39                             |
|    | 5,218,109,356                               | 4,910,237,467                                     | 106.27%   | 8.39                             |
|    | 5,157,820,517                               | 4,999,826,015                                     | 103.16%   | 8.55                             |
|    | 5,224,093,027                               | 5,195,001,021                                     | 100.56%   | 8.55                             |
|    | 5,221,762,790                               | 5,192,683,761                                     | 100.56%   | 8.63                             |
|    | 5,335,561,034                               | 5,305,848,284                                     | 100.56%   | 8.93                             |
|    | 5,387,650,646                               | 5,357,647,818                                     | 100.56%   | 8.93                             |
|    | 5,501,774,379                               | 5,471,136,017                                     | 100.56%   | 9.03                             |
|    | 7,122,407,976                               | 7,082,744,606                                     | 100.56%   | 8.71                             |

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

| <b>Direct Rates</b> |    |                    |    |                          |    |                     |    |                            |    |                           |                          |
|---------------------|----|--------------------|----|--------------------------|----|---------------------|----|----------------------------|----|---------------------------|--------------------------|
| <b>Fiscal Year</b>  |    | <b>Real Estate</b> |    | <b>Personal Property</b> |    | <b>Mobile Homes</b> |    | <b>Machinery and Tools</b> |    | <b>Merchants' Capital</b> | <b>Total Direct Rate</b> |
| 2013                | \$ | 0.54               | \$ | 3.50                     | \$ | 0.54                | \$ | 3.15                       | \$ | 0.60                      | \$ 8.33                  |
| 2014                |    | 0.57               |    | 3.50                     |    | 0.57                |    | 3.15                       |    | 0.60                      | 8.39                     |
| 2015                |    | 0.57               |    | 3.50                     |    | 0.57                |    | 3.15                       |    | 0.60                      | 8.39                     |
| 2016                |    | 0.60               |    | 3.60                     |    | 0.60                |    | 3.15                       |    | 0.60                      | 8.55                     |
| 2017                |    | 0.60               |    | 3.60                     |    | 0.60                |    | 3.15                       |    | 0.60                      | 8.55                     |
| 2018                |    | 0.64               |    | 3.60                     |    | 0.64                |    | 3.15                       |    | 0.60                      | 8.63                     |
| 2019                |    | 0.64               |    | 3.90                     |    | 0.64                |    | 3.15                       |    | 0.60                      | 8.93                     |
| 2020                |    | 0.64               |    | 3.90                     |    | 0.64                |    | 3.15                       |    | 0.60                      | 8.93                     |
| 2021                |    | 0.69               |    | 3.90                     |    | 0.69                |    | 3.15                       |    | 0.60                      | 9.03                     |
| 2022                |    | 0.58               |    | 3.80                     |    | 0.58                |    | 3.15                       |    | 0.60                      | 8.71                     |

Source: County Commissioner of Revenue

(1) Per \$100 of assessed value

Principal Property Taxpayers  
 Current Year and the Period Nine Years Prior

| Taxpayer                            | Type Business  | Fiscal Year 2022        |                               | Fiscal Year 2013        |                               |
|-------------------------------------|----------------|-------------------------|-------------------------------|-------------------------|-------------------------------|
|                                     |                | 2022 Assessed Valuation | % of Total Assessed Valuation | 2013 Assessed Valuation | % of Total Assessed Valuation |
| Bowman Andros Products LLC          | Mfg            | \$ 29,398,200           | 20.32%                        | \$ 9,364,300            | 8.64%                         |
| EIP 495 Radio Station Road LLC      | Mfg            | 29,087,500              | 20.11%                        | -                       | 0.00%                         |
| North Shenandoah Investors LLC      | Investments    | -                       | 0.00%                         | 20,596,500              | 19.01%                        |
| Art Mortgage Borrower Propco 2006-2 | Distribution   | 14,416,500              | 9.97%                         | 13,368,800              | 12.34%                        |
| Howell Metal                        | Mfg            | 11,906,800              | 8.23%                         | 11,116,100              | 10.26%                        |
| Lowe's Home Centers                 | Retail         | 9,593,000               | 6.63%                         | 9,499,400               | 8.77%                         |
| Wal-Mart Real Estate                | Retail         | 9,069,800               | 6.27%                         | 9,269,000               | 8.55%                         |
| Masco Cabinetry                     | Mfg            | 8,911,700               | 6.16%                         | 7,889,100               | 7.28%                         |
| 294 Front Royal LLC                 | Mfg            | 8,522,300               | 5.89%                         | 10,718,600              | 9.89%                         |
| Valley Fertilizer and Chemical Co   | Retail         | 8,459,600               | 5.85%                         | -                       | 0.00%                         |
| Telesat Network Services            | Communications | 8,094,300               | 5.60%                         | 9,013,000               | 8.32%                         |
| Mt Airy Properties LLC              | Distribution   | -                       | 0.00%                         | 7,532,000               | 6.95%                         |
| Massanutten Preservation LP         | Apartments     | 7,200,000               | 4.98%                         | -                       | 0.00%                         |
|                                     |                | <u>\$ 144,659,700</u>   | <u>100.00%</u>                | <u>\$ 108,366,800</u>   | <u>100.00%</u>                |

Source: Commissioner of Revenue

Property Tax Levies and Collections  
Last Ten Fiscal Years

| Fiscal Year | Total Tax (1,3)<br>Levy for<br>Fiscal Year | Collected within the Fiscal<br>Year of the Levy (1,3) |                       | Collections<br>in Subsequent<br>Years (2) | Total Collections to Date |                       |
|-------------|--|---|-----------------------|---|---------------------------|-----------------------|
|             |  | Amount  | Percentage<br>of Levy |   | Amount                    | Percentage<br>of Levy |
| 2013        | \$ 36,226,476                              | \$ 33,721,380   | 93.08%                | \$ 2,477,452                              | \$ 36,198,832             | 99.92%                |
| 2014        | 39,644,404                                 | 37,448,266  | 94.46%                | 2,162,294                                 | 39,610,560                | 99.91%                |
| 2015        | 39,858,420                                 | 37,876,812  | 95.03%                | 1,943,244                                 | 39,820,056                | 99.90%                |
| 2016        | 41,321,753                                 | 39,421,018  | 95.40%                | 1,845,814                                 | 41,266,832                | 99.87%                |
| 2017        | 43,635,676                                 | 41,757,773  | 95.70%                | 1,525,063                                 | 43,282,836                | 99.19%                |
| 2018        | 47,552,508                                 | 45,380,283  | 95.43%                | 1,721,056                                 | 47,101,339                | 99.05%                |
| 2019        | 48,210,765                                 | 46,001,197  | 95.42%                | 1,620,625                                 | 47,621,822                | 98.78%                |
| 2020        | 48,971,502                                 | 46,508,828  | 94.97%                | 1,758,540                                 | 48,267,368                | 98.56%                |
| 2021        | 51,383,447                                 | 48,977,945  | 95.32%                | 874,678                                   | 49,852,623                | 97.02%                |
| 2022        | 58,210,662                                 | 54,906,770  | 94.32%                | -   | 54,906,770                | 94.32%                |

Source: Commissioner of Revenue, County Treasurer's office

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

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COUNTY OF SHENANDOAH, VIRGINIA

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Governmental Activities |   |                     |                     |               | Business-type Activities                |               |               |
|-------------------------|---|---------------------|---------------------|---------------|---|---------------|---------------|
| Fiscal Year             | <u>Direct Borrowings and Placements</u> |                     |                     |               | <u>Direct Borrowings and Placements</u> |               |               |
|                         | General Obligation Bonds                | Literary Fund Loans | Lease Revenue Bonds | Loans Payable | General Obligation Bonds                | Notes Payable | Loans Payable |
| 2013                    | \$ 45,442,086                           | \$ 2,516,000        | \$ 7,595,000        | \$ 1,131,300  | \$ 2,802,329                            | \$ -          | \$ -          |
| 2014                    | 42,362,464                              | 2,201,500           | 7,435,000           | 1,196,369     | 2,266,352                               | -             | -             |
| 2015                    | 39,210,472                              | 1,887,000           | 7,265,000           | 863,395       | 1,906,076                               | -             | 247,294       |
| 2016                    | 35,949,790                              | 1,572,500           | 7,000,000           | 937,079       | 1,570,934                               | -             | 187,007       |
| 2017                    | 32,565,081                              | 1,258,000           | 6,720,000           | 616,021       | 1,341,214                               | -             | 456,030       |
| 2018                    | 29,045,994                              | 943,500             | 6,435,000           | 1,111,953     | 1,254,010                               | -             | 731,182       |
| 2019                    | 26,927,746                              | 629,000             | 20,105,000          | 897,373       | 1,168,777                               | -             | 536,176       |
| 2020                    | 23,138,794                              | 314,500             | 19,790,000          | 1,569,682     | 1,080,637                               | 626,720       | 714,536       |
| 2021                    | 18,951,730                              | -                   | 19,575,000          | 1,093,869     | 3,523,201                               | 494,837       | 512,135       |
| 2022                    | 14,826,829                              | -                   | 24,535,000          | 849,991       | 3,215,144                               | 358,865       | 307,037       |

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

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

Table 11

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|    | <b>Total<br/>Primary<br/>Government</b> | <b>Percentage<br/>of Personal<br/>Income (1)</b> | <b>Per<br/>Capita (1)</b> |
|----|---|--|---------------------------|
| \$ | 59,486,715                              | 3.99%  | \$ 1,397                  |
|    | 55,461,685                              | 3.58%  | 1,299                     |
|    | 51,379,237                              | 3.15%  | 1,194                     |
|    | 47,217,310                              | 2.85%  | 1,118                     |
|    | 42,956,346                              | 2.49%  | 995                       |
|    | 39,521,639                              | 2.13%  | 914                       |
|    | 50,264,072                              | 2.55%  | 1,156                     |
|    | 47,234,869                              | 2.32%  | 1,083                     |
|    | 44,150,772                              | 2.00%  | 999                       |
|    | 44,092,866                              | 2.00%  | 998                       |

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

| <b>Fiscal Year</b> | <b>Gross Bonded Debt</b> | <b>Less: Amounts Reserved for Debt Service</b> | <b>Net Bonded Debt (3)</b> | <b>Ratio of Net General Obligation Debt to Assessed Value (2)</b> | <b>Net Bonded Debt per Capita (1)</b> |
|--------------------|--------------------------|--|----------------------------|---|---------------------------------------|
| 2013               | \$ 47,958,086            | \$ -   | \$ 47,958,086              | 0.93%   | \$ 1,126                              |
| 2014               | 44,563,964               | -  | 44,563,964                 | 0.86%   | 1,044                                 |
| 2015               | 41,097,472               | -  | 41,097,472                 | 0.79%   | 955                                   |
| 2016               | 37,522,290               | -  | 37,522,290                 | 0.73%   | 889                                   |
| 2017               | 33,823,081               | -  | 33,823,081                 | 0.65%   | 783                                   |
| 2018               | 29,989,494               | -  | 29,989,494                 | 0.57%   | 694                                   |
| 2019               | 27,556,746               | -  | 27,556,746                 | 0.52%   | 634                                   |
| 2020               | 23,453,294               | -  | 23,453,294                 | 0.44%   | 538                                   |
| 2021               | 18,951,730               | -  | 18,951,730                 | 0.34%   | 429                                   |
| 2022               | 14,826,829               | -  | 14,826,829                 | 0.21%   | 336                                   |

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

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

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

Pledged-Revenue Coverage  
Last Ten Fiscal Years

| Fiscal Year | Enterprise Fund Revenue Bonds                    |                          |                       |              |            |          | Coverage |
|-------------|--|--------------------------|-----------------------|--------------|------------|----------|----------|
|             | Water/Sewer/Refuse and Septage Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service |            |          |          |
|             |  |                          |                       | Principal    | Interest   |          |          |
| 2013        | \$ 3,428,481                                     | \$ 4,581,746             | \$ (1,153,265)        | \$ 274,393   | \$ 142,435 | -276.68% |          |
| 2014        | 3,420,262  | 2,680,364                | 739,898               | 535,977      | 97,195     | 116.86%  |          |
| 2015        | 3,567,662  | 5,103,920                | (1,536,258)           | 360,276      | 78,771     | -349.91% |          |
| 2016        | 3,726,774  | 6,505,367                | (2,778,593)           | 335,145      | 63,841     | -696.41% |          |
| 2017        | 3,816,431  | 5,065,643                | (1,249,212)           | 290,957      | 52,791     | -363.41% |          |
| 2018        | 3,918,708  | 5,053,336                | (1,134,628)           | 205,199      | 50,253     | -444.16% |          |
| 2019        | 3,984,359  | 5,088,964                | (1,104,605)           | 280,239      | 60,400     | -324.27% |          |
| 2020        | 3,949,226  | 5,167,600                | (1,218,374)           | 288,378      | 63,969     | -345.79% |          |
| 2021        | 4,226,563  | 6,463,522                | (2,236,959)           | 471,305      | 83,044     | -403.53% |          |
| 2022        | 3,919,829  | 6,934,124                | (3,014,295)           | 235,037      | 108,259    | -878.05% |          |

Note: Water/Sewer, refuse disposal charges and other include property taxes and investment earnings but not capital contributions.

Demographic and Economic Statistics  
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Median Age</u> | <u>School Enrollment</u> | <u>Unemployment Rate</u> |
|--------------------|-------------------|------------------------|-----------------------------------|-------------------|--------------------------|--------------------------|
| 2013               | 42,583            | \$ 1,491,086,328       | \$ 35,016                         | 43.7              | 6,069                    | 6.20%                    |
| 2014               | 42,684            | 1,550,624,352          | 36,328                            | 43.8              | 6,115                    | 5.60%                    |
| 2015               | 43,021            | 1,630,323,816          | 37,896                            | 44.0              | 5,969                    | 4.70%                    |
| 2016               | 42,228            | 1,659,180,348          | 39,291                            | 44.1              | 5,913                    | 4.30%                    |
| 2017               | 43,175            | 1,724,409,500          | 39,940                            | 44.5              | 5,991                    | 3.70%                    |
| 2018               | 43,225            | 1,859,323,375          | 43,015                            | 44.4              | 6,082                    | 3.20%                    |
| 2019               | 43,497            | 1,974,198,339          | 45,387                            | 44.5              | 6,058                    | 2.60%                    |
| 2020               | 43,616            | 2,035,994,880          | 46,680                            | 44.7              | 5,993                    | 6.90%                    |
| 2021               | 44,186            | 2,207,002,328          | 49,948                            | 44.7              | 5,738                    | 4.10%                    |
| 2022               | 44,396            | 2,386,418,188          | 53,753                            | 43.9              | 5,620                    | 2.60%                    |

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

Principal Employers  
 Current Year and Nine Years Prior

| <u>Employer</u>                                 | <u>Fiscal Year 2022</u> |             | <u>Fiscal Year 2013</u> |             |
|---|-------------------------|-------------|-------------------------|-------------|
|   | <u>Employees</u>        | <u>Rank</u> | <u>Employees</u>        | <u>Rank</u> |
| Shenandoah County School Board                  | 1000+                   | 1           | 1000+                   | 1           |
| George's Chicken, LLC                           | 500 to 999              | 2           | 500 to 999              | 2           |
| Shentel Management Company                      | 500 to 999              | 3           | 250 to 499              | 8           |
| Bowman Andros Products                          | 500 to 999              | 4           | 250 to 499              | 4           |
| County of Shenandoah                            | 250 to 499              | 5           | 250 to 499              | 6           |
| Winchester Regional Health Inc. (Valley Health) | 250 to 499              | 6           | 250 to 499              | 7           |
| Masco Builder Cabinet Group                     | 250 to 499              | 7           | -                       | -           |
| Wal Mart Associates, Inc.                       | 250 to 499              | 8           | 250 to 499              | 10          |
| Food Lion, LLC                                  | 250 to 499              | 9           | -                       | -           |
| Mercury Paper                                   | 100 to 249              | 10          | -                       | -           |
| IAC Strasburg, LLC                              | -                       | -           | 250 to 499              | 5           |
| R.R. Donnelly and Sons Company                  | -                       | -           | 250 to 499              | 3           |
| Life Style Staffing                             | -                       | -           | 250 to 499              | 9           |

Source: Virginia Employment Commission-LMI

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

| Function                          | Fiscal Year |            |            |            |            |            |            |            |            |            |
|-----------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                   | 2013        | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       |
| General government administration | 21          | 24         | 24         | 24         | 23         | 23         | 29         | 29         | 23         | 27         |
| Judicial administration           | 15          | 19         | 19         | 19         | 20         | 26         | 23         | 24         | 24         | 26         |
| Public safety:                    |             |            |            |            |            |            |            |            |            |            |
| Sheriff's department              | 84          | 69         | 57         | 57         | 57         | 59         | 58         | 59         | 58         | 67         |
| Fire and rescue                   | 42          | 44         | 48         | 48         | 50         | 50         | 56         | 56         | 71         | 83         |
| Building inspections              | 5           | 6          | 6          | 6          | 6          | 6          | 7          | 6          | 8          | 9          |
| Animal control                    | 2           | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 2          |
| Animal Shelter                    | *           | *          | *          | *          | *          | *          | *          | *          | 4          | 4          |
| Emergency communications          | *           | 18         | 18         | 18         | 18         | 18         | 21         | 21         | 20         | 21         |
| Public works:                     |             |            |            |            |            |            |            |            |            |            |
| General maintenance               | 6           | 6          | 6          | 6          | 6          | 6          | 6          | 7          | 6          | 7          |
| Landfill                          | 19          | 17         | 17         | 17         | 17         | 17         | 17         | 16         | 16         | 18         |
| Health and welfare:               |             |            |            |            |            |            |            |            |            |            |
| Department of social services     | 35          | 35         | 41         | 41         | 40         | 44         | 46         | 45         | 48         | 48         |
| Culture and recreation:           |             |            |            |            |            |            |            |            |            |            |
| Parks and recreation              | 5           | 5          | 5          | 5          | 5          | 5          | 7          | 6          | 7          | 7          |
| Library                           | 6           | 6          | 6          | 7          | 8          | 8          | 8          | 8          | 8          | 8          |
| Economic Development              | 1           | 1          | 1          | 1          | 1          | 1          | 2          | 2          | 2          | 3          |
| Community development:            |             |            |            |            |            |            |            |            |            |            |
| Planning                          | 5           | 5          | 5          | 5          | 5          | 5          | 3          | 3          | 3          | 4          |
| Cooperative Extension             | 1           | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 3          |
| Totals                            | <u>247</u>  | <u>258</u> | <u>256</u> | <u>257</u> | <u>259</u> | <u>271</u> | <u>286</u> | <u>285</u> | <u>301</u> | <u>337</u> |

Source: Department List Query and DSS contact

\* Information unavailable

Operating Indicators by Function  
Last Ten Fiscal Years

| Function                          | Fiscal Year |       |       |       |       |       |       |       |       |        |
|-----------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
|                                   | 2013        | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022   |
| Public safety                     |             |       |       |       |       |       |       |       |       |        |
| Sheriffs department:              |             |       |       |       |       |       |       |       |       |        |
| Physical arrests                  |             |       |       |       |       |       |       |       |       |        |
| Traffic violations/arrests        | 2070        | 2195  | 2138  | 2269  | 2017  | 2275  | 2075  | 2147  | 1630  | 1230   |
| Civil papers                      | 10500       | 12428 | 13141 | 11912 | 14055 | 14303 | 13921 | 15608 | 11839 | 12,276 |
| Fire and rescue:                  |             |       |       |       |       |       |       |       |       |        |
| Number of calls answered          | 11150       | 5933  | 7232  | 7426  | 7469  | 7677  | 7562  | 9834  | 8343  | 10829  |
| Building inspections:             |             |       |       |       |       |       |       |       |       |        |
| Permits issued                    | 78          | 82    | 99    | 89    | 115   | 161   | 130   | 146   | 223   | 190    |
| Animal control:                   |             |       |       |       |       |       |       |       |       |        |
| Number of calls answered          | 1643        | 1847  | 1656  | 1548  | 1576  | 1717  | 2233  | 2485  | 2110  | 2099   |
| Public works                      |             |       |       |       |       |       |       |       |       |        |
| General maintenance:              |             |       |       |       |       |       |       |       |       |        |
| Trucks/vehicles                   | 6           | 6     |       |       |       |       |       |       |       |        |
| Landfill:                         |             |       |       |       |       |       |       |       |       |        |
| Refuse collected (tons/day)       | 117.02      | 132   | 138.5 | 148.3 | 162.2 | 179   | 154   | 166   | 167   | 172    |
| Recycling (tons/day)              | 6.8         | 7.2   | 7.0   | 7.3   | 18.4  | 7.4   | 7     | 6     | 6     | 7      |
| Health and welfare                |             |       |       |       |       |       |       |       |       |        |
| Department of Social Services:    |             |       |       |       |       |       |       |       |       |        |
| Caseload                          | 5753        | 10905 | *     | 10935 | 11000 | 10219 | 10953 | 11138 | 11973 | 14888  |
| Culture and recreation            |             |       |       |       |       |       |       |       |       |        |
| Parks and recreation:             |             |       |       |       |       |       |       |       |       |        |
| Recreation facility permits       | 1137        | 1853  | 1833  | 1743  | 1762  | 1680  | 2270  | 919   | 700   | 342    |
| After-school program participants |             |       |       |       |       |       |       |       |       |        |
| Youth sports participants         | 1156        | 1013  | 1403  | 1512  | 1644  | 1732  | 2216  | 520   | 177   | 384    |
| Community development             |             |       |       |       |       |       |       |       |       |        |
| Planning:                         |             |       |       |       |       |       |       |       |       |        |
| Zoning permits issued             | 375         | 331   | 260   | 318   | 293   | 330   | 364   | 351   | 443   | 437    |
| Component Unit - School Board     |             |       |       |       |       |       |       |       |       |        |
| Education:                        |             |       |       |       |       |       |       |       |       |        |
| School age population             | 6069        | 6115  | 5696  | 5913  | 5991  | 6082  | 6058  | 5993  | 5738  | 5618   |
| Number of teachers                | 520         | 521   | 522   | 529   | 530   | 538   | 541   | 502   | 517   | 504    |
| Local expenditures per pupil      | 3711        | 3832  | 4116  | 4414  | 4347  | 4484  | 4873  | 5084  | 4640  | 5032   |

Source: Individual County departments

\* Information unavailable

Capital Asset Statistics by Function  
Last Ten Fiscal Years

| Function                       | Fiscal Year |      |      |      |      |      |      |      |      |      |
|--------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                                | 2013        | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General government             |             |      |      |      |      |      |      |      |      |      |
| Administration buildings       | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Vehicles                       | 2           | 2    | 3    | 3    | 5    | 4    | 3    | 3    | 4    | 4    |
| Public safety                  |             |      |      |      |      |      |      |      |      |      |
| Sheriffs department:           |             |      |      |      |      |      |      |      |      |      |
| Patrol units                   | 51          | 56   | 56   | 56   | 56   | 58   | 60   | 60   | 56   | 78   |
| Building inspections:          |             |      |      |      |      |      |      |      |      |      |
| Vehicles                       | 4           | 4    | 4    | 4    | 4    | 4    | 5    | 5    | 5    | 7    |
| Animal control:                |             |      |      |      |      |      |      |      |      |      |
| Vehicles                       | 2           | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 3    |
| Public works                   |             |      |      |      |      |      |      |      |      |      |
| General maintenance:           |             |      |      |      |      |      |      |      |      |      |
| Trucks/vehicles                | 6           | 6    | 6    | 7    | 7    | 5    | 8    | 10   | 10   | 9    |
| Landfill:                      |             |      |      |      |      |      |      |      |      |      |
| Vehicles                       | 23          | 23   | 23   | 19   | 22   | 22   | 24   | 24   | 24   | 23   |
| Equipment                      | 21          | 21   | 21   | 18   | 20   | 20   | 19   | 21   | 26   | 20   |
| Sites                          | 15          | 16   | 16   | 16   | 15   | 15   | 15   | 14   | 14   | 13   |
| Health and welfare             |             |      |      |      |      |      |      |      |      |      |
| Department of Social Services: |             |      |      |      |      |      |      |      |      |      |
| Vehicles                       | 12          | 12   | 12   | 12   | 13   | 13   | 13   | 13   | 13   | 14   |
| Culture and recreation         |             |      |      |      |      |      |      |      |      |      |
| Parks and recreation:          |             |      |      |      |      |      |      |      |      |      |
| Community centers              | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Vehicles                       | 4           | 4    | 4    | 4    | 4    | 5    | 6    | 6    | 6    | 5    |
| Parks acreage                  | 645         | 645  | 645  | 645  | 645  | 645  | 645  | 645  | 645  | 645  |
| Tennis courts                  | 2           | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Community development          |             |      |      |      |      |      |      |      |      |      |
| Planning:                      |             |      |      |      |      |      |      |      |      |      |
| Vehicles                       | 2           | 2    | 2    | 2    | 4    | 4    | 3    | 3    | 2    | 2    |
| Component Unit - School Board  |             |      |      |      |      |      |      |      |      |      |
| Education:                     |             |      |      |      |      |      |      |      |      |      |
| Schools                        | 10          | 10   | 10   | 10   | 10   | 10   | 10   | 10   | 10   | 10   |
| School buses                   | 108         | 110  | 110  | 112  | 112  | 112  | 112  | 114  | 114  | 114  |

Source: Individual County departments

## **COMPLIANCE SECTION**



**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Shenandoah, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered County of Shenandoah, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Shenandoah, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Shenandoah, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

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

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
December 15, 2022



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited County of Shenandoah, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Shenandoah, Virginia's major federal programs for the year ended June 30, 2022. County of Shenandoah, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Shenandoah, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Shenandoah, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Shenandoah, Virginia's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Shenandoah, Virginia's federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Shenandoah, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Shenandoah, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Shenandoah, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Shenandoah, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 County of Shenandoah, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
December 15, 2022

**COUNTY OF SHENANDOAH, VIRGINIA**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

| Federal Grantor/Pass - Through Grantor/<br>Program Title or Cluster title                 | Federal<br>AL<br>Number | Pass-through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---|-------------------------|--|-------------------------|
| <b>PRIMARY GOVERNMENT:</b>  |                         |  |                         |
| Department of Agriculture:  |                         |  |                         |
| Pass Through Payments:  |                         |  |                         |
| Virginia Department of Social Services:   |                         |  |                         |
| SNAP Cluster:   |                         |  |                         |
| State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program | 10.561                  | Unavailable                                  | \$ 648,081              |
| Total Department of Agriculture   |                         |  | \$ 648,081              |
| Department of Health and Human Services:  |                         |  |                         |
| Pass Through Payments:  |                         |  |                         |
| Virginia Department of Social Services:   |                         |  |                         |
| Temporary Assistance for Needy Families   | 93.558                  | Unavailable                                  | \$ 240,603              |
| Refugee and Entrant Assistance State/Replacement Designee<br>Administered Programs        | 93.566                  | Unavailable                                  | 3,647                   |
| MaryLee Allen Promoting Safe and Stable Families  | 93.556                  | Unavailable                                  | 33,948                  |
| Low-Income Home Energy Assistance   | 93.568                  | Unavailable                                  | 38,130                  |
| CCDF Cluster:   |                         |  |                         |
| Child Care Mandatory and Matching Funds of the Child<br>Care and Development Fund         | 93.596                  | Unavailable                                  | 49,960                  |
| Foster Care - Title IV-E  | 93.658                  | Unavailable                                  | 268,304                 |
| Elder Abuse Prevention Interventions Program  | 93.747                  | Unavailable                                  | 2,554                   |
| Title IV-E Prevention Program   | 93.472                  | Unavailable                                  | 4,792                   |
| Community Based Child Abuse Prevention Grants   | 93.590                  | Unavailable                                  | 1,000                   |
| Guardianship Assistance   | 93.090                  | Unavailable                                  | 10,741                  |
| Chafee Education and Training Vouchers Program  | 93.599                  | Unavailable                                  | 6,755                   |
| Stephanie Tubbs Jones - Child Welfare Services Program                                    | 93.645                  | Unavailable                                  | 538                     |
| John H. Chafee Foster Care Program for Successful Transition to<br>Adulthood              | 93.674                  | Unavailable                                  | 6,561                   |
| Social Services Block Grant   | 93.667                  | Unavailable                                  | 247,477                 |
| Children's Health Insurance Program   | 93.767                  | Unavailable                                  | 3,581                   |
| Adoption Assistance   | 93.659                  | Unavailable                                  | 158,292                 |
| Medicaid Cluster:   |                         |  |                         |
| Medical Assistance Program  | 93.778                  | Unavailable                                  | 336,468                 |
| Total Department of Health and Human Services   |                         |  | \$ 1,413,351            |
| Department of Homeland Security:  |                         |  |                         |
| Pass Through Payments:  |                         |  |                         |
| Virginia Department of Emergency Management:  |                         |  |                         |
| Homeland Security Grant Program   | 97.067                  | Unavailable                                  | \$ 1,347                |
| Emergency Management Performance Grants   | 97.042                  | Unavailable                                  | 4,404                   |
| Total Department of Homeland Security   |                         |  | \$ 5,751                |
| U.S. Department of Justice:   |                         |  |                         |
| Direct Payments   |                         |  |                         |
| Bulletproof Vest Partnership Program  | 16.607                  | N/A  | \$ 29,046               |
| Pass Through Payments:  |                         |  |                         |
| Virginia Department of Criminal Justice Services:   |                         |  |                         |
| ATF Overtime  | 16.401                  | Unavailable                                  | \$ 3,399                |
| Local Law Enforcement Block Grant   | 16.401                  | Unavailable                                  | 3,020                   |
| Subtotal CFDA 16.401  |                         |  | \$ 6,419                |
| Crime Victim Assistance   | 16.575                  | Unavailable                                  | 51,603                  |
| Equitable Sharing Program   | 16.922                  | Unavailable                                  | 213,157                 |
| Total Department of Justice   |                         |  | \$ 300,225              |

COUNTY OF SHENANDOAH, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2022

| Federal Grantor/Pass - Through Grantor/<br>Program Title or Cluster title                  | Federal<br>AL<br>Number | Pass-through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|--|-------------------------|--|-------------------------|
| Primary Government (continued):  |                         |  |                         |
| Department of Transportation:  |                         |  |                         |
| Pass Through Payments:   |                         |  |                         |
| Virginia Department of Motor Vehicles:   |                         |  |                         |
| Alcohol Open Container Requirements  | 20.607                  | Unavailable                                  | \$ 6,090                |
| Total Department of Transportation   |                         |  | <u>\$ 6,090</u>         |
| Department of Treasury:  |                         |  |                         |
| Pass Through Payments:   |                         |  |                         |
| Virginia Department of Accounts:   |                         |  |                         |
| COVID-19 Coronavirus Relief Fund   | 21.019                  | Unavailable                                  | \$ 14,501               |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds                                 | 21.027                  | Unavailable                                  | 629,219                 |
| Virginia Department of Justice:  |                         |  |                         |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds                                 | 21.027                  | 120304                                       | <u>106,524</u>          |
| Subtotal ALN 21.027  |                         |  | <u>735,743</u>          |
| Total Department of Treasury   |                         |  | <u>\$ 750,244</u>       |
| U.S. Department of Housing and Urban Development:  |                         |  |                         |
| Pass Through Payments:   |                         |  |                         |
| Virginia Department of Housing and Community Development:                                  |                         |  |                         |
| Community Development Block Grants/State's Program and<br>Non-Entitlement Grants in Hawaii | 14.228                  | Unavailable                                  | <u>124,929</u>          |
| Total Expenditures of Federal Awards - Primary Government                                  |                         |  | <u>\$ 3,248,671</u>     |
| <b>COMPONENT UNIT SCHOOL BOARD:</b>  |                         |  |                         |
| Department of Agriculture:   |                         |  |                         |
| Pass Through Payments:   |                         |  |                         |
| Child Nutrition Cluster:   |                         |  |                         |
| Virginia Department of Education:  |                         |  |                         |
| School Breakfast Program   | 10.553                  | APE402530000                                 | \$ 854,646              |
| National School Lunch Program  | 10.555                  | APE402540000                                 | 2,329,801               |
| Virginia Department of Agriculture and Consumer Services:                                  |                         |  |                         |
| Food Distribution-School Lunch   | 10.555                  | Unavailable                                  | <u>204,054</u>          |
| Subtotal ALN 10.555  |                         |  | \$ 2,533,855            |
| COVID-19 Summer Food Service Program for Children  | 10.559                  | APE603030000                                 | <u>34,573</u>           |
| Total Child Nutrition Cluster  |                         |  | <u>\$ 3,423,074</u>     |
| Pandemic Electronic Benefit Transfer Administrative Costs                                  | 10.649                  | DOE86556                                     | <u>\$ 3,063</u>         |
| Virginia Department of Education:  |                         |  |                         |
| Forest Service Schools and Roads Cluster:  |                         |  |                         |
| Schools and Roads - Grants to States   | 10.665                  | APE438410000                                 | <u>14,316</u>           |
| Total Department of Agriculture  |                         |  | <u>\$ 3,440,453</u>     |
| Department of Education:   |                         |  |                         |
| Pass Through Payments:   |                         |  |                         |
| Virginia Department of Education:  |                         |  |                         |
| Title I Grants to Local Educational Agencies   | 84.010                  | APE429010000                                 | \$ 1,242,036            |
| Student Support and Academic Enrichment Program  | 84.424                  | APE602810000                                 | 117,548                 |
| Supporting Effective Instruction State Grants  | 84.367                  | APE600220000                                 | 111,200                 |
| Special Education Cluster:   |                         |  |                         |
| Special Education - Grant to States  | 84.027                  | APE430710000                                 | \$ 1,330,026            |
| Special Education - Individuals with Disabilities Education Act                            | 84.027                  | APE430710000                                 | 33,454                  |
| Special Education - Preschool Grants   | 84.173                  | APE625210000                                 | <u>43,539</u>           |
| Total Special Education Cluster  |                         |  | <u>\$ 1,407,019</u>     |
| COVID-19 Education Stabilization Fund-Elementary   |                         |  |                         |
| Secondary School Emergency Relief Fund   | 84.425D                 | APE60177000                                  | \$ 2,161,546            |
| COVID-19 Education Stabilization Fund-Governor's   |                         |  |                         |
| Education Emergency Relief Fund  | 84.425C                 | APE60177000                                  | 33,649                  |
| COVID-19 Education Stabilization Fund-American Rescue Plan                                 |                         |  |                         |
| Elementary and Secondary Emergency Relief Fund   | 84.425U                 | APE60177000                                  | <u>1,646,001</u>        |
| Subtotal Education Stabilization Fund  |                         |  | <u>\$ 3,841,196</u>     |
| Career and Technical Education - Basic Grants to States                                    | 84.048                  | APE606310000                                 | 122,451                 |
| English Language Acquisition State Grants  | 84.365                  | APE605120000                                 | <u>104,237</u>          |
| Total Department of Education  |                         |  | <u>\$ 6,945,687</u>     |
| Total Expenditures of Federal Awards Component Unit School Board                           |                         |  | <u>\$ 10,386,140</u>    |
| Total Expenditures of Federal Awards   |                         |  | <u>\$ 13,634,811</u>    |

**COUNTY OF SHENANDOAH, VIRGINIA**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

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**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Shenandoah, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Shenandoah, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Shenandoah, Virginia.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

(2) County of Shenandoah, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) Pass-through entity identifying numbers are presented where available.

**NOTE C - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the County had food commodities totaling \$149,738 in inventory.

**NOTE D - MATCHING COSTS**

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

**NOTE E - LOANS**

County of Shenandoah, Virginia had no federal loans required to be presented in the Schedule.

**NOTE F - SUBRECIPIENTS**

No funds were passed through to subrecipients.

**NOTE G-RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal expenditures, revenues, and capital contributions are reported in the County's basic financial statements as follows:

|   |                             |
|---|-----------------------------|
| Intergovernmental federal revenues per the basic financial statements:                  |                             |
| Primary government:   | \$ 3,345,770                |
| Reconciling items:  |                             |
| Expenditures with forfeited drug asset proceeds less than current year revenues         | 122,450                     |
| Payment in lieu of taxes not included above   | <u>(219,549)</u>            |
| Total primary government  | \$ <u>3,248,671</u>         |
| Discretely presented component unit - School Board                                      | \$ <u>10,386,140</u>        |
| Total discretely presented component unit - School Board                                | \$ <u>10,386,140</u>        |
| Total expenditures of federal awards per basic financial statements                     | \$ <u>13,634,811</u>        |
| Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards | \$ <u><u>13,634,811</u></u> |

**COUNTY OF SHENANDOAH, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

**Section I-Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified?     yes   x   no

- Significant deficiency(ies) identified?     yes   x   none reported

Noncompliance material to financial statements noted?     yes   x   no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?     yes   x   no

- Significant deficiency(ies) identified?     yes   x   none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?     yes   x   no

Identification of major programs:

| <u>AL Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------|---|
|-------------------|---|

|        |       |  |
|--------|-------|--|
| 84.010 | ..... | Title I Grants to Local Educational Agencies |
|--------|-------|--|

**Child Nutrition Cluster**

|        |       |   |
|--------|-------|---|
| 10.553 | ..... | School Breakfast Program                                  |
| 10.555 | ..... | National School Lunch Program                             |
| 10.555 | ..... | Food Distribution   |
| 10.559 | ..... | COVID 19 Summer Food Service Program for Children (SFSPC) |
| 84.425 | ..... | Education Stabilization Fund                              |
| 93.667 | ..... | Social Services Block Grant                               |

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

Auditee qualified as low-risk auditee?   x   yes     no

**Section II-Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None

**Section IV-Summary of Prior Findings**

None